

Mali: Poverty Reduction Strategy Paper Annual Progress Report

Poverty Reduction Strategy Papers (PRSPs) are prepared by member countries in broad consultation with stakeholders and development partners, including the staffs of the World Bank and the IMF. Updated every three years with annual progress reports, they describe the country's macroeconomic, structural, and social policies in support of growth and poverty reduction, as well as associated external financing needs and major sources of financing. This country document for **Mali**, dated **April 2004**, is being made available on the IMF website by agreement with the member country as a service to users of the IMF website.

To assist the IMF in evaluating the publication policy, reader comments are invited and may be sent by e-mail to publicationpolicy@imf.org.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
700 19th Street, N.W. • Washington, D.C. 20431
Telephone: (202) 623-7430 • Telefax: (202) 623-7201
E-mail: publications@imf.org • Internet: <http://www.imf.org>

Price: \$15.00 a copy

**International Monetary Fund
Washington, D.C.**

REPUBLIC OF MALI
ONE PEOPLE—ONE GOAL—ONE FAITH

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

Final Version

April 2004

SUMMARY

ACRONYMS AND ABBREVIATIONS..... 3

SUMMARY..... 4

INTRODUCTION..... .6

CHAPTER I: Background of the implementation of the Poverty Reduction Strategic Paper
(PRSP) in Mali..... ..7

CHAPTER II: Macroeconomic overview: 2002/2003 mid-term achievements and outlook
..... 11

CHAPTER III: Progress achieved in the implementation of sector policies, strategies, and
actions of reducing poverty16

CHAPTER IV: Difficulties encountered, weaknesses noticed and recommendations .. 26

CONCLUSION..... 30

ANNEXES..... ... 31

ACRONYMS AND ABBREVIATIONS

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

SUMMARY

Mali is implementing its Poverty Reduction Strategic Paper (PRSP), adopted in May 2002 for a medium term (2002-2006) horizon. This implementation is taking place in a context characterized notably by a downward trend of Official Development Assistance (ODA) and the great vulnerability of the country to external impacts (drought, fluctuation in the terms of exchange, political crises in the sub-region). Hence the significance of the challenges to be taken up in order to ensure a strong, sustainable and poverty reducing growth.

However, despite this less enabling environment, Mali has made in the last years significant progress at the triple political, social and economic levels.

Actually, the political and social situation has greatly improved in the past decade. So, since 1992 democratic elections (presidential, legislative, municipal, and communal) have been held in a consensual and appeased political climate. They led in 2002 to an alternation of power in sociopolitical stability.

Institutionally, Mali has embarked since 1992 on a vast decentralization and deconcentration process that reflects the irreversible willingness of the country's authorities to empower populations in the management of their development. This process has permitted to reshape the administrative landscape of the country into **703 Communes, 49 Circles, 8 Regions, and 1 District**, though some slowness is perceptible in the transfer of skills and resources from State to Territorial Communities.

Moreover, some vast reforms are being undertaken as part of the modernization of Administration, improvement of the judiciary system, good governance, and control of poverty and financial delinquency.

Economically and financially, **the International Monetary Fund (IMF) has been supporting Mali since 1992 uninterruptedly in the framework of three (3) successive FASR/FRPC agreements**. This has permitted to restore macroeconomic stability, sustainability of public finances, and implementation of deep structural reforms.

It is in this way that at the level of the real sector, with the new series of GDPs «plus comparable», economic growth was 3.9% in 2002. This rate will be brought down to 3.3% in 2003. However, projections are very optimistic for 2004 and a growth of real GDP up to 5.4% is expected.

At the level of public finances and indebtedness, in recognition of the significant progress made by the Government in implementing reforms, **Mali has become the 7th country to reach the completion point under the reinforced Initiative for very indebted poor countries (PPTE) after Bolivia, Burkina Faso, Mauritania, Mozambique, Tanzania, and Uganda.**

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

Regarding the cotton sector, the restructuring of CMDT shall lead, in the future, to the withdrawal of the company from public service missions and the adoption by the Government of an Action Plan for the full liberalization of the cotton sector.

Regarding the transportation sector, reforms undertaken concern the putting in concession of the Railway (already effective September 23, 2003), the transfer of the management of the Airports of Mali (ADM) to a private licensee (on-going process). They also concern the

privatization of regular road maintenance (already achieved with the creation of AGEROUTE), and institution of mechanisms of financing this maintenance by users.

As regards the telecommunication sector, the authorities have decided to undertake some institutional reforms that have translated by the establishment of a legal framework appropriate to a sound competition among the different actors in the sector. They also translated by the granting of a full exploitation license to a second business beside the historical company, and the establishment of a department for the needs for opening the capital of SOTELMA to the private sector.

At the level of social actors, some progress has been made though there are still some weaknesses. Among the improvements made we can notice, among others, **a net favorable development of budget allocations meant for the Education and Health sectors: their ratios to all current expenditures of the State Budget increased from 27.02% to 30.28% and from 10.01% to 10.82% between 2001 and 2003, respectively. They should reach 31.48% and 11.09% in the 2004 fiscal year Finance Act.** The trend is almost the same with respect to the allocations of these sectors compared to the entire State Budget.

