

***PRSP Institutionalisation Study:
Final Report***

**Chapter 6:
Institutionalising the PRSP
approach in Mali**

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List of acronyms

| | |
|----------|--|
| ADB | African Development Bank |
| ADS | Agence du Développement Social (Safety Net Agency) |
| AFD | Agence Française pour le Développement (French Development Agency) |
| BCEAO | Central Bank of West-African States (Banque centrale des Etats d'Afrique de l'Ouest) |
| CAPE | Cellule d'analyse de la politique économique (ACBF supported). |
| CCA/ONG | Organisation for the co-ordination of NGOs' activities (Comité de coordination des actions des ONG). |
| CDF | Comprehensive Development Framework |
| CFA F | CFA Franc = Franc for the African Financial Community (1FF is CFA F100, 1\$ is CFA F 750) |
| CMDT | Compagnie Malienne de développement des textiles (Malian Company for Cotton and Textiles development) |
| CPS | Statistical Unit (Cellule de Planification et de Statistique) |
| CSLP | Cadre stratégique de lutte contre la pauvreté (French acronym for PRSP) |
| CSO | civil society organisation |
| DAC/OECD | OECD Development Assistance Committee |
| DHS | Demographic and Health Survey |
| DNSI | National Office of Statistics (Direction Nationale de la Statistique et de l'Informatique) |
| EDM | Electricité du Mali |
| ESAF | Enhanced Structural Adjustment Facility |
| EU | European Union |
| GoM | Government of Mali |
| HIPC | Highly Indebted Poor Countries (debt-relief initiatives) |
| IFI | international financial institution |
| ILO | International Labour Organisation |
| IMF | International Monetary Fund |
| IPRSP | Interim Poverty Reduction Strategy Paper |
| MoEF | Ministry of Economy and Finance |
| MoSD | Ministry of Social Development |
| NGO | non-governmental organisation |
| ODHD | Sustainable Human Development Unit (Observatoire du Développement Humain Durable) |
| PAIB | Projet d'appui aux initiatives de base (Grass-Root Initiative Project - GRIP) |
| PFP | Policy Framework Paper |
| PRECAGED | Programme de renforcement des capacités nationales pour une gestion stratégique du développement (UNDP-supported Programme for strengthening the national management of strategic development) |
| PRGF | Poverty Reduction and Growth Facility (ex ESAF) |
| PRODEC | Ten-year education programme |
| PRODESS | Programme de développement socio-sanitaire (Programme for |

| | |
|-------|--|
| | social and health Development, 1998-2002). |
| PRSC | Poverty Reduction Support Credit (WB) |
| PRSP | Poverty Reduction Strategy Paper |
| SNLP | Stratégie Nationale de Lutte contre la Pauvreté (National Strategy to Fight Poverty) |
| UNDP | United Nations Development Programme |
| WAEMU | West African Economic and Monetary Union |
| WB | World Bank |
| WG | PRSP Working Group |

Summary

The preparation of the PRSP in Mali is seen basically as an IFI conditionality to obtain debt relief. The existence of a previous UNDP-driven National Poverty Alleviation Strategy (SNLP by its French acronym), launched in 1997, created problems at the start of the process. At the beginning, the IFIs rejected the use of SNLP as a basis for elaborating a PRSP. SNLP is now accepted as one of the inputs to the PRSP. Nevertheless, both processes continue, SNLP being formally considered a part of the PRSP. The lead institution for the PRSP is the Ministry for Economy and Finance (which includes the former Ministry of Planning), while the Ministry of Social Development manages the SNLP.

As we write, the PRSP deadline is end September 2001. If met, this will be very fast by Malian standards. Money is an obvious reason for haste, but the IFIs and donors have tried to avoid any heavy financial pressure. Although the full PRSP is not yet completed, Mali has benefited from debt relief from the IFIs and most bilateral donors under both HIPC's since September 2000. After months of wavering due mainly to the crisis in the cotton sector, the IMF granted a new financing under the PRGF (25/7/01). But the amount of debt relief at stake is modest (between 14 and 24 billion CFA F; about 6% of public expenditure).

The PRSP process has been subject to delays. An IPRSP was completed in July 2000, and accepted in September 2000. It is now generally considered to be a superficial document, rapidly prepared after it became a condition for access to debt relief under HIPC I. It has not been very useful as a guideline for preparation of the final PRSP.

Preparation of the final PRSP began only in February 2001. Eleven working groups were established to investigate sectoral issues (rural development, education, health, etc.) and cross-cutting topics (governance, culture, etc.). The working groups submitted draft papers in mid-May. Most of the papers are disappointing, consisting mainly in "wishes to improve the future". The official structure of the unit in charge of writing the full PRSP (the "Cellule CSLP") was only set up in June 2001. Although the official deadline for the full PRSP is currently September 2001, donors and the IFIs are sceptical about this calendar.

The PRSP is now seen by the Malian authorities as an opportunity to elaborate a five-year plan (2002-06). This change is welcome, as donors are concerned with the lack of a reference document for development strategy. Nevertheless, the task of elaborating a five-year plan before September is beyond the capabilities of the Malian Administration. The former tradition of elaborating plans within the administration is quite useless in the new context of Mali as a "market oriented economy".

The link with the budgetary process is still a major weakness. The Malian administration is still not able to draft a realistic development programme. Salaries are so low that most civil servants are desperately looking for additional sources of income. Donors provide them with a vast range of in-kind or monetary incentives, or hire the best of them in their projects or local headquarters (as

does the Central Bank). As a result, time remaining for administrative work is bound to be limited.

One has to add that the design of strategies is by nature an activity without financial interest for civil servants. Donors have tried to resolve this problem by financing special units (like PRECAGED, CAPE, and so on). However, the clearest result of these efforts seems to be an increase in administrative disorganisation. From the technical point of view, the Malian administration lacks tools such as sectoral and economy-wide models. This reflects both the inadequate response of donors to this need, and the lack of capacity of the Malian administration to make use of the available tools.

Is the PRSP able to ensure a mainstreaming of poverty into public policy? Most stakeholders insist that if one has to elaborate a programme in such a short period, it is difficult to do better than package the various projects, programmes and strategies already under way. Money and agreements for those projects and programmes are available, and designing new programmes or projects would take many years.

Within the limits of such an exercise, greater efforts could be made in terms of prioritisation and coherence between the different programmes, although this would take some time. The responsibility of donors in this regard is crucial. Are they ready to redesign their own programmes to take into account the new priority of mainstreaming poverty, or just to change their discourse to include poverty in their previous project oriented initiatives?

The link between the PRSP and the budgetary process is very important if the PRSP is intended to be more than just an additional document expressing good intentions. Since 1998 there has been an attempt to develop programme budgeting with a medium-term perspective. However, an MTEF is far from being implemented. Even in the two sectors where SWAPs have been established (education and health), the process is still only half-way. To date, it has been impossible for the PRSP to assess clearly the budgetary allocations and the use of HIPC funds for the period to 2006.

Donors and IFIs bear some responsibility for splitting the Malian budgetary process. After the devaluation (1994), the World Bank convinced the Malian authorities to create a special agency (ADS) to provide a safety net. It is difficult to assess what is the exact use of the funds poured into this agency. Donors' opinions about the effectiveness of the Malian budgetary process are mixed. Some see it as definitely unreliable, some as better than the African average. The Malian Ministry of Finance joined the IMF "norms and codes programme" to enhance the transparency of the budgetary process. But few donors are prepared to move toward budgetary support at this point.

On participation issues, we note that the IFIs have refrained from intervening directly in the process. They just monitor it and comment when requested. The IMF reduced the PFP to a very short document, covering the year 2001 and only half 2002 – leaving some room to take into account the results of the PRSP.

Donors are participating actively in the PRSP process, partly on account of the consensus arising from the OECD/DAC Aid Review of Mali. One consequence is that a majority of donors would like to be more involved in the negotiations between the Malian Government and IFIs. However, this proposal is not supported by either the IFIs or the GoM.

Civil society is involved in the PRSP process, but its participation in shaping the document is not effective. NGOs criticised the speed of the process, and decided to undertake their own consultative process (with the support of USAID). Ironically, the result was a process that was even faster than that of the Government. The NGOs' paper criticises the PRSP as a new name for structural adjustment, but makes no operational proposals. The absence of private sector input is particularly striking.

The PRSP could shape a new relationship between the IFIs, donors and the Malian Government. However, to be successful, it has to be a permanent work, not just a one-off document. This implies that IFIs and donors invest in the basic information that is necessary to define realistic strategies, both sectoral and global. The information about poverty currently provided by surveys is in no way sufficient. The surveys are very difficult to compare, and their interpretation (at least in Mali) is controversial.

1 Introduction

This report presents the findings of three missions to Mali. The first took place in September 2000 (17th to 23rd, Dante, Gautier and Raffinot). The second was in April 2001 (10th to 20th, Dante, Marouani and Raffinot). The third took place in July 2001 (15th to 30th, Dante, Marouani and Raffinot).

The issues have been addressed through a mix of interviews with civil servants, members of NGOs and CSOs, and representatives of donor agencies and IFIs (see list in Appendix 3). Since June 2001, our study has had an element of participant-observation, as M. Raffinot has been acting as a consultant for the macro framework of the PRSP (French Ministry of Foreign Affairs and UNDP). As no activity had taken place in the regions on the behalf of PRSP by end July 2001¹, it did not seem useful to investigate the perception of stakeholders outside Bamako.

¹ The only exception, to our knowledge, is the separate consultation undertaken by NGOs. But it has not been aimed at a broad diffusion of the PRSP, only as a consultation of some regional representatives of local NGOs.

2 The country context

Economic background and the poverty situation

During the decade to 1999, Mali enjoyed a period of sustained economic growth. The average growth rate of 3.3% was only a little higher than the rate of population growth (2.2%). However, the devaluation of the CFA Franc made a large difference: the average annual growth rate was only 1.1% between 1989 and 1993, but it was 5.6% between 1993 and 1998. The growth rate has also been more regular since the 1994 devaluation, but remains linked to rainfall (agriculture represents 40% of GDP).

Growth after the 1994 devaluation reflected the growth of exports (cotton, cattle and gold), but also a new mining code and good rainfall (see Table 1). The growth of cotton production has been impressive, output increasing by 118% between 1993/94 and 1997/98. The growth rate for 2001 is expected to be slightly negative, as a consequence of the crisis in the cotton sector (in Malian national accounts, the agricultural crop of year $n/n+1$ is accounted for in year $n+1$).

