

I N T E R I M P R S P

Document Prepared and Adopted by the Malian Authorities

July 19, 2000

Interim Poverty Reduction Strategy Paper

In recent years, the Government of Mali has expressed its willingness to make poverty reduction its top development priority. This responds to a double requirement: first to benefit the poor through more effective development actions, and second, to design new policies and instruments and take appropriate short- and medium-term measures that will enable the Government to use its domestic and foreign resources in a practical and effective manner.

Purpose of the I-PRSP-----

The objectives of this interim poverty reduction strategy paper are twofold: first, to broaden the conceptual framework of the National Strategy for the Fight against Poverty by including areas not covered therein and, second, to indicate progress thus far in the preparation of the development strategy and future

stages, and to describe the process for preparing the final PRSP.

LIST OF ABBREVIATIONS

- AP-SRAD: Draft regional development and land use plans
- BCEAO: Central Bank for West African States
- BCS: Malian Bank for Trade
- BIM-SA: International Bank of Mali
- BMCD: Malian Credit and Deposit Bank
- CAS: Country Assistance Strategy (World Bank)
- CCIM: Chamber of Commerce
- COCSSA: Coordinating Committee on Food Security
- CNCS: National Coordination and Monitoring Committee
- CPS: Planning and Statistical Unit (in line ministries)
- CRM: National Pension Fund
- CSCOM: Community health center
- DGDP: Public Debt Department
- DNCC: National Directorate for Trade and Competition
- DNI: National Tax Department
- DNP: National Planning Directorate
- DNSI: National Directorate of Statistics and Computer Services
- DNTCP: Treasury
- EBC: Consumption budget survey
- EDS: Demographic and health survey
- EMCES: Malian survey of economic and social conditions
- ENP: National Outlook Study: Mali 2025
- ESAF: Enhanced Structural Adjustment Facility
- ESAT: Draft land national use plan
- EWS: Early-warning system
- FNEM: National Employers Federation
- GDP: Gross domestic product
- HDI: Human Development Index
- HIPC: Heavily Indebted Poor Country
- HPI: Human Poverty Index
- INPS: National Social Security Agency
- NGO: Nongovernmental organization
- ODHD/LCPM: Sustainable Human Development and Poverty Reduction Observatory
- OMA: World Food Program
- PAIB: Project to Support Grassroots Initiatives to Fight Hunger and Poverty
- PASR: Framework program for rural sector support
- PFP: Policy framework paper
- PNA: National Action Program for employment generation in order to reduce poverty
- PNE: National Employment Policy

- PRODEC: Ten-year development program for education
- PRODESS: Ten-year health and social development program
- PRODEJ: Ten-year legal system program
- PRSP: Poverty Reduction Strategy Paper
- RGA: General agricultural census
- RGPH: General population and housing survey
- SAPRIN: Structural Adjustment Participatory Review Initiative Network
- SETI: International railway company
- SFD: Decentralized financial services
- SLIBEP: Lightweight system for poverty monitoring
- SME: Small and medium enterprises
- SMI: Small and medium industry
- SNLP: National Strategy for the Fight Against Poverty
- UNDP: United National Development Program
- UNICEF: United Nations Fund for Children