These financial efforts have permitted at the level of education **a considerable increase in the overall GSR in the first cycle. This rate went up from 62.5% in 2001 to 64.3% in 2002, with objectives of 68.0% in 2003 and 83.0% in 2006.** For health, we can notice **an improvement in health coverage within a radius of 5 km. It rose from 41.0% in 2001 to 44.0% in 2002, with objectives of 47.0% in 2003 and 50.0% by 2006.**

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

At the end of the first year of implementation of PRSP, we can notice that the different actors of the PRSP monitoring-evaluation device are delaying to embrace really and correctly the role that has been assigned to them in this device, which itself deserves to be better clarified and simplified.

In addition, we can notice a low articulation between the Budget-programs of government Departments and the strategies and objectives of PRSP.

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

In short, in order to remove these constraints that may compromise the smooth implementation of PRSP and the attainment of its objectives, the Government must continue sensitization and negotiations with donors to make them adhere more to the priorities and strategic main lines defined in the PRSP document. Hence the idea to hold a Round Table of Mali's Donors around the implementation of PRSP.

INTRODUCTION

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

PRSP has been developed based on a long participatory process that hinges on an institutional device involving all social and economic development actors of the country.

The Government, in March 2003, for the implementation and monitoring-evaluation of PRSP¹ has chosen this same device. The monitoring-evaluation of the so adopted PRSP has a dual function:

- 1) report in short term on the results obtained in the implementation of PRSP in priority areas affecting poverty and growth, permit to measure the impact of these results on poverty and growth in the medium run;
- 2) provide in the longer run element permitting to assess the efficiency and effectiveness of the sector policies and strategies implemented toward reducing poverty in Mali.

Based on the above, this first annual **monitoring-evaluation** report has been developed to inform about the implementation of the policies, strategies and actions chosen in the three (3) strategic main lines of PRSP, i.e.:

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

It is based on the reports of thematic groups available and on information collected through some reference documents (State Budget, Budget-programs, sector projects and programs, outline documents of some development partners.)

In compliance with the spirit of the terms of reference (TOR), the report has been presented in the following format:

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

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

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

Year 2003 is the first year of implementation of the Poverty Reduction Strategic Paper (PRSP) in Mali, developed on a medium term horizon of five years: 2002 – 2006.

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

I.1 – International Environment²

The international environment remains dominated by the following outstanding facts:

A – Liberalization and globalization:

The development of international trade has been characterized in these last decades by a series of measures aiming to reduce tariff barriers and constrains to free initiative, so speeding up the phenomena of liberalizing exchanges and globalization of economics. This is accompanied and facilitated by a significant development of the new information and communication technologies (NICTs).

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

- volatility of the prices of main commodities, which negatively affects economic performances and makes it extremely difficult to plan development actions due to the uncertain nature of export receipts ;
- increased sensitivity of world opinion to the issues of good governance, environmental protection, control of poverty and corruption, promotion of women, and population growth control;
- downward trend of bilateral as well as multilateral official development assistance (ODA), a reduction not offset by an inflow of private capital, whilst at the same time most developing countries are expressing increasing needs for financing in order to implement their poverty reduction strategic documents (PRSDs) toward achieving the Millennium Objectives for Development (MOD/DOM), particularly that of reducing by half extreme poverty by 2015.

Development of net total ODA all donors mixed (in million of US dollars)								
Years	1995	1996	1997	1998	1999	2000	2001	2002
ODA	541.3	491.2	428.9	347.3	354.5	359.7	349.9	
Variation	-	-9%	-13%	-19%	+2%	+1	-3%	
Source: OECD: Economic outlook in Africa, 2001/2002, page 363.								

B – Economic situation in the Dollar zone:

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

The United States of America will remain the main driving force of the economic recovery that is shaping. However, economic activity should go through a slight slowing down. Therefore, the growth rate would go down from 2.4% in 2002 to 2.2 in 2003.

C – Economic situation in the Euro zone:

In Euro zone, despite the good behavior of exports, yet weakened by the rise of Euro, the low level of the internal demand is continuing to dash any hope of an imminent bounce in economic activity. Growth projections have been reviewed downward. The Euro zone should grow this year by half slower than the United States, or 1.1% only.

I.2 – Regional and sub-regional Environment³

A – At the level of the African continent:

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

In prospect, the speeding up of the economic integration in the Continent with the coming into being of the African Union (AU) and the implementation of the New Africa Development Partnership (NEPAD) are of a nature to create favorable conditions for a stronger economic growth on the Continent.

B – At the level of UEMOA:

Economic growth within the Union was 1.7% in 2002 as against 3.9% in 2001 and projections for 2003 are 3.9%. This low growth is primarily due to the on-going crisis in Cote d'Ivoire and bad weather conditions that affected agriculture and livestock in Sahelian countries in 2002.

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

Growth in 2002 took place in a context marked by a moderate increase in prices. Actually, the average annual inflation rate within the Union was 2.9% in 2002 as against 4.1% in 2001. The standard within UEMOA being set to a maximum annual inflation of 3%.

I.3 – National environment⁴

In Mali, the national situation is characterized by some outstanding facts both socio-politically and economically and financially.

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

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

A – Socio-politically:

The Malian current context is characterized by a remarkable political and social stability in a West African sub-region shaken by social and political unrest and armed conflicts.

Politically, Mali held in 2002 general elections (presidential in May 2002 and legislative in July 2002) in a consensual and appeased climate. They led to the election of a new President, the establishment of a new National Assembly in September 2002, and the formation of a cabinet with large representation in October 2002.