Table 1: Basic economic indicators

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 est |
|-----|------|------|------|-------|-------|-------|-------|------|-------|------|-------|-------------|
| GNP | | | | -4,7% | 2,7% | 7,0% | 4,3% | 6,7% | 5,0% | 6,6% | 4,7% | -1,2% |
| CPI | | 0,6% | 1,4% | -5,8% | -0,6% | 24,2% | 11,5% | 8,1% | -0,7% | 4,0% | -1,2% | |

Source: DNSI, *Comptes économiques du Mali*

Inflation is under control in Mali, as elsewhere in the Franc Zone, because of the ceiling on money the government can borrow from the multinational Central Bank BCEAO. After the 1994 devaluation, there was a short burst of inflation, but it did not last. Inflation is now low, or even negative (Table 1). Inflation in 1994-95 severely hit the urban poor and was responsible for the descent into poverty of many former non-poor. As shown in Annex 1, Table 7, inflation has been especially high as far as food is concerned, but rents experienced stagnation in average terms. The sharp increase in the price of medicines is a factor of concern for poor people. The allegation that devaluation benefited the rural poor is not confirmed by survey results. As most of the poor are rural cereal producers, the main problem for them remains the intra-annual fluctuation of cereals prices.

A special feature of Mali is the relative success of cereal production. Reform of the cereal market under the PRMC is widely considered a success. Management problems in the production of irrigated rice in the Office du Niger seem under control since the 1994 devaluation. As a result, Mali exports cereals to neighbouring countries.

Growth and poverty

The relationship between growth and poverty is very controversial in Mali. Results of the various surveys can barely be compared. The Poverty and Human Development Monitoring Unit ODHD (ODHD 1999) asserted that poverty increased significantly between 1989 and 1996 and then decreased between 1996 (71.6%) and 1998 (69%). The most astonishing result concerns the period 1994-96 which was characterised by sustained growth. The evolution of poverty between 1996 and 1998 is intuitively more acceptable if we suppose that growth induces poverty reduction. However, the latest results are controversial since they do not come from survey observations, but rely on mere extrapolations of incomes and the poverty line.

A study conducted by DIAL (2000) on the evolution of urban poverty shows a significant increase in poverty in Bamako. With a poverty line of \$2, the headcount poverty index rose from 33% in 1989 to 57% in 1996 (4.7% to 16.2% with a \$1 poverty line). Nutrition indicators for children also deteriorated between the two DHSs of 1987 and 1995/96. The analysis covered Bamako alone, because the 1994 survey covering the whole country is unreliable (it uses a questionable methodology to assess household consumption), whereas the 1996 WAEMU survey covers only Bamako.

Sahn and Stifel (2000) used a new methodology to assess the evolution of poverty in Africa. They use DHS (Demographic and Health Survey) information about assets (not incomes). For Mali, the result with this approach is a sharp decrease in poverty (and the poverty gap) between 1987 and 1995. The headcount falls from 23% to 16%, using the 25th percentile of 1987 as the poverty line – and from 43.3% to 30.8% using the 45th percentile of 1987. Reduction of poverty is effective in the urban and rural sectors.

This shows that the evolution of poverty and the analysis of its causes and links with the evolution of GDP are far from clear in Mali. A new DHS has been undertaken, and a new income survey has taken place in 2000/2001, but results were still not available in July 2001, and cannot be used for the full PRSP. They will provide a benchmark for monitoring.

Indebtedness and recourse to HIPC

At the end of 1997, Mali's debt corresponded to 119% of GDP. This was more than most of French speaking West African countries (see Annex 1, Table 1), but most was concessional: the NPV of debt was only 56% of GNP.

Since 1988, Paris Club agreements have included debt cancellation (see Annex 1, Table 5). An important part of Mali's external debt was "passive debt". Debts to the former USSR and China were not effectively repaid. After formal cancellation of the Russian debt, most external debt at the end of 1999 was multilateral. China cancelled part of its debt in 2001.

The IFIs declared Mali eligible for the first HIPC Initiative in September 1997 (Decision Point). The Completion Point was end 1999, only two years after the

Decision Point. (Mali would normally have had to wait six years in order to get eventual debt relief.) The objective was then to reduce the NPV of foreign debt from 221% of exports of goods and services to 200%. After some delays, partly due to the introduction of the I-PRSP as a condition for debt relief² (but also due to delays in the privatisation of EDM), Mali eventually obtained debt reduction on September 7, 2000.

Since it is eligible for HIPC I, Mali is also eligible for the Enhanced HIPC Initiative. The objective is to reduce NPV to 150% of exports of goods and services. The IMF estimates total debt relief for Mali (HIPC I and II) as US\$ 870 millions (total debt at the end of 1999 is US\$ 2 billion).

The political-institutional background

A little history

Mali proclaimed its independence on September 22nd, 1960. The Rassemblement Démocratique Africain, led by Modibo Keita, opted for a socialist regime, and increased ties with the former USSR. The choice could be explained by the conjunction of two goals. The first was to rapidly modernise the country, mainly through an industrialisation process, and the second to combat the precarious situation of a significant part of the population. The regime encountered tremendous difficulties on account of the hostility of the West (especially France) and also to its failure to attain economic objectives. The experience ended with a military coup in November 1968.

The second republic was led by Moussa Traoré, who dissolved Parliament and suspended other institutions. Political activity was forbidden for ten years. A new constitution was adopted by referendum in 1974, leading to the creation in 1978 of the country's only political party, the Union Démocratique du Peuple Malien. However, the regime remained dominated by the military, who controlled the economy and strengthened their political basis through the distribution of rents.

Membership of the Party and allegiance to the President and his family were necessary to obtain the highest administrative appointments, and to succeed in business. This prebendal system is one of the main reasons for inefficiency in the administration and for the weakness of initiatives from the private sector, which contented itself with taking advantage of the rents distributed by the Government. A popular revolt put an end to this regime in 1991 (students and teachers played an important role, gaining the support of the armed forces).

² This new focus on poverty has been presented by the IFIs at a meeting with African Heads of State in Libreville (Gabon) in January 2000.

The current political system

A transitional committee was established, to introduce a pluralist political system. The first general election, in June 1992, was won by ADEMA, led by Alpha Oumar Konaré, in coalition with other political parties grouped in the Pacte Republicain. The second elections were organised in 1997 by an independent electoral commission. However, the constitutional court invalidated the elections on the grounds of various irregularities. Many parties decided to boycott the elections, which led to a consolidation of the position of Adema within the Government.

The main question for our purpose is: how complete is Mali's democracy? To what extent is its political system still characterised by pervasive clientelism? From an institutional point of view, Mali respects most of the rules of a modern democracy. It is characterised by a plural political system, freedom of the press, separation of powers, existence of all the institutions we find in a modern democracy, plural trade unions and the emergence of various NGOs and a civil society. Human rights are respected and a political dialogue has been initiated by the Government of Alpha Konaré, which permitted the end of the Touareg conflict and allowed the implementation of a programme of normalisation of the Northern regions with the support of donors.

However, this young democracy has yet to overcome the patrimonial structure that is its political heritage. The main questions relate to the weakness of the opposition and concerns about the neutrality of the administration. In 1997, most opposition parties had strong doubts regarding the administration's impartiality which led them to boycott the elections, and which resulted in a Parliament dominated by ADEMA (80% of the seats). The consequence is a weak Parliament, dominated by the executive. The administration is also dominated by Adema leaders, who occupy 90% of Directorships of ministries, as well as holding positions as managers of public enterprises. Is a system like this able to take account of public interests and to concentrate on the production of public goods?

Even the campaign against corruption initiated by the Government is described by the press as a way to oust political opponents, or disgraced members of the party in power (such as supporters of the former Prime Minister).

The general elections of 2002

The conflict between the opposition and the party in power, following irregularities in the 1997 election, did not end until the dismissal of the Government of Ibrahim B. Keita. One of the main tasks of the new Government, led by Mandé Sidibé, is to organise transparent and credible elections. A framework for dialogue between the administration and the political parties has been established, and the new Prime Minister has initiated a round table grouping all the political parties to debate the 2002 elections. The main agreements concern the cancellation of the judicial pursuits against opponents and neutrality of the administration.

An electoral census (RACE) has recently been undertaken to ensure reliable electoral lists and the GoM plans to hold a referendum on a new constitution in October 2001.³ It seems that the political climate is improving. Opposition parties have decided to participate in these elections whatever happens, since they have understood that their previous boycott only served the political party in power, allowing it to dominate all the institutions.

The cotton sector

Cotton occupies a large place in the Malian economy. The sector represents half of the total export revenues (Mali is the second African exporter after Egypt) and is the livelihood of about 3 million people. A parastatal company, the Compagnie Malienne pour le Développement du Textile (CMDT), jointly owned by the Malian state (60%) and CFDT (a company majority-owned by the French State), occupies a quasi monopsonistic and monopolistic situation in the cotton sector (Bourdet, 2001).

Financial wrongdoings and the mismanagement of CMDT have prevented farmers from obtaining a significant share of the world cotton price. However, the devaluation of 1994 induced an upswing in the cotton sector that has masked most of the problems and thus contributed to postponement of the restructuring of the sector.

The sharp decrease of the world price for the 2000/01 growing season led the CMDT to announce lower producer prices and a withdrawal of the "ristourne" (profit sharing with the farmers). Peasants' organisations reacted immediately by pushing the farmers to boycott cotton seeding. This resulted in a reduction by about 50% of the seeded area, and thus a sharp decrease in the production of cotton. This impacted very negatively on the Malian economy, which, as previously mentioned, will record a negative growth rate in 2001 (-1,2%). It will also affect poverty through its impact on rural incomes in cotton areas.

In order to cope with this emergency situation, and under heavy pressure from the IFIs (PRGF disbursements were blocked mainly because of the delay in restructuring CMDT), the Malian Government organised a seminar in April 2001 with farmers' organisations, the donor community and the CMDT, to discuss reorganisation of the sector. The IFIs are pushing for the privatisation of CMDT, and the farmers and CMDT are resisting. The French counterpart also seems to oppose privatisation of the company (they do not want to replace a public monopoly by a private one). No dramatic decisions were taken at the seminar with regard to liberalisation of the sector (Bourdet, 2001). The only significant event was the arrest for embezzlement of some of the managers of the company.

The obvious question is: what would be the consequences for farmers' incomes (and thus poverty) of privatisation of CMDT? In the absence of such an

³ Currently, each deputy is elected by popular vote within his constituency. The proposed change calls for «mixed representation», under which half the deputies would be elected directly by the popular vote within their constituencies, and the other half would be chosen as elected corepresentative of the constituency by the party that won the majority of the popular vote (IMF, 2001).

intermediary, would the peasants be able to handle the fluctuations in world cotton prices?

The educational nexus

Students, schoolboys and girls led the movement that overthrew of the regime of Moussa Traore. As a consequence, it was difficult not to grant them what they wanted. This resulted in a reduction in discipline and a general feeling of deception and treason among educational stakeholders.

Surprisingly enough (the President is himself a teacher), a majority of teachers did not support the new regime. Working conditions and salaries did not improve. Schooling in Mali is highly political, resulting in strikes, academic years ending without degrees (“années blanches”) and so forth. Wealthy persons try to escape this educational crisis by sending their children to private schools (which grow steadily) or overseas. The accumulation of human capital is clearly one of the major challenges facing Mali if it is to fight poverty, and this cannot be done without an improvement of the educational environment.