GOVERNMENT STATEMENT

1. In response to the expectations of the Malian people, poverty reduction has been made a top priority. Indeed it is, and remains, the primary objective of all the country's development efforts. The Government demonstrated its political will by adopting, in July 1998, a National Strategy for the Fight Against Poverty (*Stratégie Nationale de la Lutte contre la Pauvreté – SNLP*) covering the period 1998-2002, structured around eight major axes and accompanied by a program of priority actions.
2. The main objective of this national strategy is to provide all Malians, and the poorest in particular, with a reasonable standard of living by meeting basic needs such as access to sufficient healthy food, drinking water, health care, education, and decent housing.
3. In addition to strengthening the actions already undertaken by the Government and other development stakeholders, the National Strategy for the Fight Against Poverty (SNLP) provides the reference and coordination framework for all actions aimed at reducing poverty in Mali.
4. Mali's development partners, who were deeply involved in the discussion and preparation of this strategy, recognized its relevance and gave it their full support at the Round Table held in Geneva in September 1998.
5. Nevertheless, the Government of Mali remains aware that the ongoing social deficit, extreme poverty, and vulnerability of the population together constitute a major handicap to economic growth and sustainable development. For this reason, in subscribing to the recent debt relief initiatives of the Bretton Woods institutions, the Government decided to update and intensify SNLP actions with a framework of consistent macroeconomic and sectoral policies that ensure strong and sustainable growth. Therefore, the Government resolved to prepare and implement a medium-term Poverty Reduction Strategy Paper (PRSP) based on the major axes and priority actions defined in the SNLP. The paper takes a long-term view and contains short-term actions.
6. The purpose of this new strategy paper is to create a structured institutional and macroeconomic environment conducive to growth and increased economic competitiveness, as well as conditions for the effective participation of the population in the achievements and benefits of this growth, with an emphasis on improving income and access to basic social services.

To this end, the PRSP will be based on the following principles:

- Firm Government commitment to placing poverty reduction at the center of all its development policies and strategies. Mali will therefore invest more in the social sectors, particularly education, health, housing, employment, and vocational training;
- The need, while strengthening the macroeconomic and financial framework, to pursue and consolidate the adjustment measures in order to initiate a phase of true growth and

development through strong growth rates, in keeping with the legitimate ambitions for the economic well-being and social advancement of the Malian people. In this respect, developing potentially highly productive sectors must be a priority, particularly at this time, when regional economic areas are being formed and markets are being opened up.

- The need to provide a suitable framework within which all economic and social players can carry out their activities appropriately, particularly by:
 - establishing a modern, efficient, and competent administration;
 - developing basic infrastructure (transportation, communications, energy);
 - creating an enabling regulatory, legislative, and institutional framework;
 - consolidating peace and security;
 - strengthening democracy and the rule of law;
 - implementing the decentralization policy;
 - strengthening regional integration.

7. The Government intends to involve all stakeholders in its poverty reduction efforts. In addition to the participatory process used in designing and monitoring poverty-reduction actions, financing will be provided by the Government and also by the private sector, grassroots organizations, Malians living abroad, and other members of civil society. In addition to its own efforts, the Government will actively seek support from the international community to finance specific actions.

INTRODUCTION

8. Poverty in Mali is endemic and widespread, and afflicts the population in various ways. More than half of them do not have access to drinking water and 75 percent are illiterate; child nutrition indicators (the rate of chronic malnutrition among children under 3 years is 25 percent) also seem to confirm the trends shown by the income data on poverty. Furthermore, the enormous debt burden is a significant obstacle to poverty reduction.

9. The advent of democracy in 1992 has been accompanied by a growing popular demand for a better standard of living. In addition, there has been increased national and international awareness (1995 Copenhagen Summit) of the need for poverty reduction. Against this backdrop, between 1995 and 1997, the Malian authorities initiated a series of discussions and studies on poverty, culminating in 1998 in the adoption of a National Strategy for the Fight Against Poverty (SNLP). Following the 1994 devaluation of the CFA franc and aided by a sound stabilization policy, the country has entered a phase of growth. Since then, poverty has decreased somewhat, and its depth declined between 1996 and 1998. Nevertheless, despite regular economic growth since 1994, the economy has faced new problems such as the energy crisis and falling world cotton prices.

10. Faced with these new challenges, and in light of the strategies developed in the SNLP, the Malian authorities wish to consolidate their voluntary poverty reduction policy by incorporating additional dimensions into the SNLP objectives and establishing close links between poverty and

national policies. Thus, the PRSP adds value to Mali's poverty reduction process. Moreover, the PRSP fills a void because in Mali, at present, there is no single, agreed medium-term reference document that establishes guidelines to clarify development policies and strategies. Several documents exist that could be used to prepare such a framework, in particular:

National Outlook Study: Mali 2025 (ENP);
Policy framework paper (PFP);
National Strategy for the Fight Against Poverty (SNLP);
Draft national land use plan (ESAT) and draft regional development and land use plans (AP-SRAD);
Development policy and strategy paper for Mali;
Sectoral policy and strategy papers (PASR, PRODEC, PRODESS, PRODEJ, PNA, etc.);
Annual Reports of the Observatoire du Développement Humain Durable.