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

Institutionally, Mali has embarked since 1992 on a vast decentralization and deconcentration process that reflects the irreversible willingness of the authorities of the country to empower populations in the management of their development. This process permitted to organize the country in **703 Communes, 49 Circles, 8 Regions and 1 District: Bamako** (which has a status of a region). This landscape will be reinforced by the municipal elections scheduled in April 2004. However, some slowness is perceptible in the transfer of skills and resources to Territorial Communities.

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

B – Economically and financially:

Economically and financially, Mali has undertaken since 1982, with the support from Bretton Woods institutions, structural adjustment programs (SAP) aiming to restore macroeconomic balances and sustainability of public finances. Therefore, in recognition of the significant satisfactory progress made by the Government in the implementation of macroeconomic and structural policies, Mali's creditors decided, on March 7, 2003, to grant the country a debt alleviation up to US\$ 675 million under the reinforced initiative for very indebted poor countries (PPTE)⁵. The creditors are namely the International Monetary Fund (IMF), the International Development Association (IDA) of the World Bank. **Mali becomes so the 7th country to reach its completion point under the reinforced initiative after Bolivia, Burkina Faso, Mauritania, Mozambique, Tanzania, and Uganda.**

The resources made available through this initiative will be allocated to key growth programs for the poor that are defined in PRSP.

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

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

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

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

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

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

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

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

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

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

- development in the international economic environment projected by the IMF over the 2002-2006 period (particularly with respect to the prices of gold, cotton and oil) ;
- projection of production levels based on the preliminary results for 2002 taking into account past developments and sector policies to be implemented;
- projection of public finance based on the new measures implemented (particularly tax reform, allocation of transfer resources to decentralized communities and social sectors, wage policy, cost of PRSP actions) taking into account the WAEMU's convergence criteria.

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

Recall of PRSP overall objectives (2002-2006) and annual objectives (2002 and 2003):

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

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

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

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

1. UEMOA guideline related to the application of more comparable GDP

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

- the often varying quality of some basic data;
- the methodologies used from one country to another;
- and the coverage of the national accounts.

The changes in methodology s made have had some effects on the level of the GDP, and that of convergence criteria. In Mali, innovations have been made at three levels:

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

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

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

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

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

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

Source: DNSI: Mali's economic accounts.

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

2. Mali's economic and financial status in 2003

2.1 Estimate of GDP growth in 2003

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

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

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

2.2 Fiscal Developments in 2003

a) Revenue

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

Grants received at end-December 2003 reached CFAF 112.3 billion, broken down into CFAF 60.7 billion in project grants and CFAF 51.5 billion in budgetary assistance.

b) Expenditure

Total expenditure and net lending reached CFAF 551.4 billion at end-December 2003 as against CFAF 540.6 billion in 2002, or an increase of 1.1%.

Current expenditure reached 316.3 billion CFAF in 2003, which represents an increase of CFAF 7.6 billion with respect to the 2002 level. Wages and salaries increased significantly, from CFAF 93.5 billion in 2002 to CFAF 106.2 billion in 2003, mainly because of the adoption of the new civil service salary grid.

Capital expenditure reached the level of CFAF 201.5 billion in 2003, which is to say a slight decline of CFAF 1.6 billion compared with 2002. This slight decrease is explained by delays in executing certain sectoral programs, notably in the area of health.

c) Overall fiscal deficit, payment order basis

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

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

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

d) Financing

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

2.3 Balance of Payments in 2003

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

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

3. Outlook for developments over the period 2004-2006

The framework presented here is developed from historical trends.

The assumption for average growth over the period is based on estimates for the balance of payments, trends observed in certain sectors based on domestic economic developments monitored by the Statistical National Office (DNSI) and international economic trends.

Thus, the period should be characterized by a recovery in economic growth to 5.9% on average, given an impetus by the recovery of industrial production, an increase in household disposable income, and a stabilization of the international economic outlook, with, notably, an end to the Ivorian Crisis.

Consequently, the national accounts were projected based on :

- the estimates of the sectoral ministries for the years 2004 and 2005 ;
- the first (provisional) estimates of the program budget ;
- the taking into account of the agricultural production .

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

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

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

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

CHAPTER III:

PROGRESS MADE IN THE IMPLEMENTATION OF SECTOR POLICIES, STRATEGIES AND ACTIONS OF REDUCING POVERTY

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

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

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

- Improvement of the performance of public administration:

In this framework the following actions have been carried out:

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

Decentralization continues to be implemented through among others:

- the adoption of decrees related to the transfer of skill in the fields of Health, Education, and Water;
- the reinforcement of the capacity of decentralization actors through the establishment of 46 functional Centers of Communal Council (CCC), drawing (on-going) of approximately 14.6 billion F CFA for financing the projects submitted on the (FICT) Fund of the National Investment Agency of Territorial Communities (ANICT), enabling so the communities' technical and financial support devices to become operational.