The external finance situation: aid dependence

Because of its high dependence on aid, Mali was chosen by the DAC/OECD as a pilot country for an “Aid Review” exercise in 1996 (OECD/UNDP, 1998). Official Development Assistance (ODA) to Mali amounts to \$400-450 million per year. It represents 15-25% of GDP. ODA finances about 80% of the Government budget and 20-30% of current public expenditures. However, these aid figures (provided by donors and published in OECD and UNDP Co-operation reports) are more a measure of “their efforts” on behalf of Mali than an assessment of the sums actually injected into the country’s economy.

In fact, according to a recent study conducted by the Club du Sahel/OECD, about \$100 million of aid flowing to Mali in 1998 was not recorded in the national accounts (Naudet, 2000). There seems to be both a problem of information and transparency in the reporting of aid flows, and some large questions about the uses to which they are put (e.g. the share accounted for by technical assistance and headquarters’ expenditures).

From the civil society’s perspective, although corroborating data are not available, it is generally accepted that international co-operation plays an important role in grass roots’ development and the financing of social organisations. On the other hand, the NGOs’ heavy dependence on official donor funding represents a risk to their autonomy.

During the Mali Aid Review process, the broad consultation organised by Djoliba Centre found that the population has ambivalent perception of aid (Djoliba Centre, 1997). People are critical of the distorting effect of external assistance and the dependency it creates. However, the need for aid seems to be widely accepted. In conclusion, aid seems vital to the economy, institutions and society

at large in Mali, although Malians consider that aid has not produced deep-seated changes in civil society and that it has a limited impact on the level of poverty.

Recent policy history: previous poverty plans

In 1997 the GoM launched a national poverty alleviation strategy (SNLP: *Stratégie Nationale de Lutte contre la Pauvreté*) with the help of UNDP (Diallo and Raffinot 1999). The process took 18 months and comprised the following steps:

- Studies and surveys on poverty (mostly qualitative, but with some quantitative studies based on the Budget Consumption Survey from 1994). A survey on the perception of the poor was launched.
- Evaluation of 30 anti-poverty projects undertaken across the country.
- A national consultation in November 1997 defined the main strategic axes and priority actions to reduce poverty. This consultation included: the public administration, civil society, the private sector, universities, development partners, community organisations, and elected bodies.
- The SNLP's draft was validated through a series of consultations at the national and regional levels, bringing together development practitioners and beneficiaries.
- Final examination and adoption of the SNLP by the Council of Ministers in July 1998. This final draft contains a study on poverty, the results of the evaluation of projects to fight poverty, and the definition of 8 axes of the fight against poverty. Among the 8 axes, several priority actions are proposed with cost estimates, although the method of costing is not precisely explained in the document.

In 1999, the SNLP was transformed into an action plan, with an integrated monitoring and evaluation system. A network of 30 poverty focal points was mobilised, across all major ministries, national institutions and collective organisations. A new Department of State (le Ministère du Développement Social) was specially created to manage the projects elaborated under the SNLP process.

We noted a strong feeling of ownership of the SNLP by Malians in both CSOs and the public administration (especially, of course, within the Ministère du Développement Social). However, Serra (1999: 38) reports criticisms from NGOs suggesting that the SNLP was not “truly participatory”.

The arrival of the PRSP should not have been a real problem for the Malians as the process of elaborating an anti-poverty policy was already in place. But when the PRSP was proposed, the IFIs did not accept the SNLP as a basis, which resulted in a conflict between the Bretton Woods institutions and UNDP. The main reasons given by the IFIs were the following:

- ❖ The lack of a recent household survey for the elaboration of the SNLP.
- ❖ The lack of macro and structural-adjustment elements in the first document.

- ❖ The fact that the SNLP is only focused on a few points – some sectors like energy, transport and industry are not covered by it.

For these reasons, the IFIs (especially the World Bank) asked Mali to make a fresh start and elaborate a PRSP with a full participatory process. This decision was widely interpreted as a lack of tolerance on the part of the Bank. People involved in the SNLP did not understand why they had to do the work again, and considered it a waste of time and money. Moreover, they knew that in some other countries, like Mozambique, previous anti-poverty strategies had been considered acceptable as the basic framework for the elaboration of a PRSP.

Civil servants concerned with anti-poverty strategy were generally working on implementation of the SNLP. Some civil servants told us that they judged the PRSP to be a “political thing”, an instrument of the GoM and the Bank. Furthermore, they felt that the Bank’s attitude generated suspicion regarding the real wish of the WB let the Malian authorities have ownership of the PRSP. It is worth noting, however, that these civil servants knew they were going to be partly excluded from the process since the Ministry of Finance (MoF) is the main partner of IFIs. This could be a factor in their initial resistance to the PRSP process.

Subsequently, the GoM to a decision to use the SNLP as one of the main bases for elaboration of the PRSP, and as a result most tensions were reduced. The IPRSP incorporates the 8 axes of the SNLP, though there is still no costing of the proposed poverty-reduction strategies.

In our opinion, the main weakness of the SNLP is its lack of a macro framework guaranteeing the coherence of its different pillars, assessing their feasibility and linking them with management of the economy. Thus it is difficult to consider the SNLP as a strategy ensuring the mainstreaming of poverty into public policies, even if it was an attempt in that direction. Moreover the MDS, responsible for its implementation, is not sufficiently strong to attain this goal and does not have sufficient influence on the economic or budgetary variables to impose its anti-poverty views.

3 The PRSP in Mali: the process and the response

Basic facts on the PRSP process

An institutional arrangement was set up in February 2001 for the preparation of the final PRSP (see Annex 2). This involved setting up various committees, extending the role of a Joint Malian/Donors' Commission and agreeing on a methodology and a schedule for the elaboration of the full PRSP. The Joint Commission that was created for the Mali Aid Review is currently used for the dialogue on the PRSP. Netherlands leads the group of bilateral donors, because of its involvement in poverty issues, debt cancellation and aid reform.

From an operational point of view, the work is shared between 11 working groups led by representatives of the different Ministries and including representatives of bilateral donors, IFIs, and CSOs. One of these working groups is in charge of macroeconomic, competitiveness and growth issues, while others are devoted to a wide range of issues including sectoral, social and institutional issues. These groups were supposed to deliver a first draft by the May 18th to leave some time for synthesis of the different aspects. The full PRSP was supposed to be completed by the end of September 2001 (formerly June 2001).

By the end of May, only nine reports were available. Curiously, the health and education's reports were not ready, which is surprising given the existence of SWAPs for these sectors.

The institutional setting was finally completed at the beginning of June (somewhat late) with the establishment of a PRSP unit ("Cellule technique de coordination du CSLP") to co-ordinate the drafting process.⁴ This provides some human and material support to the official responsible of the process. The unit is composed of the co-ordinator, two Malian consultants and an international consultant, the consultants being financed by the UNDP and the French Co-operation Office. The EU has also financed an international consultant to be at the disposal of the GoM.

A forum took place in June (12th to 15th) in Bamako, to discuss the findings of various poverty studies in Mali. The forum was financially supported by the World Bank and ECBF (Harare). The Malian authorities turned it into an opportunity to present the results of the different PRSP working groups (but not all the groups were in a position to do so). Some other countries' PRSPs were also discussed (Mauritania, Senegal, Burkina Faso were planned for inclusion). The discussion was very lively. For many participants, it was the first opportunity to take into account the findings of poverty studies, the dissemination of which remains very limited.

⁴ Decision n° 01 00047/MEF-SG (01/6/2001).

Role of the different ministries in the process

The Prime Minister is the head of the Orientation Committee (in charge of managing the whole process). He is responsible for inviting the different stakeholders to participate in the different groups. Operational management of the process is the responsibility of the Ministry of Economy and Finance (MoEF). The whole process is led by a single Technical Adviser to the MoEF (since June 2001 also co-ordinator of the PRSP unit).

The MoEF is not as powerful as one might imagine on the basis of experience in other countries. It does arbitrate effectively between budget submissions taking into account internal and external resources constraints. Nor does it urge line ministries to respect the budget constraint. The Ministry often responds positively to the financing requests of the sectoral ministries, disregarding the financial constraint. Symptomatically, the MoEF is only thirteenth in the official ranking of the Government.

The National Directorate of Planning (MoEF) provides the technical secretariat of the PRSP. This is explicitly presented as a guarantee of the sustainability of the process. The Ministry of Social Development, in charge of monitoring the SNLP (the UNDP-driven National Anti-Poverty Strategy), is leading just one of the eleven groups, the “poverty analysis and monitoring and gender” group.

Problems of co-ordination

Several problems of co-ordination of the PRSP process arose during the second quarter of 2001. Some thematic working groups had not started the prioritisation process within their sector a few weeks before the deadline of May 13th. There was no clear methodology for the working groups, nor enough technical backstopping. Some working groups did not receive any support. The macro-economic working group was supposed to define the resource constraints and to give guidance to the sectoral working groups. In practice, it did not succeed in leading the process as expected. It has not provided the other groups with clear indications of future trends, or of budgetary constraints.

A widespread complaint was that the working groups did not really know what they have to do. There were different views as to whether they were expected to prepare a synthesis of already-existing programmes and projects, or a brand new programme (as in the case of the rural development group).

The mandate of those working groups relying on already-defined sectoral programmes (like PRODEC, PRODESS or the Employment Program – PNA/ERP) is easier. They can build their sectoral strategy on an existing basis. Nevertheless, they have to integrate poverty reduction targeted measures into a wider framework, and to prioritise activities in order to make them fit the budget constraint.

The failure of the macro group to ensure co-ordination was behind the decision to create a PRSP unit in charge of that task. However this unit has some difficulties due mainly to the absence of substance in certain group reports, the lack of

statistics and the lack of “modern planning” capacities within the Malian administration. There is an old-fashioned tradition of plan formulation. But this tradition is quite useless for elaborating a realistic strategy. The missing link is a firm connection with a reformed budgetary process, as discussed in the next section. This is likely to remain a major weakness.

Questions of ownership and conditionality

After preparation of the I-PRPSP, the GoM saw the need to internalise the final PRSP elaboration process, since it will assume responsibility of its implementation. In addition to getting debt relief, which was the main objective for the GoM, the authorities have understood that the PRSP was a good opportunity to prove their commitment to fight poverty and to create a unified framework of co-operation with its development partners.

The IFIs limited their influence on the process voluntarily. In fact, their interventions so far have been limited to participation in the various committees and meetings organised by the MoF. IFIs are members of the “macroeconomic, competitiveness and growth” working group, but not of its “core editorial team”, which is somewhat surprising given their involvement in important decisions concerning the economy.

Of course, the IFIs still have their own lending instruments (PRGF, PRSC), which allow them a substantive control over the patterns of public expenditures even if their conditionalities are not directly included in the PRSP. Discussions with IFI representatives made it clear that they are not going to give up their conditionalities, even though they still do not know how to link “new conditionalities” with policy performance indicators geared to poverty eradication.

Moreover, the IFIs seem confident that the full PRSP will be close to their aspirations, for several reasons. First, the Ministry of Finance is the closest to their way of thinking. Second, the incentive of debt reduction and further financing will drive the Malian authorities to write a PRSP as close as possible to the will of IFIs. By reading the already accepted PRSPs (like those of Burkina Faso or Mauritania, available on the IFIs’ websites), the Malian authorities believe they can obtain a precise idea of what the IFIs want. (This will surely induce some homogeneity between PRSPs, even if they are written in different countries and independently.)