11. Together, these various documents do not provide a clear and precise idea of the country's medium-term objectives and strategies. Consequently, there is a need for an organized framework to provide clarity to all Government policies.

12. The basic principle is that the poverty reduction strategy paper should draw on and be based on the long-term view of the existing 'Mali 2025: National Outlook Study.' This is a global and systemic study, which has the advantage of being the most recent one (1999) and projects a view of Malian society one generation hence.

13. The strategy paper should also be based on the SNLP, which was prepared in a participatory manner and presented at the 1998 donor round table, and which, at the operational level, is targeted directly at the poor. It is recognized that the strategy must be part of a more comprehensive framework because sustainable poverty reduction requires that measures be taken in all areas.

14. The PRSP should also take account of Mali's commitments in the policy framework paper (PFP) and provide the link between the long-term view and current short-term programs.

I. POVERTY IN MALI

Poverty determinants, characteristics, and profile

15. Mali has carried out three major surveys on household consumption, which have also been used to evaluate the socioeconomic situation of the population:

- Consumption budget survey (EBC), 1988/89;
- Malian survey of economic and social conditions (EMCES), 1994;
- Survey of household expenditure in the capital city, Bamako, 1996.

16. These surveys provided the basis for a quantitative poverty analysis, particularly by establishing the poverty line (see Annex 1) and profile. Thus, in Mali:

- Poverty is essentially rural, since, according to the ODHD in 1998, 74 percent of the poor are in these areas. Farmers are the most affected because of their vulnerability to the combined effects of uncertain climatic conditions, fluctuating prices for their products, and precarious conditions of production.
- Poor households tend to have more children than the nonpoor. This often results in a lower standard of living and increased vulnerability.
- The older the head of household, the greater that household's exposure to poverty. This implies that special attention should be paid to senior citizens with many dependents, because they are less able to meet their basic needs.
- Households in which the head has attained a certain level of education are generally less poor than those in which the head has no education. This implies that improving basic education can have a marked impact on poverty reduction.
- Individual spending in poor households is three times lower than in nonpoor households. To bring spending levels of the poor up to those of the nonpoor, actions aimed at increasing the income of poor people should be given priority.

17. Furthermore, the quantitative analysis of poverty has identified certain population categories as being most vulnerable. These are women, especially in rural areas, children suffering from malnutrition, young people with no access to employment, and the elderly.

18. Despite their relevance, these analyses should be regarded as only indicative, since the basic data are derived from surveys not primarily aimed at measuring poverty. The usefulness of the analysis is even more limited by the fact that the surveys were not carried out with integrated samples.

19. Given these limitations on establishing the profile of poverty, surveys have been planned for 2000 and 2001 (EBC, EDS, agricultural and employment surveys) to improve data quality in order to monitor changes in poverty status and in household living standards. In addition, a light-weight information system on poverty and well-being (*Système Léger d'Information sur le Bien-Etre et la Pauvreté* – SLIBEP), set up for SNLP monitoring, will provide information on the socio-economic situation of the population.

20. While waiting for these surveys to be carried out to obtain a clearer picture of poverty, the Malian authorities conducted a quantitative assessment of sustainable human development (*Bilan diagnostic sur le développement humain durable*: DNSI/UNDP-UNICEF, December 1995) and a qualitative analysis of poverty in Mali (*Analyse qualitative de la pauvreté au Mali*: DNSI/UNDP, May 1997), which provided data for the SNLP on the various aspects of poverty through the people's own perception of their situations based on their experience.