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

- slowness in the transfer of skills and resources from State to Communities;
 - low mobilization of resources specific to Communities;
 - lack of articulation between sector program (PRODEC, PRODESS, PNIR) and Local Communities' programs;
 - Weaknesses and inadequacies in Decentralization regulations leading to a low coordination in planning and management of regional and local development.
- Improvement of the management of public expenditures:

In this area, the following actions have been conducted:

- development of a Framework of Medium Term Expenditures (FMTE) for the Health and Education sectors;
 - development of a Manuel of Expenditure Implementing Procedures;
 - development of a Manuel of Procedures of Programming and Monitoring-Evaluation Public Investments in Mali;
 - development and adoption by the Government of a new budget nomenclature for 2004 fiscal year in order to increase transparency of the Finance Act and provide harmonization and multilateral supervision within UEMOA;
 - improvement of the preparation of Budget-programs with a particular emphasis on the definition of poverty reduction expenses and the selection of pertinent monitoring indicators;
 - interconnection (on-going) of computer networks of the administrations responsible for developing and implementing the State Budget (at central and regional levels);
 - reinforcement of controls (a priori, ex post) through the revision of the status of the Finance Inspection and the equipment of other structures with more adequate control means.
- Rehabilitation of justice, control of corruption and financial delinquency:

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

- recruitment and training of Justice staff: 55 auditors, 50 court secretaries, 50 clerks;
- adoption of the final Plan of the ten-year Justice Development Program (PRODEJ), rehabilitation and building of law courts, training of lawyers, rereading of the statutes of juridical and judiciary professions;
- reinforcement of the total number of staff and means of the General Control of Public Services (total number going from 27 to 40 agents, extension and development of offices, increase in allowances and benefits);
- reinforcement of the Audits Section of the Supreme Court (total number rising from 9 to 14 agents, development and equipment of offices);
- adoption by the Government and by the National Assembly of a **act establishing the Independent General Controller** who will be appointed by the President.

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

A – Health and Population Component:

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

Moreover, we can notice a quasi stagnation of indicators related to vaccination and assisted deliveries, significant discrepancies between regions with respect to prenatal visits and assisted deliveries. Also, we can notice a disagreement between the level of health coverage extension and that of use of services.

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

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

In prospect, the **2003-2007 Framework of Medium Term Expenditures (FMTE) of the health sector, already developed, will permit the allocation and absorption of more financial resources necessary for the implementation of actions and measures aiming to correct the weaknesses noticed and the attainment of PRSP objectives and MOD/DOMs.** In fact, the CDMT approach aims to address the main bottlenecks encountered and weaknesses noticed in the health sector: low access to socio-health structures and care, lack of and low motivation of the socio-health staff, low participation of populations in the management of health services.

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

N°	Indicators	Reference basis		Target	Achieved	Targets				
		Year	Level	2002	2002	2003	2004	2005	2006	
Budget Allocations										
1	. Health budget share/recurrent costs of the State Budget	2001	10.0%	10.7%	10.5%	10.8%	11.1%			12.0%
2	. Budget share of the health sector/total of State Budget	2001	8.9%	9.7%	5.3%	7.1%	6.8%			10.4%
Intermediate product indicators										
3	. Number of functional CSCOMs	2001	533	560	605	655				620
4	. Number of CSRFs having organized referral per year	2001	21	23	26					30
5	. % populations having access to health structures within a radius of 15 km	2001	66.0%	70.0%	68.0%	73.0%				80.0%
6	. % populations having access to health structures within a radius of 5 km	2001	41.0%	45.0%	44.0%	47.0%				50.0%
Result indicators										
7	. Rate of attendance of curative health care	2001	17.0%	20.0%	20.0%	20.0%				
8	. Rate of prenatal visits	2001	52.0%	55.0%	54.0%	57.0%				60.0%
9	. Rate of assisted deliveries	2001	41.0%	45.0%	40.0%	47.0%				50.0%
10	. Rate of DTCP3 vaccination coverage among children under 1 year old	2001	71.0%	80.0%	74.0%	75.0%				75.0%
11	. Rate of contraceptive prevalence (all methods included)	2001	8.2%	15.0%	3.0%	3.0%				10.0%
Impact indicators										
13	. Maternal mortality rate (1/100 000)	2001	582							500

15	. Neonatal mortality rate	2001	57						58
16	. Child mortality rate (1/100 000)	2001	113.4						100
17	. Infanto-juvenile mortality rate	2001	229.1						210
18	. HIV/AIDS prevalence rate	2001	1.7%	<1.7%					1.0%
19	Chronic malnutrition rate < 5 years	2001	33.0%						18.0%
20	. Fertility index	2001	6.8						6.5

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

B – Education and Literacy Component:

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

The development and implementation of the ten-year Education Development Program (PRODEC) fall well in direct line with this strategy thanks to the implementation of its four components that are:

- **Access component;**
- **Quality component;**
- **Component “Decentralized Management of the System”;** and
- **Cross-cutting Thematic Issues.**

The implementation of PRODEC has been speeded up with the effective start-up of the Investment Program of the Education Sector (IPES) jointly financed by the State Budget and donors. Moreover, the development of the CDMT of the Education sector (on going) shall permit de increase the steering capacity of PRODEC in relation with PRSP and MOD/DOM target objectives. This framework shall contribute, in principle, to a better coordination of donors as well as pooling of resources in order to improve the absorption capacity of the sector.

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

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

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

Finally, all these measures aim at improving the indicators of the Malian educational system, the level of which remains satisfactory enough as evidenced by the table above.

The analysis of this data leads to the following findings:

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

C – Drinking water and Sanitation component:

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

- creation of regional and sub-regional Water and Energy offices as part of Decentralization (Decree n°369 of July 19, 2002) ;
- adoption of Decree n° 02-315 of June 4, 2002 stating the details of skills transferred from State to Territorial Communities regarding rural and urban water;
- inventory of 24,562 modern water points in 20,512 areas on the national territory, which permitted to estimate **the percentage of villages benefiting from at least one modern water point to 84.0% and that of populations having drinking water to 61.6 %** ;
- updating the list of villages and fractions having no modern water point;
- modernizing the SIGMA database and development of the water Map.