Although initiated by the IFIs, the PRSP has received the increasing support of other bilateral and multilateral donors through funding, participation in various working groups and technical assistance. Indeed, the involvement of donors in the process is so massive that it could endanger the ownership of the process by the Malians. This is a danger particularly because each donor seems to have a definite thematic or sectoral interest. The tendency of each donor to support the related working group and promote its particular perspective may affect the coherence of the final PRSP.

The World Bank faces important dilemmas. HIPC debt relief is supposed to be granted as budget support. But at the same time, Bank’s biggest success story in

fighting poverty in Mali is PAIB, a grass-roots' initiative project that avoids the GoM as much as possible (using NGOs to identify and monitor the realisation of public infrastructure in the villages). As stated by Larry Summers in his letter to the Bank's Country Directors (2001), this strategy of the Bank "weakens democratically elected Governments". However, the capacity of budget support to produce comparable results is a long way from being established.

Debt relief and allocation of additional resources

Despite some hesitations by the Bank, Mali was granted debt relief under both HIPC I and HIPC II in September 2000 following a positive Joint Staff Assessment of the I-PRSP. Bilateral donors grouped in the Paris Club provided 70% debt relief until June 2001, awaiting the full PRSP to provide debt reduction in line with the Cologne terms (90%). Mali has then to negotiate bilateral arrangements with others creditors to make debt relief effective (some bilateral creditors like Netherlands and UK used this opportunity to cancel all outstanding debt).

For this reason, the real amount of debt reduction was still unclear in April 2001. In July 2001, debt service reduction in 2001 was expected to be no more than CFA F13 billion,⁵ 15 billion less than the 24 billion that should result from the full application of both HIPC initiatives. By September, 24 billion had been reached according to some official sources, but the additional relief was not yet budgeted. Since the relief is in practice already effective (a moratorium from the juridical point of view), its pressure on the PRSP elaboration process is reduced, though it still exists.

Debt relief amounts may seem low, representing only 6% of total public expenditures. But one has to keep in mind that the level of education and health expenditures is also very low. For instance, health expenditures outside Bamako (regional hospitals included) were only 6.3 billions of CFA F in 1999. Debt relief corresponds more or less to the amount of total public expenditures for basic social services in 1998.

A further problem is due to the likely increase of debt service, even after debt relief. Table 6 of Annex 1 presents the future external debt service at end 1999, and an estimation of external debt service after debt relief. As shown, there is a peak in 2006. For this reason, the budgetary relief is likely to be small.

The real incentive comes from access to future financing. Finalisation of the PRSP was presented as a condition for obtaining the PRGF, a PRSC and also bilateral funds. The two last joint IMF/WB missions (September 2000, February 2001) did not reach any agreement with the Government. The main point of disagreement concerns the restructuring of the cotton sector. The consequence is that Mali has not obtained any new disbursement of PRGF in 2001 (\$13 million for both disbursements would normally have been scheduled). As a result, net flows from the IMF were negative in 2000, for the first time since 1991. After a commitment to a medium-term restructuring of the CMDT, the latest IMF mission

⁵ 1 \$ is approximately CFA F 750.

(June 2001) approved the requests for augmentation and for extension of the arrangement and commitment period, to allow the resources committed under the PRGF to be disbursed (IMF, 2001).

Bilateral donors have also made it clear that they would not consider any new programme before completion of the PRSP. A recent example has been given by the refusal of donors to fund an employment programme proposed by the Ministry of Employment, pending presentation of the final PRSP.

Debt relief resources have been allocated to social expenditures, education and health only. However, not all of the available resources have been allocated. This means that a part of this debt relief will not be used for social expenditures, but to reduce the budget deficit.

The reduction of debt allowed an increase in social expenditures of CFA F3.2 billion in the budget for 2000. However, as a consequence of the late adoption of the necessary supplementary Finance Law, this sum has not been spent entirely. In the initial Finance Law for 2001, CFA F7.5 billion corresponding to debt reduction was taken into account on the resource side, and 6.3 billion additional expenditure was planned. CFA F4.3 billion is allocated to education, and 2 billion to health. Lastly, the Ministry for Social Development benefited from 5 millions for the programme AIDS Solidarity. The remainder (1.2 billion) will be allocated in the course of the exercise.

As mentioned above, debt reduction for the year 2001 could reach a higher total. In July 2001, CFA F13.6 billion were budgeted. This amount is high by Malian standards. Hence, an absorption problem arises.

The increase in social expenditures has resulted in a substantial increase in the recruitment of teachers. The number of recruited teachers each year was about 700. It will reach 4,165 in 2001.

The IFIs now seem to have softened their positions with regard to social spending, and consider the possibility of allocating the resources generated by the debt reduction to a vast range of expenditure having an impact on poverty reduction (e.g. the fight against desertification).

Government plans, approach and capacities

The I-PRSP is widely described by stakeholders as a quickly-written document with the sole goal of obtaining debt relief. In a number of respects, the full PRSP exercise is different.

One of the most striking points we noted during discussions with different stakeholders is that they consider the PRSP more a medium-term development plan than a poverty reduction strategy. This may mean that poverty reduction is being taken in a broader sense than before. Certainly, the Malian PRSP will adopt a longer time horizon (5 years, initially 2001-05, now 2002-06) than traditional IMF financial programming.

This planning exercise (which is not officially recognised as such) is not organised on a sustainable basis. A PRSP committee was established within the MoF *cabinet* in early June. The Directorate of Planning was excluded from this committee, and its Director is not kept informed of the evolution of the whole process. This poses two serious problems. First the risk of duplication (Directorate of Planning and the PRSP unit) and a risk of abandoning the planning process as soon as the PRSP is written.

The source documents for the elaboration of the PRSP are:

- “Mali vision 2025”, a UNDP-financed Long Term Prospective Study.
- The former anti-poverty strategy (SNLP).

Surprisingly, the former PFP is never quoted as a source for the preparation of the PRSP, nor are Public Finance Reviews.

This progressive transformation of the PRSP into an exercise in development planning, poses difficult issues with regard to Malian capacities. The former Ministry of Planning disappeared as such, its techniques were abandoned and its senior staff were not renewed in the 1980s because of a freeze on recruitment into the public service. Concerning the Directorate of Planning within the MoF, its long-serving executives have tremendous difficulties in adapting to the new context. Since there is no new hiring, the capacity of the Directorate will even be weaker when these retire (70% of the FP in the next few years).

There has been no reflection about the sources of growth in the case of Mali. The World Bank hired national consultants to write a study on “accelerating growth and development in Mali”, but the report⁶ was never really discussed and was never considered as an input by the Malian Administration. UNDP hired a consultant in 2000 to investigate the sectoral aspects of reducing poverty, but it proved very difficult without previous work and without basic quantitative information.

From the institutional point of view, the creation of a PRSP unit is troubling. If the PRSP is to be a medium-term plan focused on poverty, it should be technically led by the Directorate of Planning of the MoEF. Everybody agrees that this Directorate is unable to do the job and to lead the process. Nevertheless, if the PRSP turns out to be a permanent process, the coexistence of the PRSP unit and the Direction of Planning will be problematic. The “decision” of the Ministry of Economy and Finances which creates the PRSP unit (1/6/2001) seems aware of this. The decision does not state that the PRSP unit is in charge of the elaboration of the PRSP, but of:

- The implementation of the participatory PRSP process.
- The setting up of the regional technical committees of the PRSP.

⁶ «Le Mali, propositions pour une stratégie de croissance et développement à l’horizon 2010» (mars 1998).

- Technical support to ministries and civil society to improve understanding and ownership of the PRSP process.
- The timing of the PRSP.
- The good functioning of the institutional mechanisms of the PRSP.

The weak planning capacity of the GoM poses two problems. First, the new deadline of September appears to most stakeholders as too soon. Second, there is a serious problem of ownership for the Malian administration, since considerable external technical assistance is needed for the elaboration of the PRSP. However, as stressed by a donor representative, the impact of technical assistance on ownership depends on the nature of this assistance. If the role of the expert is purely technical, the threats to ownership are limited. But if he interferes in the strategic choices made by working groups, the danger is obvious.

Stakeholder awareness and perceptions of actors, process and ownership

There is a broad consensus among stakeholders (especially the Malians) that debt relief is so important that everything should be done to obtain it. Therefore, most of them seem to have endorsed the time constraint on PRSP preparation, and even those who criticise it (mainly NGOs) play the game to avoid being sidelined. Since fresh money is available for financing the process, the incentive is quite strong for different actors (even within the Government) to be involved in the process. The new status of the PRSP in Mali as the sole framework for Government action and external co-operation makes it a pole of attraction.

The CSOs considered the pace of PRSP elaboration as too fast for them, and have thus decided to organise a parallel process. Despite this, it is worth noting that they still participate in the different groups, and the Steering Committee promised to include their proposals in the final PRSP. However, their contribution arrived somewhat late (July), and a serious problem of coherence could therefore arise.

Malian stakeholders are so used to donor driven initiatives, and co-operate so closely with the donor community in every programme that there does not seem to be a strong awareness of the concept of ownership. Objectively, the PRSP process appears to represent an improvement in term of ownership. But this seems to be more at the initiative of the IFIs, than a response to a real demand from the Malians.

Bilateral donors also do not seem overly concerned about ownership. They are aware of participation issues and are encouraging the involvement of NGOs in the process. However, donors seem to ignore the risk that their strong involvement could endanger the coherence of the process and its ownership by the Malians.

Finally, the IMF seems satisfied by the quality of the participatory process. It declared in August 2001: “the staff is encouraged by the authorities’ effort to

ensure participation of all segments of the population in the preparation of the full PRSP” (IMF, 2001).

Media survey results

Media in Mali enjoy a broad freedom (as recognised by the association Reporters sans Frontières). There is a large number of newspapers, but their impact is limited because of widespread illiteracy. More important is the number of free radio stations in Mali (one of the best-served countries in Africa).

The Malian media feel free to criticise Government and IFI interventions. For example during each WB/IMF mission, they express their scepticism about the results of negotiations. There is often a juxtaposition of a press release by the IFIs (or articles directly inspired by them) and articles criticising them on an ideological basis, mainly by NGOs. However, the media seem to be unaware of the new instruments and orientations of the IFIs. They still criticise structural adjustment and old-fashioned conditionalities without apparent awareness that changes are supposed to be under way.

The visit of Köhler (IMF) and Wolfensohn (WB) to Bamako (19 and 20 February 2001) was a notable opportunity for NGOs and Malian media to express their opposition to the IFIs. *Info-Matin* (22/2/01, p. 4) expressed the view that “Le Mali, il n’y a pas encore deux ans a été contraint, le couteau sous la gorge, de signer un PAS au termes duquel était écrit noir sur blanc la réduction du systèmes sociaux, condition de son accession au PPTTE” – an affirmation not really in line with the HIPC process.