PEOPLE'S PERCEPTIONS OF AND OPINIONS ON POVERTY

21. Popular and civil society's perceptions of poverty were collected in a series of consultations and qualitative surveys of the population in 24 sites distributed among the areas defined and used by the DNSI for the EBC and EMCES surveys. In focus groups and organized discussions, people characterized poverty in terms of unfulfilled needs (qualitative and quantitative). Such needs should be analyzed in relation to both physical availability, and financial and geographic accessibility. According to the survey, the non-satisfaction of a number of needs deemed essential for a reasonable standard of living (food, health care, clothing, accommodation, employment, social support and collectively-owned equipment) is due to natural disaster, poor social integration and unfavorable economic conditions. The importance of these needs (indicated above in parentheses) varies slightly by environment and gender. In addition to this popular perception, the survey also helped to identify the principal causes of poverty, again according to the population.

CAUSES OF POVERTY

- **Natural disasters:** ranked as the primary cause in rural areas, and related to a fragile ecosystem that threatens agricultural sector development;
- **A difficult socioeconomic environment:** according to the population, this contributes to the lack of availability of factors of production, a low level of socioeconomic infrastructure, lack of initiatives for self-employment, poor use of public funds, and low level of education and literacy, thereby reducing individuals' capacity to make better use of economic opportunities;
- **Breakdown of solidarity links:** reflected in the disintegration of links with family members or with members of surrounding communities;
- **Conjunctural conditions:** related to the rebellion in the north of the country (1991) and the devaluation of the CFA franc (1994).

Trends in poverty and inequality

22. Poverty analyses performed on the basis of the above-mentioned surveys have highlighted the fact that between 1989 and 1996, poverty increased both in rural and urban areas. However, the average annual increase was much greater between 1989 and 1994 (11 percent) than between 1994 and 1996 (2 percent), reflecting a slowdown in poverty growth since 1994.

23. This trend was reversed between 1996 and 1998, when both the incidence and depth of poverty declined throughout the country for the first time, reflecting the beginning of an improvement in the wellbeing of the population. Indeed, the incidence of poverty declined from 71.6 percent in 1996 to 69 percent in 1998, corresponding to an annual decline of 1.8 percent.

With respect to inequality changes, available data from EMCES does not allow for an accurate analysis. The 2000 household survey will provide necessary information for this analysis.

Other standard of living and quality of life indicators

24. It is difficult to corroborate trends in income poverty by examining other standard of living and quality of life indicators. However, there is a reliable comparison of anthropometric indicators of child nutrition based on EDS-type surveys conducted in 1987 and 1995/96, that is, over a time period close to that of the consumption surveys. Child nutrition indicators seem to show the same negative trend as the income data. The number of children aged 3-35 months showing stunted growth seems to have increased by 38 percent between 1987 and 1995-96, the proportion of emaciated children seems to have doubled, and, lastly, the proportion of underweight children seems to have increased by 42 percent over the same period.

25. At the same time, a certain number of standard of living indicators show improvements, but these are sluggish indicators providing information on long-term trends. Thus infant and child mortality rates have declined steadily in Mali from 149 per 1,000 between 1986 and 1996 to 140 per 1,000 between 1992 and 1996. Between 1976 and 1986 the rate was 165 per 1,000.

26. Similarly, the education level of the Malian population, and of women in particular, seems to have improved considerably. Thus, again according to the EDS surveys, the percentage of adults with no education dropped from 51 percent to 46 percent between 1986 and 1996. This is due to the increase in the number of individuals with a secondary education from 15.6 percent to 33.3 percent during the same period. In particular, the percentage of women with secondary education rose from 6 percent in 1989 to 25 percent in 1996. This spectacular trend is a result of the coming to adulthood of a generation educated all throughout the 1980s. Trends in the 1990s, especially in the second half of that decade indicate marked improvements, although disparities persist between girls and boys and between the various regions, as confirmed by the table below.

Table 2. Gross Enrollment Rate (in percent) for the First Cycle of Basic Education in 1996-97 and 1997-98 by Gender and Region

Regions	Boys		Girls		Total	
	1996-97	1997-98	1996-97	1997-98	1996-97	1997-98
Kayes	52.9	55.6	29.4	32.7	41.3	44.0
Koulikoro	63.7	68.8	37.7	42.8	50.8	55.8
Sikasso	52.1	56.2	30.1	35.3	41.0	45.9
Ségou	49.7	50.9	29.2	33.7	39.2	42.5
Mopti	29.8	32.2	19.2	21.4	24.5	26.8
Tombtou	31.5	34.4	22.6	23.7	27.1	29.0
Gao	38.9	44.0	26.9	28.4	33.1	36.0
Kidal	33.0	32.7	16.6	21.5	24.6	27.3
Bamako	158.8	136.8	118.4	139.9	137.5	138.3
Mali	57.0	58.9	36.5	41.0	46.7	50.0

Source: Ministry for Basic Education Statistical Unit.