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

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

The development of infrastructures and support to productive services are meant to improve the economic environment for a better profitability of production factors with the view of attracting investments, creating jobs, distributing (redistributing) revenues, accumulating wealth, and reducing poverty.

▪ Regarding road infrastructures:

Some important institutional reforms have been undertaken by the authorities in order to ensure the internal and external opening up of the country and permit the movement of people and goods. They include namely:

- creation of the National Office of Roads (DNR) and of the Office of Road Data (SDR);
- implementation of a study on the classification of the country's road network;
- **establishment of Road Authority, establishing therefore the privatization of road maintenance by the abolition of work under state control and the devolution of road regular maintenance to the enterprise.**

▪ Regarding airport infrastructures:

The Government has decided to put in concession the management of the Airports of Mali (ADM). The call for tenders has already been made and at the same time the internal aerodromes rehabilitation project is being completed. In addition, the Government submitted a request for financing to the Arab Bank for Economic Development in Africa (ABEDA) for the extension of the airstrips of Kayes and Sikasso airports newly built under the 2002 African Nations' Soccer Cup competitions.

▪ Regarding railway infrastructures:

The putting in concession of the Dakar-Niger Railway has been successfully carried out jointly with Senegal. A social plan has been adopted and the State Budget and the World Bank (IDA) are providing its financing. The private Franco-Canadian consortium - CANAC/GETMA, the licensee for a period of 25 years, has already taken over the exploitation of the railway. It has committed to increase the tonnage transported per year (that is currently 300,000 tons/year) and to improve significantly the quality and safety of the service provided to the clients.

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

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

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

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

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

▪ Regarding telecommunication infrastructures:

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

To address these weaknesses, the authorities have decided to undertake some institutional reforms and to open the telecommunication sector to competition. The progress of these reforms and measures envisioned translate by notably:

- the establishment of an appropriate statutory framework through the creation of a Telecommunication Regulating Committee (TRC) that ensures that there is a sound competition among the different actors in the sector;
- the granting of a license to a second telecommunication company called IKATEL, which is already developing besides the historical company, i.e, SOTELMA;
- the establishment of a Privatization Support Department (CAP) for the needs for opening the capital of SOTELMA to the private sector;
- the reduction in fixed and cell telephone tariffs.

The development of the main indicators related to the sector is related in the table below:

Development state of the telecommunication sector main indicators:

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

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

Referring to the table below, we can notice that telecommunication networks and services in Mali are characterized by:

- a low telephone density (very short of international standards);
- a low penetration rate in rural areas;
- a telecommunication service coverage unequally broken down between urban areas (98%) and rural areas (2%).
- a low Internet connectivity level in the country.

▪ Regarding the energy sector:

Progress made in the sector involve:

- **the improvement of the national electric servicing rate that rose from 9.3% in 2001 to 12.0% in 2002, with objectives of 13.0% in 2004 and 14.0% in 2005;**
 - the densification of the electric network of the national electricity company, Energie du Mali (EDM) SA (increase in the number of Base Tension –BT- subscribers between 2001 et 2002: 29,591 and an increase in the number of new clients using the electric network: 21,560);
 - the creation of the Malian Agency for the Development of Rural Electrification and Domestic Energy (AMDER);
 - the adoption of reference frameworks on domestic energy and rural electrification by the Government then by the National Assembly;
 - the on-going creation of the Fund for Rural Electrification (F.E.R.).
- Regarding support to productive sectors:

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

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

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

The restructuring of the cotton sector provides for the following reforms and measures:

- 1) effective application as early as the 2002/2003 campaign of the mechanism of determining seed cotton producer price;
- 2) adoption by the Government of a gradual withdrawal from public service missions up to now provided by CMDT;
- 3) adoption and implementation of an emergency plan and a financial recovery plan of the company;
- 4) downsizing of CMDT staff with a social plan partly supported by the State;
- 5) sale of Mali Cottonseed Oil Producing Company (HUICOMA) by end of September 2003;
- 6) Government's option on the splitting up of CMDT, in line with the conclusions of the study on the liberalization of the cotton sector;
- 6) adoption by the Government of an overall Action Plan as part of the continuation of the cotton sector reform.

The development of a few indicators in the rural sector is related as follows:

Development of the achievements in the rural sector: 2001/2002 to 2003/2004 campaigns

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

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

In total, it appears that some important measure reforms have been or are being carried out in the three (3) strategic main lines of PRSP. In addition, some considerable financial efforts are being made in the State Budget in order to improve expenditure ratios in priority sectors such as Education, Health, rural Development, Equipment – Transportation – City planning, as evidenced by the following table:

Development of ratios, compared to current expenditures, budget allocations to priority sectors (in %)						
Descriptions	Years	2001*	2002*	2003	2004	Comments
National Education		27.02	29.96	30.28	31.48	
Health		10.01	10.54	10.82	11.09	
Rural Development/Environment		5.12	19.17	10.47	5.33	2004 : without CMDT subsidy
Equipment - Transportation – City planning		3.91	3.88	4.78	5.56	
Sub-total		46.06	63.55	56.35	53.46	
Other sectors		53.94	36.45	43.65	46.54	
Grand total		100.00	100.00	100.00	100.00	
Development of ratios, compared to the overall budget, budget allocations of priority sectors (in %)						
Descriptions	Years	2001*	2002*	2003	2004	Comments
National Education		10.95	11.56	13.96	15.06	
Health		6.29	5.70	7.10	6.78	
Rural Development/Environment		16.06	16.27	15.20	14.80	2004 : without CMDT subsidy
Equipment – Transportation – City planning		16.15	12.13	12.03	11.88	
Sub-total		49.45	45.66	48.29	48.52	
Other sectors		50.55	54.34	51.71	51.48	
Grand total		100.00	100.00	100.00	100.00	

Source: DNB: State Budget 2001, 2002, 2003 and 2004 fiscal years.
Note: 2001 and 2002 ratios are those from the corrected budgets after Collective.