Earlier, an “Association des journalistes pour la promotion du professionnalisme” (Association to promote the professionalism of journalists) organised a press conference to oppose IFIs as “responsible for the African tragedy” (*Le Républicain*, 21/10/00, p.4). But other newspapers and journalists seem more favourable. The *Indépendant* (22/2/01) notes the changes in conditionality and the emphasis on ownership and good governance. Surprisingly, G. Drabo, a journalist, presents HIPC in *l’Essor* (20/2/01), but without a word on PRSP.

CSO structures and capabilities

In a society with the cultural heritage of Mali, traditional and customary chiefs, as well as representatives of the different confessions have a significant influence on the authorities. Trade unions (especially the autonomous ones) are well organised and powerful. Civil society has been increasing its influence since the end of the 1990s thanks to the support of donors. Until the end of the 1980s, the political, economic and social organisation of the country did not leave any room for civil society. Even existing organisations (Union Nationale des Jeunes du Mali, or the Union Nationale des Femmes) were brought under the control of the ruling party.

At the beginning of the 1990s, the change of regime, together with strong support from donors, resulted in a boom in civil society. There are currently 4,000 associations in Mali, and 650 Malian NGOs (half of them active), while their

number was less than 50 in 1990. The peasants' organisations are also progressively structuring themselves into larger entities (such as the SYCOV in the cotton sector). In addition to their financial support, donors are trying to push towards increasing the participation of civil society in the important choices facing the country. The SNLP and PRSP processes are good examples where participation of CSOs has been initiated by multilateral agencies, and encouraged by bilateral donors. Nevertheless, many NGOs depend heavily on external funds, which poses a problem of sustainability and also of independence. The Malian newspaper *Le Républicain* (22/2/01) adds that "one may fear the possibility of manipulation of the civil society by politicians".

Moreover, there is a consensus among stakeholders (even donors who strongly support them) that NGO technical capacities are an obstacle to a deeper involvement of their members in the different PRSP groups. Indeed, the small committees within each group are always composed by the persons supposed to be the most competent of the group, and these are most of the time Government or donor representatives. These people have a kind of technical legitimacy that gives them more influence on the process.

Donor responses: participation in PRSP process

At the beginning of the PRSP process we noted that bilateral donors were in the position of "wait and see". Bilateral donors did, however, eventually join the process, following in some cases the adoption of new positions by their Governments regarding the PRSP initiative as a whole. In France for instance, the Ministry of Foreign Affairs has moved toward supporting the PRSP initiative, and its local representatives have received clear recommendations in this regard.

The involvement of donors has increased progressively with their perception of the effectiveness of the process. Accordingly donors accepted in principle to fund the PRSP process. The MoEF presented the donor community with a budget amounting to 880 million CFA Francs, which is about \$ 1.2 millions. The donors requested a more comprehensive budget with the expected outputs, the sequence of activities and distribution of the total between PRSP preparation, its implementation and monitoring, not a "shopping list". So far this has not been done, which has blocked the disbursement of funds by most development partners.

The MoEF had promised financial assistance to the various working groups based on the expectation of donors support. The lack of funds induced a delay in the preparation process since some groups decided not to start working until they received the amounts promised. Finally the MoEF provided financial support to the groups through its own budget. In addition, some donors (France, UNDP, EU) are providing technical assistance to the PRSP unit.

Co-ordination between bilateral donors has improved as a result of both the DAC/OECD Mali Aid Review and the PRSP process. The Netherlands for instance is the spokesman of all bilateral donors in the PRSP Steering Committee. This is to avoid a heavy representation of donors in the process. Co-

funding of support actions to the PRSP elaboration is also noteworthy: France and UNDP are working on a joint programme of assistance.

As mentioned, GoM and its development partners have agreed that the PRSP become the reference framework for all co-operation with Mali. The lack of such a framework had been identified by the Mali Aid Review (UNDP, OECD, Club du Sahel 1999) as a major obstacle to the co-ordination of aid to Mali. However, the credibility of the PRSP process is being questioned by donors because of a lack of commitment by the various working groups. There is also a general perception that the overall quality of drafts by some working groups is low. Furthermore, the time constraint of having a final PRSP ready by the end of September is another issue of concern. Therefore, there is a risk of ending with a final document of poor quality, which may endanger its credibility in the eyes of donors.

In addition, the PRSP is seen by bilateral donors as a way to improve co-ordination between them, IFIs and the GoM. In this regard, an interesting development is that bilateral donors have asked the IMF to allow them to be involved in the joint IMF/WB missions. EU members sent two formal letters, but the response was twice negative. The IMF and the GoM are each putting the responsibility for this refusal onto the other. However, it seems that this UE initiative is not strongly supported by the national agencies either, since some of them consider that they are already represented by their representatives on the Boards of the Bank and the Fund.

Another important point raised by one of the bilateral donors concerns scepticism about the willingness of the World Bank to change its lending policy. The Bank has committed itself to develop its future activities within the PRSP framework. But some observers consider there is still a risk that the Bank will continue to be the "lender of first resort" on account of the motivation of its employees to lend as much as possible.

A final noteworthy point is the complete absence of the African Development Bank from the discussions around the PRSP. This is surprising given the fact that ADB is the second creditor of Mali, just behind the WB (IDA), for an amount equivalent to that owed to the whole Paris Club.

4 The potential for institutionalisation

The politics of poverty reduction in Mali

In Mali where poverty is so widespread (about 70% of the population live under the absolute poverty line), the fight against poverty has a different meaning than in rich or middle-income countries where fighting poverty consists of a set of targeted policies. At the limit, in Mali people generally consider that poverty is the situation of virtually everybody.

The theme of poverty reduction has not been historically dominant in the Malian political debate. However, the need for new slogans to win support in the new democratic system has led the party in power to use this concept as one of its main elements of propaganda. Since fighting poverty has also become the first declared objective of the international institutions, the Government could gain both external and internal support by focusing its policies on the eradication of poverty.

The main opposition political party considers that poverty reduction is used as propaganda by ADEMA (the ruling Party). Therefore, any reference to the fight against poverty may be interpreted as a support for the GoM.

Public sector management: past and on-going reforms

Did democracy “à la Malienne” improve governance since 1992?

Countervailing powers are weakly institutionalised in Mali, and thus there are few effective controls on Government activities. Transparency has not much improved and the patrimonial system is still in vigour. Even with the advent of democracy, clientelistic politics has lent itself to increasing corruption in the country. The administration is still dominated by ADEMA members, and rent-seeking is still the rule in the private sector, which does not encourage efficient investments.

Some changes may be under way, however. A well-known judge has recently declared to the press he had proof against many members of the Government (*Info Matin*, 15/2/2000). We were told (by an opposition party leader) that the judicial system is progressively getting some power, and trying to impose itself as an independent actor.

Moreover, it is a salient fact that Alpha Oumar Konaré is not a candidate for the 2002 Presidential election, and does not support any successor. He seems to be investing in his image, especially at the international level. The recent acceleration of the campaign against corruption (with the arrest of the CMDT CEO and a high level customs officer) could be explained by such considerations.

Mali has initiated a number of reforms, among which are the decentralisation process, civil service reform and budget reform. Many of these reforms are intended to strengthen the managerial capabilities of the administration, to increase the effectiveness and efficiency of public expenditures, and to allow more transparency through participation of various stakeholders in decision processes.

The difficult improvement of budget procedures

The link between the PRSP and the budgetary process is very important if the PRSP is to be more than just one more policy declaration. The missing link with the budget was always a major weakness of old-style development plans in Africa.

The assessment of Malian budgetary procedures by donors is mixed. Some find them unreliable, while some declare them safe enough to be used for budget support. However, donors and IFIs bear some responsibility for splitting the Malian budgetary process. After the CFA Franc devaluation, the World Bank convinced the Malian authorities to create a special agency (ADS) to provide a safety net. ADS spends each year CFA F 10 billion (that is, more than the half of the projected debt relief) outside of the normal budget procedures.

Budgetary procedures seem to have improved (one reason is the improvement of the liquidity of the Treasury after the 1994 devaluation). The Parliament vote on, and have some controls on the execution of, the budget through the approval of the budget after execution. The Parliament now wants to extend its control to the relevance of public expenditures, in addition to the control of their regularity. The Supreme Court is in charge of the verifications.

At the request of Parliament, a system called programme budgeting has been introduced since 1998. As adopted in Mali, the programme budgeting approach does not entail all the features of an MTEF process. In fact, as already indicated, the allocations do not respect some of the constraints and there is no clear indication of the priorities between the sectors. The MTEF is far from being implemented. Even in the two sectors where SWAPs have been established (education and health), the process is still only half-implemented. As a result, it has been impossible for the PRSP to assess clearly what will be the budgetary ceilings up to 2006.

The IFIs advocate greater transparency. But they do not yet intend to channel money through the Malian Treasury. The WB created instead a new Loan Administration Change Initiative (LACI) in order to get a local fund ready for the payments of expenditures for projects and programmes. This is progress in the sense that all payments were formerly made from Washington. But it also means that we remain a long way from real budget support.

The situation is set to improve. Mali is joining the “norms and codes” process of the IMF in order to strengthen its national budgetary procedures. This could give donors more incentives to move toward a budgetary support. An assessment of the budgetary procedures of Mali by a IMF team in July 2001 suggests that Mali

does not meet the standard in 7 topics out of 15 (no integration in the budget of the investment expenditures of donors; no clear identification of anti-poverty expenditures in the budget; no integration of medium-term projections in the budgetary process; no use of a functional classification of expenditures; no auditing of budget and presentation to the Parliament 12 months after the end of the budget period; etc.). But the IMF states that Malian budgetary system does allow for an effective internal audit, and that the implementation of the budget reflects the forecasts.

One of the expected positive side-effects of the PRSP process is an increase in the transparency of public financial procedures. However, the PRSP drafting process has not yet led to an integration of donor funds into national funding channels. This does not augur well for a pooling of donors funds for the implementation of the PRS.

The place of the PRSP and the standing of SNLP

As previously noted, the World Bank was initially reluctant to build the PRSP upon the basis of the SNLP. This position was unsustainable since the SNLP is in general perceived as having been a fairly participatory process, and has been officially adopted by the GoM. Furthermore, the SNLP received the approval of the donor community at a formal meeting (Round Table) in Geneva in 1998. (On the other hand, the announced financing of the SNLP appears to be virtual, each donor declaring that its on-going projects are part of the fight against poverty.)

The stakeholders, including IFIs, eventually agreed to consider the SNLP as a basis for the PRSP, while recognising the lack of a macro framework within the SNLP. UNDP, which was the main supporter of SNLP, has now fully joined the PRSP process. A mid-term assessment of the SNLP is planned in the near future. However, the situation will soon change, as the SNLP will expire in 2002 and the PRSP in 2006.

The organisational structure of the SNLP remains in place. There is a national co-ordinator in the MDS, and identified persons or “focal points” (*points focaux*) in the line ministries. The role of these focal points is mainly monitoring and evaluation. They did not play as such any role in the preparation of the PRSP, which is surprising, given the difficulty of getting sectoral ministries involved. Otherwise, co-operation between the co-ordinators of PRSP and SNLP seems now very close. No serious problems arose in practice.

Integrating existing SWAPs

Two major SWAPs were already in place before the launch of the PRSP: PRODESS (Health) and PRODEC (Education). Their implementation has started. The PRSP does not modify anything in this regard. PRODESS and PRODEC are simply integrated into the PRSP. The macro-group did not include these programmes initially, but took them into account after criticism. Critics emphasised that the PRSP is a GoM document and, as such, has to take into account any previous Government commitment.

Furthermore, debt relief could ease the financing of the SWAPs helping them reach the social targets agreed by the GoM. The main objectives are to increase the gross school enrolment rate by 25 points (from 50% in 1999 to 62% in 2002 and 75% in 2008). The literacy rate of adults is required to increase to 36% in 2008 from 31% in 2002.

Participation, stakeholders and political traditions

“Participation”, in the Malian political tradition, is mainly a way to get people to endorse Government policies. Texts prepared by the GoM are submitted to “seminars” or “workshops” and are endorsed by the participants (who are usually paid for their participation).

In countries like Mali, with a political culture close to that of France, civil society as such (and especially NGOs) is not a traditional actor in the political arena. A political opposition party leader told us that he considers the introduction of this concept in the PRSP process as an “artificial importation of an Anglo-Saxon concept”. The lack of legitimacy of many CSOs (meaning NGOs) is often emphasised by civil servants. The President of the Parliament is quoted as having declared: “*La société civile, c’est moi*”.

However, the Parliament itself is not playing any role in the PRSP process. There has not even been any discussion of the PRSP within Parliament. The justification given to us by GoM officials is that the Parliament will ratify the final version of the PRSP anyway.

The progressive upgrade of human resources available within CSOs (and not only the NGOs which are the favourite partners of IFIs and donors) could give them more influence in the decision-making process. This would allow them to develop their own alternative proposals, and prevent civil servants from criticising their “weak technical capacities”. Also, the recent strike of the farmers in the cotton sector shows that some groups are starting to structure themselves to protect their interests, even if they are not part of the “official civil society arena”.

The main obstacle, however, lies in the lack of education of the general population. Government, administration and non-governmental institutions are all dominated by the educated elite of the country. Even “well-meaning” NGOs do not really represent the voices of the poor. Their interest lies in developing a close co-operation with the donor community to capture rents. A real democratisation of the country will take the time necessary for the improvement of educational skills within a significant part of the population.

The PRSP as a consultative process

The consultation process of the PRSP is widely open to all stakeholder groups (donor community, civil society and national and regional Government representatives). The institutional apparatus set up to manage the PRSP process includes all these stakeholders as members of the working groups (WG). However, the final document is being prepared by an *ad hoc* committee (chosen

from within each group) that submits its findings to the larger group for discussion and approval. One can say that the participation process reflects a need to include all the actors; however, the extent of the contribution of the various actors will depend on the methodology adopted by the WG.

In addition, it is worth noting that the regional level has yet to be consulted. It was intended that the first PRSP draft will be discussed at the regional level through a regional workshop.

Concerning civil society, the only organisations involved are NGOs, and their involvement is limited as already mentioned. CCA-ONG, a co-ordination structure of NGOs, organised five regional workshops in May and June 2001 (Bamako, Koulikoro, Sikasso, Ségou and Mopti), and then a national workshop in Bamako (6th and 7th June 2001), to which the other regions Kayes, Tombouctou, Gao and Kidal) were invited. They received support from USAID for this.

The final declaration acknowledges that there is limited information about the PRSP, due to the fact that “its elaboration did not involve a public debate nor an active participation of the broad social categories of the poor”. The declaration criticises the conditionalities of the IFIs as responsible for “a decrease of consumption, of production ... decrease of the prices of cotton and gold, ... increase in taxes ... in prices of water, electricity and cereals ... increase in diseases like malaria, HIV/AIDS, crisis of education system ... deterioration of traditional values, etc.”.

The declaration stresses that HIPC is not an effective way of fighting poverty in Mali, because debt relief is too limited. It adds that PRSP relies on the same principles as structural adjustment, and is likely to have the same disastrous consequences for the population. According to the declaration (rather surprisingly, considering the above), civil society does not reject the PRSP, but asks for:

- the organisation of a public debate;
- the fixing of the conditionalities of the PRGF by “our country”;
- a real involvement of grass-roots organisations, local elected bodies, MPs and civil society representatives in the conception of the document (at a suitable timing for them);
- simple mechanisms and strategies for implementation, monitoring and assessment of the PRSP, easily understandable by everybody.

This report was given to the Minister of Finance at the meeting of the Steering Committee of the PRSP of the 17th July, with a significant coverage by the media.

In our opinion, the NGO process will have a limited impact on the PRSP. However, in terms of institution building, the PRSP process has been a good opportunity for civil society (or at least NGOs, which benefit from the most significant support) to discuss crucial issues for Mali. This represents an improvement for the long run, even if its short-term benefits are not obvious.

Results of district-level consultations

In July 2001, the PRSP official process did not reach the regions outside Bamako. Three or four regional workshops were planned for August. The draft of the PRSP was to be presented. Given the short period till the scheduled completion of the PRSP, few modifications can be expected to be taken into account. For this reason, it is likely that the workshops will mainly serve the purpose of complying formally with the conditionalities of IFIs. Malian officials are able to argue, with some justification, that the participatory part of the PRSP has already taken place under SNLP.

The consultation in the regions could have been more effective if locally elected bodies had been involved in the process. The problem is that while the legal framework of the decentralisation process has been recently set, financial transfers corresponding to the new powers of the communes have not yet started. The other problem of these decentralised units is their lack of management capacities.

What difference might the PRSP make to institutional development?

It is difficult to predict to what extent the PRSP process will affect institutional development, since the general perception is that the whole process is designed to fit a specific one-shot need, which is to win HIPC relief. However, the planning processes of the PRSP and the budgeting system (allocation of funds to the various sectors) will probably affect the behaviour of line ministries.

In fact, the expectations of some of these ministries are very high in terms of HIPC resource allocation. Based on the final results of the financial allocation between ministries, the beneficiary institutions and those that receive nothing will have friendly or conflicting relationships. This type of situation is due in part to the large publicity given to the resources that will be freed up by HIPC.

One of the main innovations of the PRSP (compared with the former Policy Framework Papers) is that it calls for the Ministry of Finance to make a medium term allocation of available budgetary funds. In principle, this should strengthen programme budgeting and give it more of a medium-term perspective. The difficulty lies in the weak links between the sectoral ministries and the budget office, which does not allow the latter to define the envelope of each ministry with regard to its objectives. However this is a real change, since under structural adjustment programmes, the IFIs were mostly interested in the levels of public expenditures and not in their allocation.

The length of the PRSP has also been increased by GoM from three to five years, which corresponds to the length of previous development plans. It will start in 2002 and run until 2006, which corresponds to the period when the next President and Government will be in office. Thus, it would be possible for voters to judge the next Government on the results of the Poverty Reduction Strategy.

What are the key constraints?

Commitment at the top

Mali is frequently seen as committed to reforms. Rodrik (1999: 128) presents Mali and The Gambia as countries substantially open to external trade: “However, they have yet to reap significant growth gains, partly because of extremely poor human and physical resources, and their growth potential remains low”. In the same way, UNCTAD’s 2001 Report (*Economist*, 12/05/01) presents Mali as an example of a strong adjuster from the financial point of view that did not get any results in respect of poverty alleviation. Even the IMF stated recently that “in completing the first review (PRGF), Directors welcomed the measures taken by the new Government and its commitment to push ahead with structural reforms” (IMF, 2001). In short, the commitment to reform seems high, but this does not have a positive impact on the welfare of the population.

There are three main points to stress in this regard. First, some reforms will have an impact only in the long run. Second, the fight against corruption is recent. Finally, the behaviour of the administration which is supposed to implement the reforms is at best questionable.

The elaboration of the SNLP which preceded the HIPC initiative proves that there was a political will to fight poverty before the starting of the PRSP process. However, the complexity of the PRSP process, the difficulty of understanding what the IFIs really wanted, and the mixed signals they sent, weakened the commitment of the GoM. President Konaré has publicly declared: “For every program, we are told it is necessary to take it into account in HIPC. I frequently wonder what it is exactly” (*Les Echos*, 07/14/2000).

The problem is even more complicated, because the PRSP is not the only programme the GoM has to take into account in its decision process. Regional integration, for instance, is the source of new constraints that are difficult to manage (like the new Common Tariff for WAEMU).

The resources that will be freed by the HIPC initiatives are welcomed by the officials, even if they have serious concerns about the relative modesty of the amount (\$870 millions over thirty years) compared to the needs of meeting the poverty-alleviation objectives indicated by the International community for 2015. President Konaré indicated this worry clearly in his speech during the FAO Summit in July 2001: “The amount of \$870 millions over thirty years is certainly important but not enough to alleviate poverty in Mali”.

Against this background, the choices made by the GoM are sometimes difficult to understand. For example, in the 2001 budget, 10 billion CFA Francs have been allocated to the organisation of the African Cup of Nations 2002, while the HIPC resources in 2001 will not exceed CFA F14.3 billion.

Commitment and public administration

Commitment at the top of GoM is important, but the PRSP process is highly demanding for the Malian public administration. The PRSP begs the question of the willingness of civil servants to participate in the process. Its preparation has shed light on the fact that even if the GoM is committed to the reforms included in the PRSP, success will depend on the capacities and the motivation of the civil servants in charge of implementation of the policies. This permits a stress on the necessity of the ownership of the process by the administration as well as ownership by the GoM.

It is difficult to mobilise the Malian administration for a national programme. Because of low wages and the numerous opportunities civil servants have to receive extra salaries and per diems (by working on donor projects), time remaining for administrative work is bound to be limited. One has to add that the design of strategies is by nature an activity without financial interest for civil servants. Donors have tried to resolve this problem by financing special units (like PRECAGED, CAPE, and so on). However, the clearest result of this approach seems to be an increase in administrative disorganisation.

In addition, from the technical point of view the Malian administration lacks technical tools like sectoral and economy-wide models. This reflects both the inadequate response of donors to this need, and the lack of capacity of the Malian administration to take up the available tools.

What difference might donor behaviour make?

Before the start of the PRSP process, donors requested the GoM to elaborate a national development framework that would build on existing sectoral and thematic programmes. The arrival of the PRSP should help solve the problem of fragmented programmes and projects. PRSP is supposed to be a chain between short-term and long-term policies by linking existing strategies with the costing, the setting of priorities and the fiscal framework.

In Mali all these conditions are well understood by the donor community. But the practices of donors during preparation of the PRSP are not particularly encouraging. There are also doubts about whether the longer-term changes in aid modalities that the PRSP invites will begin to occur in reasonable time.