It remains to be expected that these efforts will translate in a near future by a net improvement in access conditions to these sectors and therefore to a reduction in poverty in all its forms.

III.4 – Mali's progress toward the attainment of the Millennium Objectives for Development (MOD)

In the current stage, Mali has not yet completed the development of its first report on the Millennium Objectives for Development (MOD) that should comprehensively provide the

levels of monitoring indicators. However, the initial evaluations provide the following indications:

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

For more details see Annex 9.

CHAPTER IV: DIFFICULTIES ENCOUNTERED, WEAKNESSES NOTICED AND RECOMMENDATIONS

The Malian Government on May 29, 2002, it must be recalled, adopted the final PRSP document. It constitutes the melting pot of sector policies and strategies which, for the majority, were already being implemented to this date. There is thus evidence that a certain time is needed so that takes place the gradual and progressive refocusing of all actions so implemented toward the overall objective of an accelerated and redistributive growth toward reducing poverty in Mali.

It is thus difficult to make an objective judgement on the device that has just started. It is advisable at the very most to mention the first difficulties encountered, to outline the weaknesses or dysfunctionings noticed and to make a few recommendations for the improvement of the implementation of PRSP in the future.

IV.1 Difficulties encountered, weaknesses noticed

A – At the level of the PRSP institutional monitoring-evaluation device:

At the end of the first year of its implementation, the different actors of the PRSP monitoring-evaluation device are delaying to embrace really and correctly the role that has been assigned to them. So, it has been noticed that:

- The Coordination Department tends to substitute for the Technical Secretariat and Thematic Groups, for a good reason perhaps, to get around the lack of dynamism;
- The Technical Secretariat does not always have the initiative of the preparation and organization of meetings, seminars/workshops and other technical meetings around PRSP and which are yet within its scope of work;
- Thematic Groups are not working as desired due, among others, to problems related to their organization (composition), their animation (by their chairmanship and the Technical Secretariat), and the motivation of their members;
- The Observatory of Sustainable Human Development and Poverty Reduction in Mali (OSHD/PRM) is delaying to become operational with the view of conducting further analyses of the gross results of the Malian Survey of Poverty Evaluation (MSPE), available since September 2003.

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

Difficulties encountered and weaknesses noticed can be summarized as follows:

- The lack of a reference or starting situation and well defined targets at the level PRSP components makes not easy a balanced processing and a sharp analysis of all strategic main lines based on their objectives and priority actions retained and implemented within them;
- The national information system remains yet inadequate to be able to grasp precisely result indicators or performances (process indicators) given the lack, in most of our administrations, of a culture of **result-based management**, as evidenced

by the "too administrative" nature of the few Thematic Group reports currently available;

- The approach based on the monitoring of PRSP implementation through budget-programs, used in most Thematic Groups, does not seem to be operational to be able to assess the intermediate results (process indicators), in lieu of routine activities stated in most of the aforesaid reports. **Besides, we can notice the low articulation between Budget-programs of government Departments and PRSP strategies and objectives;**
- The development methodology of the Thematic Group reports deserves thus to be reviewed in the light of the requirements and needs linked to the dual function assigned to the PRSP monitoring-evaluation device i.e.: on the one hand, **provide in short term the result indicators obtained in the framework of implementing PRSP in priority areas influencing poverty and growth and their impact in the medium run**, on the other hand **provide in the longer term elements permitting to assess the efficiency and effectiveness of sector policies and strategies implemented toward reducing poverty in Mali;**
- The problematic of reliability and coherence of information and statistical data, according to various sources, comes up still with acuteness;
- In addition, it is maybe too ambitious to want to embrace in the framework of synthetic and analytic monitoring-evaluation all the aspects contained in PRSP.

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

A comparative analysis of development expenditures planned in PRSP with those in the updated Table of State Financial Operations (TOFE) over the 2002-2004 period shows an important accumulated gap of non-mobilized resources of approximately 121.4 billion de F CFA (or about **14%** of planned expenditures). This amount is divided between internal resources (36.1 billion, or about 30%) and external resources (85.3 billion, or 70%).

The significance of this gap rises the problematic of mobilizing financing, particularly external, toward achieving the objectives of PRSP, even though we can notice some improvement, in time, in the mobilization rate of planned financing.

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

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

Sources: PRSP and update TOFE.

2004*: projections.

However, with respect to the expenditures on PPTTE resources planned in PRSP and those implemented on the aforesaid resources in the updated TOFE, we can notice a positive trend with an accumulated «exceeding» of 7.2 billion F CFA compared to the projections over the 2002-2004 period of PRSP.

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

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

Sources: PRSP and updated TOFE.

2004*: projections.