The PRSP process and donor practices

The support of donors to the PRSP process has been welcome, but it was not effectively delivered. Money could not be pooled in a single fund providing budget support for this purpose. Practical complications arose. Only donors with money already available (EU, Germany) could provide support in good time. As already mentioned, the result was that PRSP working groups delayed the start of their work. The WG on "Mines, natural resources and environment" did not get any support and did not work at all. At the opposite extreme, some other groups received a lot of money from institutions like the ILO and submitted very detailed

documents, reflecting the views of their sponsors. In some other cases (like health) the WG document has been written by consultants.

Most of the working groups' documents are disappointing. They do not provide figures, and contain much "wishful thinking". This complicates considerably the tasks of the macro-group and the co-ordination unit. If, in addition, they reflect the pet projects of their financial backers, rather than a genuine concern to mainstream poverty into the sector in question, the value of the final document will be much reduced.

So far, donors seem to perceive the PRSP as a general framework that does not constrain them in the preparation of their own programmes. Thus, it is not clear if the PRSP process will lead to negotiations between donors and Malian authorities regarding the choice and the programming of future activities. Yet the integration of donor programmes within the PRSP is critical in terms of coherence, ownership, and alleviating the burden on the Malian administration.

The integration of donor support into national economic channels

One of the shortcomings of the aid system in Mali is recognised to be the poor integration of aid into existing national structures and procedures (OECD/UNDP, 1999). The aid system has a tendency to create parallel structures/bodies, decision-making channels, and financial and information systems. This has two major consequences:

- It weakens national institutions which is in blatant contradiction with the goal of strengthening local capacities and complicates the management of the economy by the GoM.
- It undermines the overall coherence and visibility of development activities.

There are three changes in donor behaviour that could make a tremendous difference in planning, management and the economy. First, if donors use the process as a national planning instrument and if they integrate their interventions into the final PRSP, the resource mobilisation process will benefit and the management capacity constraint at the national level will be eased. Fragmentation of donor interventions and the use of parallel structures to elaborate new visions will be reduced.

Second, if the PRSP process strengthens the executing instrument (the national budget system) and donors move towards budget support, overall coherence of programmes will be enhanced. This would allow the GoM to develop medium term planning, which is not really possible so long as aid is project oriented. In turn, this would change perceptions of the conditionalities set by donors and IFIs.

Third, the corollary would be a limitation of the number of conditionalities and the use of a single set of conditions that all the donors will use for their own intervention. Ultimately, this would be the product of the same nationally-owned thinking that goes into the PRSP.

The PRSP seems to be welcomed by donors partly because of its potential for increasing the integration of aid flows into public channels. Donors envisage increasing progressively their budget support. It is expected that they will finance the gap between debt relief resources and the amount needed to implement the PRS. However, the behaviour of the various donor agencies is very varied in this regard. For instance the Dutch (co-ordinator of donors on PRSP) are pushing strongly toward budget support, while others are still reluctant even if their *discours* has changed.

The main argument of the latter group is based on the absence of transparency and continued mismanagement of the budget. However, it seems that some agencies also have their own preferences in terms of aid management. Indeed, it may be in the interest of staff in the field is to keep control over the management of projects. Greater budget support might be resisted because it would reduce their influence over the decision processes. For this reason, it is possible that change will occur only if clear instructions are given by the agency's headquarters.

The personality and views of the agency head at the country level may make a difference in one direction or the other. This is even more likely to be the case following ongoing or recent reforms within some agencies (e.g. the French Ministry of Co-operation). These allow the in-country representatives to decide the speed of implementation of the new policy. The issue of donor behaviour is thus linked to the degree of delegation (decentralisation) of power to the field level.

4 PRSP monitoring and information

Poverty information: supply and demand

The PRSP group in charge of “analysis and monitoring of poverty, and gender” has identified the main problems of the Malian statistical system that could impede the monitoring process.

- First, the lack of institutional coherence due to the failure of the decentralisation of statistics collection. The Direction Nationale des Statistiques has not the means to ensure the co-ordination of the supply of statistics.
- Second, the lack of specialists able to design surveys, write questionnaires, and collect and clean data.
- Third the lack of funds to finance current and special statistical operations.
- Finally the lack of valorisation of the data: There is insufficient visibility of the available data, the diffusion is irregular and of bad quality, and analysis of the data by the DNSI is very elementary.

In our opinion, the weakness of the statistical information system in Mali (including poverty surveys) has three main sources. The first (obvious reason) is related to technical capacities. The second deals with the refusal of the statistical directorate to divulge the results of its surveys outside the administration. Finally, the Malian authorities do not seem to be interested in financing their statistical system. They rely on external financing for their surveys, which makes these surveys very irregular, and poses a serious problem of ownership. It also poses a problem of commitment, since if the GoM is not able to assess the performance of its policies, it is not obliged to respect the commitment it makes.

The monitoring and information hole in PRSP planning

At the beginning of the process, the IFIs complained that there was no recent information about poverty in Mali. This was one of the reasons put forward to refuse to take the SNLP into account.

A new Consumption Budget Survey (CBS, or EMEP by its French acronym) was planned to provide fresh information for the preparation of the PRSP. It was delayed, but began in January 2001. Four surveys are planned to take into account seasonal consumption. By June 2001, only the results of the first survey were available. This is not enough to provide an accurate basis for an analysis of the trends in the poverty situation.

The poverty-reduction monitoring is expected to rely on a mix of classical surveys (every three years) and light-weight surveys (each year).

However, the targets in term of poverty reduction have not been set yet. Education and health are exceptions, given that specific targets have been set

under PRODEC and PRODESS – but they have to be projected up to 2006. Furthermore, the relationship between targets and budget is still unclear.

It is still not yet clear which institution will be in charge of the monitoring process. The working group on monitoring has only declared that monitoring will rely on the national statistical system. Will the National Direction of Statistics (DNS) be responsible for that task? Is this realistic given its tremendous difficulties? Moreover, there has not been any costing of the monitoring process yet.

No participatory monitoring or assessment is planned. Such a process would have the advantage of extending ownership of the monitoring process to a wider range of stakeholders. It would ensure greater transparency and fewer doubts about the outcome of this process. Concretely, the working group responsible for defining the monitoring strategy could play the role of a steering committee in charge of poverty-reduction assessment.

Concerning the indicators selected, we have two sources. The first is a report by an international consultant hired by the GoM with the support of the EU, and which deal explicitly with the monitoring strategy. The second is the result of the work of the “Poverty analysis and monitoring group”.

The first report proposes three kinds of indicators:

- ❑ **impact indicators**, which will summarise the evolution of poverty in its different dimensions (medium- and long-term);
- ❑ **results indicators**, which allow the monitoring of the effects of the PRS in the short and medium term, and which concern the elements that most influence the impact indicators (e.g. vaccination),
- ❑ **activity indicators**, which assess the evolution of inputs to the PRS (number of roads, of teachers per class, of doctors per inhabitant) and the quality of these inputs (number of effective hours taught, availability of medicines).

The second report presents a matrix indicating the type of indicator (monetary poverty, human poverty and life conditions, potentialities, and macroeconomics) and sub-indicator (78 sub-indicators), their periodicity, source and method of collection. Noteworthy is the will to extend the different indicators to the regional level. However, the intermediate results’ and activity indicators highlighted in the consultants’ report are generally lacking (although they have an important place in the Education and Health SWAPs). Also, there is no costing of the different monitoring activities. It would have been especially relevant to estimate the cost of implementation of the new surveys that will be needed to ensure monitoring of the PRS.

6 Conclusions and recommendations

- A PRSP has to be considered a long-term process, not just a one-shot operation. In consequence the ongoing PRSP has to be considered as a first attempt. The planning process is characterised by high inertia. It would be unrealistic to think that the first PRSP could be anything more than the sum of the projects, programmes and strategies already in the pipeline.
- The true meaning of the PRSP is to be a medium-term plan, focused on poverty. If this is done under excessive time pressure, it will not permit a synthesis of the sectoral strategies mainstreaming poverty. No financial constraint should bear on the process.
- Donors should avoid financing only short-term operations needed to finalise the first PRSP. They should invest in basic information – statistics at micro-(surveys) and macro-levels (e.g. social accounting matrices). Basic data about economic activity, incomes and employment are absent. Poverty profiles do not provide all the information required for design of a global anti-poverty strategy. The GoM has to show its interest in such basic information by investing in permanent macro databases.
- Developing the statistical system should be one of GoM's priorities and, if poverty monitoring is intended to be a sustainable process, should not be left to donors. A costing of the monitoring process should be performed so as to include it in the budget, and thus guarantee its effective implementation.
- To ensure greater ownership of the poverty alleviation strategy, crucial choices must be discussed within Malian society. Donors or IFIs should assist in attaining the objectives, but not make choices in the place of national forums. However, the move toward such a relationship requires time, since neither the GoM, nor donors are yet prepared for this. The heavy dependence of Mali on aid is a real obstacle to the development of grass-roots rather than donor driven initiatives.
- If ownership is to be taken seriously, then the national capacity for designing anti-poverty strategies is crucial. Reform of the civil service is a prerequisite for this, and it needs to be based on a broad approach, not only on budgetary considerations. Restrictions on civil service wage increases under IFIs conditionalities, coupled with the extra salaries paid by donor projects, are responsible for many of the distortions in the Malian administration. The move towards budgetary support should provide an opportunity to break with these practices.
- It is important to avoid creating new institutions for the PRSP. As a global process, the PRSP should be managed at a senior level (such as the Prime Minister's Office). But a special unit at this level would only co-ordinate the work of the appropriate bodies (sectoral ministries, Planning, Finance, etc.).

Planning and programming units in the sectoral ministries (CPS) should be reinforced and made attractive to well-qualified civil servants.

- The scope and aim of the participatory approach should be precisely defined. It is necessary to enhance the technical capacities of CSOs. Support should not be limited to NGOs, but also extended to trade unions, smallholders' organisations and so on, even if these do not share the views of IFIs (as during the cotton-sector crisis, for example).
- Donors should integrate their interventions in the PRSP and re-design their policies in this regard. They should not merely use it as a general framework for already planned projects. Donors should use national instruments and procedures.
- Thus, the co-ordination between donors and GoM initiated by the Aid Review process should be extended to a policy dialogue between the GoM, donors and IFIs. This dialogue would permit discussion of new conditionalities and strengthen the PRSP as the sole reference document for co-operation between Mali and its development partners.
- A move towards greater budget support is needed if the GoM is to be able to undertake serious medium-term planning, and to strengthen the link between planning and the budget. This link is of paramount importance to avoid unrealistic old-fashioned planning. A greater focus on the MTEF is needed.
- The GoM should pursue its efforts to improve transparency and efficiency of the budgetary procedure, to encourage donors to move toward greater budget support.
- HIPC Funds do not have to be managed in a different way from the other budget expenditures, as the IMF wishes. The Malian budget is already complicated by the desire of IFIs to monitor special expenditures (like the "safety net" fund) that become difficult to integrate later. More freedom should be permitted on the budgetary side, and more emphasis placed on ex-post audit and control.
- IFI missions should be more transparent, and should involve donors (or their representatives) in discussions between IFIs and GoM.
- The IFIs should avoid introducing new instruments every two years (such as CDF and PRSP).