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

IV.2 – Recommendations and Outlook

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

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

- Refocusing of all sector policies and strategies being implemented (or envisioned) around some strategic lines defined in PRSP in the view of targeting better interventions on poor populations and vulnerable groups;
- Accelerate the transfer of skills and resources from the State to Local Communities and harmonize sector policies with the Decentralization process;
- Improve the juridical and institutional framework of decentralization by the rereading of the Code of Local Communities with the view of ensuring, among others, a better coordination in planning and management of development at regional and local levels;
- Conduct through and in a timely manner all important reforms (cotton sector, transportation, telecommunications, public finances, administration) in order to create the institutional and legal framework favorable to the development of the private sector and attract then foreign direct investments (FDI)

B – At the level of PRSP institutional monitoring-evaluation device:

For the monitoring-evaluation device to operate correctly and carry out the dual function to be assigned to it, these measures below stand out:

- Clarification and simplification of the PRSP institutional monitoring-evaluation device, observation of roles by the different actors;
- Better animation of Thematic Groups (at the national and regional levels) by the Technical Secretariat and the PRSP Coordination Department;
- Operationalization of the OSHD and implementation of thematic analyses on poverty from the final results of (MSPE);

- Adequate financial supporting of needs for the operation of the monitoring-evaluation device so as to enable it to better plan its activities with a certain visibility and **avoid steering at sight, according to the availability of financing**. Therefore, a realistic planner of essential activities to be conducted (statutory meetings, seminars/workshops, periodical reports, surveys, specific studies/consultancies, study travels, etc) must be established by all the stakeholders over the 2002-2004 three-year period.

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

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

- **Refine and update PRSP Action Plan** (prioritization of actions/projects/programs retained by component, group of components by strategic line, indication of the sources of the financing acquired or to be sought), integrate and harmonize with the three-year Program and the Special Investment Budget (PTI/BSI) and budget-programs;
- Revise the number and the nature of indicators retained by component/thematic area, toward reducing their number and looking for a greater pertinence;
- Develop a reference (starting year) situation for all the indicators so retained in the PRSP monitoring-evaluation system and plan studies or surveys for those of them that could not be produced from current statistics;
- Facilitate the circulation of information generated through the implementation of PRSP, thanks to compatible computer applications and networking of the main actors of the monitoring-evaluation device.

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

- Continue sensitization and negotiations with donors in order to bring them to adhere more to the priorities and strategic lines defined in PRSP document: **the holding of the Donors' Round Table in Mali around the implementation of PRSP comes well within this framework:**
- Integrate, in the State budget policy, the **Strategy of Sustainable dredging of Mali off indebtedness**, developed in August 2003 and based principally on the accrued mobilization of new financing in the form of budgetary donations;
- Implement the pertinent conclusions from the **Reform process of the International Aid System in Mali**, so that Official Development Assistance can be an efficient tool in the reduction of poverty and promotion of economic growth.

CONCLUSION

By equipping itself with an Poverty Reduction Strategic Paper (PRSP), on May 29, 2002, Mali has confirmed, once more, its willingness to make the reduction of poverty the priority of all its development priorities.

PRSP, being a melting pot of all sector policies and programs focused on poverty reduction, its effective implementation has started with the development and implementation of the 2003 fiscal year State Budget. Therefore, the point is not, here, to "take stock", but to "make an assessment" of the major actions already undertaken or envisioned under the PRSP strategic main lines.

At the end of this exercise, we can say that Mali's macroeconomic framework is strengthening, despite a less enabling environment in 2002/2003. We can also say that the main indicators are, in their totality, well oriented, and that some important reforms are being initiated.

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

- The progressive improvement of the poverty reduction strategy defined under PRSP, the deepening of the analysis of poverty reduction policies, **the refocusing of sector policies and strategies around the priority lines of PRSP as well as taking into consideration of the Decentralization process;**
- The acceleration of growth in order to reduce poverty, while preserving macroeconomic stability and **making the national economy less vulnerable to external impacts** through the processing of commodities and diversification of exportable goods, the continuation of sub-regional integration within UEMOA and ECOWAS;
- The continuation of the stabilization of public finances and of debt sustainability, through notably the increase in the tax pressure, the improvement of the management of public expenditures;
- **The acceleration of the process of transfer of skills and resources from State to Territorial Communities** as well as the reinforcement of community budget management;
- **The continuation and deepening of structural reforms** seeking to ensure macroeconomic stability, improve competitiveness and make the national economy less vulnerable to external and internal impacts, and make the private sector the driving force of economic development;
- The reinforcement of the mechanisms of implementation and monitoring-evaluation of PRSP;
- **The improvement of coordination in the areas of development planning and management, in general, and external assistance, in particular.**

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

ANNEXES

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

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

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

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

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

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

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

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

SOURCE : PRSP

REAL SECTOR DATA

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

Annex 4:
Composition of the thematic groups in charge of the implementation and monitoring-evaluation of PRSP⁷

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

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

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

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

Sources: DNP/DNSI/CNPE

2003* = estimations.