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Annex 1: Tables

**Table 1: External Debt of WEAMU countries
(billions of CFA F)**

| | <i>GDP 1997</i> | <i>Exports of Goods and Services 1997</i> | <i>Revenue</i> | <i>External Debt end 1997</i> | <i>Debt/ GDP %</i> | <i>Debt Service/ Exports % 1998</i> | <i>Debt/ Revenue %</i> | <i>Debt NPV /GNP % 1996</i> |
|---------------|---------------------|---|----------------|---------------------------------------|------------------------|---|--------------------------------|-------------------------------------|
| Benin | 1250 | 337 | 211 | 748 | 59.8 | 10.60 | 354.5 | 57 |
| Burkina Faso | 1364 | 173 | 199 | 769 | 56.4 | 10.70 | 386.4 | 31 |
| Côte d'Ivoire | 6176 | 2694 | na | 8986 | 145.5 | 26.10 | na | 171 |
| Bissau Guinea | 159 | 38 | 15 | 527 | 331.4 | 25.60 | 3513.3 | 248 |
| Mali | 1421 | 362 | 260 | 1697 | 119.4 | 12.60 | 652.7 | 56 |
| Niger | 890 | 178 | 188 | 815 | 91.6 | 18.40 | 433.5 | 45 |
| Senegal | 2556 | 868 | 460 | 1985 | 77.7 | 23.20 | 431.5 | 53 |
| Togo | 875 | 309 | 127 | 789 | 90.2 | 5.70 | 621.3 | 80 |

Source: Afristat, *Recueil de statistiques des Etats membres*, mars 2000, Word Bank, DGDP.

Table 2: External debt of Mali (1989-1999, billions of CFA F)

| | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|------------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Medium and Long term External debt | 738 | 675 | 702 | 731 | 774 | 1577 | 1397 | 1500 | 1697 | 1684 | 1542 |
| Of which Multilateral (%) | 43 | 40 | 42 | 42 | 44 | 48 | 54 | 57 | 61 | 61 | 71 |
| Of which Bilateral (%) | 57 | 60 | 58 | 58 | 56 | 52 | 46 | 43 | 39 | 39 | 29 |
| As % of GNP | 114 | 100 | 101 | 101 | 108 | 161 | 118 | 114 | 119 | 106 | 93 |
| As % of public revenue | 673 | 581 | 641 | 726 | 739 | 1135 | 788 | 690 | 718 | 661 | 566 |

Source: DGDP

Table 3: Debt outstanding end 1999

| <i>Creditor</i> | <i>Debt outstanding as at 31/12/99</i> |
|---------------------|--|
| 1. Paris Club | 232,5 |
| France | 151,1 |
| Russia | 74,7 |
| Others | 6,7 |
| 2. Others bilateral | 215,5 |
| China | 82,1 |
| Japan | 57,8 |
| Saudi Fund | 38,8 |
| Kuwaiti Fund | 17,7 |
| Others | 19,1 |
| 3. Multilateral | 1 094,5 |
| IDA | 635,4 |
| IMF | 124,3 |
| ADF | 226,4 |
| AIDAF | 29,9 |
| IDB | 22,8 |
| Others | 55,7 |
| TOTAL | 1542,5 |

Source: DGDP

**Table 4: External debt service
(bilions of CFA F)**

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|---|------|------|------|------|------|------|------|------|------|------|
| Service paid | 47,4 | 50,9 | 57,5 | 59,7 | 61,3 | 38,2 | 37,8 | 41 | 43,2 | 49,9 |
| Principal | | | | | 42,7 | 26,9 | 25,6 | 28,7 | 32,2 | 36,7 |
| Multilateral | | | | | 21,4 | 16 | 17,1 | 19,9 | 23,6 | |
| Bilateral | | | | | 21,3 | 10,9 | 8,5 | 8,8 | 8,6 | |
| Interests | | | | | 18,6 | 11,3 | 12,2 | 12,3 | 11,0 | 13,2 |
| Multilateral | | | | | 7,9 | 6,7 | 7,3 | 8,1 | 7,5 | |
| Bilateral | | | | | 10,7 | 4,6 | 4,9 | 4,2 | 3,5 | |
| Service/Revenue % | 40,8 | 46,4 | 57,1 | 57,0 | 44,1 | 21,5 | 17,4 | 17,4 | 16,9 | 18,3 |
| Service/Public expenditures % | 29,0 | 26,0 | 31,0 | 33,7 | 21,9 | 12,5 | 11,6 | 11,7 | 11,2 | 12,2 |
| Services/exports of goods and services % | 41,6 | 40,9 | 49,3 | 45,9 | 27,3 | 14,7 | 14,3 | 11,3 | 11,8 | 13,2 |

Source: DGDP, Afristat

Table 5: Paris Club debt restructuring

| <i>Date</i> | <i>Beginning of the restructuring period</i> | <i>Maturity (months)</i> | <i>Type</i> | <i>Arrears</i> | <i>Includes already rescheduled debt</i> | <i>% consolidated</i> | <i>Amount rescheduled million \$</i> | <i>Amount cancelled (billion CFA F)</i> |
|-------------|--|--------------------------|-------------|----------------|--|-----------------------|--------------------------------------|---|
| 27/10/1988 | 1/7/1988 | 16 | Toronto | Yes | No | 100 | 48 | France: 2,6 |
| 22/11/1989 | 1/11/1989 | 26 | Toronto | No | Yes | 100 | 33 | France: 2,1 |
| 29/10/1992 | 1/10/1992 | 35 | Trinidad | Yes | Yes | 100 | 107 | France, Netherlands: 1,67 |
| 20/5/1996 | 20/5/1996 | Stock | Naples | Yes | Yes | 100 | 33 | France, Netherlands, UK: 9,3 |

Source: DDP, IMF

Table 6: Future external debt service, before and after HIPC (billions of CFA F)

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Service of debt outstanding at 31/12/99 | 51.5 | 36.2 | 74.4 | 89.1 | 93.5 | 99.3 | 99.4 | 96.6 | 87.6 | 85.6 | 81.5 | 80.0 | 82.2 | 80.4 | 79.5 | 88.3 | 82.5 |
| Service after HIPC | | | 50.5 | 60.4 | 63.4 | 67.4 | 67.4 | 65.6 | 59.5 | 58.1 | 55.3 | 54.3 | 55.8 | 54.5 | 54.0 | 59.9 | 56.0 |

Source: DGGP, Our calculations, HIPC I and II effective in 2001.

Table 7: Consumer prices: percentage annual change (1990-99)

| | 1990-1997 | | 1996-1999 |
|-------------------------------|-----------|-------------------------|-----------|
| Food | 6,7 | Food, beverage, tobacco | 0,1 |
| Clothing | 6,0 | Clothing | 2,8 |
| Housing, energy, water | 3,5 | Housing, energy, water | 0,7 |
| Furniture, etc. | 5,0 | Furniture, etc. | 1,6 |
| Health | 7,8 | Health | 3,1 |
| Transports and communications | 6,7 | Transports | 0,0 |
| Leisure | 5,1 | Leisure | 0,2 |
| Education | | Education | 1,5 |
| Other | 6,6 | Hotels, restaurants | 0,7 |
| | | Other goods & services | 3,7 |
| CPI | 6,3 | CPI | 0,7 |

Source: DNSI, Afristat

Annex 2 Organisation of the PRSP process

| | <i>Chair</i> | <i>Secretariat</i> |
|--------------------------------|---------------------------------|--------------------------------|
| Orientation Committee | Prime Minister | MoEF |
| Joint Malian/Donors Commission | Minister of Economy and Finance | National Direction of Planning |
| National Technical Committee | General Secretary of the MoEF | National Direction of Planning |
| Steering Committee | General Secretary of the MoEF | National Direction of Planning |

The National Technical Committee is composed of eleven groups:

1. Macroeconomic framework, growth and competitiveness
2. Governance, institutions and geography
3. Income activities, Solidarity and social security
4. Basic infrastructure for development
5. Rural development, natural resources
6. Education, alphabetisation
7. Health and population
8. Environment
9. Employment and formation
10. Culture, religions and peace
11. Analysis and monitoring of poverty and gender

The National Technical Committee is also composed of Regional Committees headed by the Haut-Commissaires (Government Representative) in each Region and in the Bamako District.

Source: décret n° 175/PM-RM, 12/4/2001.

Annex 3: List of people met (Phase 2)

- Backiny Yetna Prosper, statisticien économiste, AFRISTAT (Observatoire Economique et statistique d'Afrique sub-saharienne).
- Bédu Laurent, Agricultural Development advisor, French Embassy, Bamako.
- Cissé Augustin, Directeur des Programmes, Centre Djoliba de réflexion, formation-action et documentation pour le développement.
- Cissé Zamilatou, Conseillère en économie, Unité d'Appui au Programme de Coopération Canado-Malienne, Bamako
- Colin de Verdière Michel, Chef du service de Coopération et d'Action culturelle, Ambassade de France, Bamako.
- Dao Amadou, Director, Observatoire du Développement Humain Durable.
- Diarra Bakary, Chargé du suivi de la SNLP, Observatoire du développement Humain durable
- Diarra Sékouba, Conseiller technique, Ministère de l'Economie et des Finances.
- Dolo Modibo, Chef division DFMC/DNP, Ministère de l'Economie, du Plan et de l'Intégration.
- Ganaba Nouhoum, Economist, GTZ
- Gil François, Deputy Director, AFD
- Goro Moussa, Responsable des cantines scolaires, Ministère de l'éducation.
- Gouné Alissabatou Sanoussi, Senior Economist, UNDP, Bamako
- Keïta Abdoulaye, Technical Advisor, APCAM (Assemblée Permanente des Chambres d'Agriculture).
- Keïta, Bakary Kadré, Statistical Unit, Ministry of Education
- Keïta Karounga, Economist, UNDP
- Keïta, Administrative and financial Director, Ministry of Education.
- Léandre, Etienne, Service de Coopération, French Embassy in Mali
- Niang, Conseiller technique, Ministère des Mines, also head of PRSP's working group.

Satao Soumana, Technical Advisor, Ministry of Employment and Civil service
(also head of PRSPs working group)

Thiam Youssouf, Economist, World Bank, Bamako

Thiollier François, Conseiller, Mission Union Européenne, Bamako.

Touré Abdoulaye, Inspecteur des Finances, Directeur du Budget (MoEF)

Touré Aboubacar, General director, DGDP (Direction Générale de la Dette
publique)

Touré Alamine, Consultant.

Touré Mamadou Sékou, Directeur exécutif, Comité de Coordination des Actions
des ONG au Mali

Traoré Namory, Embassy of the Kingdom of Netherlands, Bamako

Van Dijk, Harry J.J., Premier Secrétaire, Embassy of the Kingdom of
Netherlands, Bamako

Vokral Edita, Coordinatrice Coopération Suisse, Bamako

Williams, John Calvin Jr, Resident representative, IMF, Bamako

Zima Jean Diallo, Statisticien, Observatoire du Développement Humain Durable.

Zouboye Sidi Mohamed, député de Kati, 2ème Vice Président de l'Assemblée
Nationale du Mali