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

ORIGINS AND USES OF GDP (in billion F CFA current)	2000	2001	2002	2003*
GDP at current prices				
ORIGIN OF THE GDP				
PRIMARY	637.8	778.0	798.2	898.3
<i>in % of GDP</i>	33.9%	35.3%	33.8%	36.0%
AGRICULTURE	341.1	465.3	465.8	530.4
<i>in % of GDP</i>	18.1%	21.1%	19.7%	21.3%
LIVESTOCK	185.4	195.4	203.2	224.4
<i>in % of GDP</i>	9.8%	8.9%	8.6%	9.0%
FISHERY, FOREST	111.2	117.2	129.2	143.5
<i>in % of GDP</i>	5.9%	5.3%	5.5%	5.7%
SECONDARY	360.2	470.5	568.7	539.4
<i>in % of GDP</i>	19.1%	21.3%	24.1%	21.6%
EXTRACTIVE INDUSTRIES	113.3	206.4	251.3	218.6
<i>in % of GDP</i>	6.0%	9.4%	10.6%	8.8%
MANUFACTURING INDUS.	121.5	123.1	162.2	158.4
<i>in % of GDP</i>	6.5%	5.6%	6.9%	6.3%
ENERGY	26.2	30.2	36.6	41.9
<i>in % of GDP</i>	1.4%	1.4%	1.5%	1.7%
CONSTRUCTION	99.2	110.8	118.6	120.5
<i>in % of GDP</i>	5.3%	5.0%	5.0%	4.8%
TERTIARY	885.2	955.3	992.5	1 051.3
<i>in % of GDP</i>	47.0%	43.3%	42.0%	42.1%
TRANSPORT & TELECOM	81.4	92.4	97.1	112.0
<i>in % of GDP</i>	4.3%	4.2%	4.1%	4.5%
TRADE	299.6	301.6	280.6	292.6
<i>in % of GDP</i>	15.9%	13.7%	11.9%	11.7%
BANKS AND INSURANCE	15.3	16.2	17.1	18.2
<i>in % of GDP</i>	0.8%	0.7%	0.7%	0.7%
OTHER SERVICES	141.5	148.6	156.8	162.1
<i>in % of GDP</i>	7.5%	6.7%	6.6%	6.5%
NON MERCHANT SERVICES	211.6	232.9	250.0	262.1
PISB	-10.3	-10.9	-11.6	-12.4
DTI and internal VAT	146.0	174.5	202.5	216.7
GDP at market price	1,883.1	2,203.8	2,362.7	2,495.9
Including informal	1,124.4	1,298.6	1,322.3	1,452.9
USES OF GDP				
CONSUMPTION	1,697.9	1,843.1	1,920.1	2,081.9
<i>in % of GDP</i>	90.2%	83.6%	81.3%	83.4%
HOUSEHOLDS	1,387.1	1,496.3	1,551.2	1,695.1
<i>in % of GDP</i>	73.7%	67.9%	65.7%	67.9%
ADMINISTRATIONS	310.8	346.8	369.0	386.4
<i>in % of GDP</i>	16.5%	15.7%	15.6%	15.5%
GROSS CAPITAL FORMATION	373.7	539.0	486.7	548.5
<i>in % of GDP</i>	19.8%	24.5%	20.6%	22.0%
GROSS FIXED CAPITAL FORMATION	356.4	419.8	438.3	451.6
PRIVATE	232.8	251.5	265.8	274.8
<i>in % of GDP</i>	12.4%	11.4%	11.3%	11.0%
PUBLIC	123.6	168.3	172.5	176.8
<i>in % of GDP</i>	6.6%	7.6%	7.3%	7.1%
STOCK VARIATIONS	17.3	119.2	48.4	97.0
EXPORTS	430.6	578.5	660.3	575.9
<i>in % of GDP</i>	22.9%	26.3%	27.9%	23.1%
IMPORTS	619.0	756.8	707.8	717.4
<i>in % of GDP</i>	32.9%	34.3%	30.0%	28.7%
AGGREGATES	2000	2001	2002	2003
GDP at current prices 87(billion FCFA)	1,883	2,204	2,359	2,489
Real growth rate	-3.3%	12.0%	3.9%	3.3%
GDP deflator	191	199	205	210
Population (in million)	10.0	10.2	10.5	10.7
GDP per capita (1000 FCFA / capita)	188	215	226	233
Trade balance / GDP (%)	0%	-2%	2%	-1%

Sources: DNSI/DNP

2003* : projections

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

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

Annex 8:

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

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

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

Annex 9: Mali MDGs Indicator levels

Millennium Development Goals (MDGs)		Indicator level								PRP S proje ction 2006	Will DOMs be reached?	
OBJECTIVES AND TARGETS		MALI MDGs INDICATORS										
Title		1994	1995	1996	1997	1998	1999	2000	2001	2002		
Objective 1. Elimination of extreme poverty and hunger ⁸												
Target 1	Reduce by half, between 1990 and 2015, the proportion of population, <i>Poverty threshold in FCFA</i>	77204		102971		103130	97843		170000			

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

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

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

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

Target 3 By 2015, provide all children, boys and girls, everywhere in the world, with means to complete a full cycle of primary school.	<i>Net Schooling rate in primary education – Together</i>	28,3	33,9	32,9	38,2	39,9	43,5											
	<i>Net rate of girl schooling in primary education</i>	21,9	28,4	26,2	29,7	32,6	36,2											
	<i>Net rate of boy schooling in primary education</i>	34,7	39,5	39,7	46,6	47,7	50,6											
	<i>Gross schooling rate in primary school – Together</i>	36,4	39,1	42,3	46,7	50	53,9	58,1	61,02	64,34	75							
	<i>Gross girl schooling rate in primary school</i>	27,9	31,4	33,4	36,5	40,3	44,4	47,6	49,95	53,66								
	Objective 3. Promote sex equality and self-reliance of women																	
Target 4 Suppress sex discrepancies in primary and secondary education by 2005 and at all levels of education by 2015 at the latest	<i>Relationship girls/boys in primary education</i>	61.91	66.75	64.91	64.73	68.42	70.03	71.11	71.39	73.27								Strong possibility of attaining this MOD, in view of trend

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

**Annex 10:
Sources and bibliographic references**

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