27. Taking childbirth assistance as the indicator of access to and quality of health services, the rate of medical assistance increased from 86.7 percent in 1987 to 89.4 percent in 1996, and doctor assistance from 0.9 percent in 1987 to 3.1 percent in 1996. In 1987, 34 percent of infants aged 12-23 months had a health card; by 1996, the number had risen to 70 percent. Vaccination

rates similarly improved (and became more verifiable at the same time): the proportion of fully vaccinated children rose from 42 percent in 1987 to 54 percent in 1996. Despite major efforts in this area, geographic accessibility to health services and medical coverage with essential medicines remain relatively low.

28. Other health indicators may warrant special attention in the final PRSP, depending on data availability; these include:

- Morbidity and mortality due to malaria, which greatly affects children under 5;
- AIDS prevalence, estimated by the health services as affecting around 3 percent of the population.

29. Improved access to services is also noticeable in the area of housing. The proportion of dwellings with electricity rose from 7 percent in 1995 to 12.3 percent in 1999, and those with running water rose from 11.8 percent to 17.4 percent. However, these changes affect few poor households, and it is not certain that they benefited from improved housing conditions or improved water and sanitation, particularly in semi-urban and rural areas where women continue to bear a considerable burden with regard to drinking water supplies.

30. As regards employment, the study on the informal sector carried out in 1996 by the *Observatoire de l'Emploi* showed that unemployment affects 3 percent of the working population. This low level is broken down into 14.2 percent in urban areas compared with 1 percent in rural areas. These rates are based on definitions of unemployment that do not consider either precarious informal sector jobs (which contribute to a reduction of unemployment and help improve the living standards of poor households) or underemployment in rural areas.

31. Regarding nutrition, popular perception has made it abundantly clear that the lack of food is the primary feature of poverty. This perception has led to an in-depth analysis of the links between food security and poverty. More specifically, grain production, consumption levels, and agricultural prices will constitute aspects of food security to be monitored in relation to poverty. These analyses will be done by the *Comité d'Orientation et de Coordination du système de Sécurité Alimentaire (COCSSA)*,¹ and will be integrated into the full PRSP.

32. Despite the relative improvement in certain standard of living indicators, inequality of access to basic social services by different sectors of the population, regional disparities, and quantitative weaknesses in infrastructure show what is still needed to reduce poverty in Mali in an effective, sustainable way. There are also constraints on improving all the indicators, be these related to income or living standards, and efforts must be made to raise them by rapidly implementing appropriate and complementary policies and strategies.

¹ The mandate of the COCSSA is to coordinate and implement strategies aimed at ensuring food security in Mali. Its role is to (i) orient and monitor strategies related to food security; (ii) implement the process designed to reinforce the food security system (iii) supervise the functioning of the food security system and monitor the quality of services rendered by the different components of the system; (iv) decide on the actions to be undertaken to address food crisis, ensure their effectiveness and efficiency, and when needed, implement the emergency plan; (v) establish permanent cooperation between the Government and external partners regarding food security, especially through common management of financial instruments; pooled counterpart funds of the PRMC and food security fund.

II. GROWTH AND POVERTY REDUCTION: MAJOR CONSTRAINTS AND ADVANTAGES

Primary structural constraints

33. Despite efforts in the last five years, Mali is consistently ranked in the UNDP Human Development Report as one of the countries with the lowest levels of human development in the world.² This poor performance is reflected in most of the main indicators of capacities and welfare generally used (except life expectancy), and particularly in school enrollment and education. According to this report, Mali's net primary school enrollment rate was 38 percent in 1998, compared with an average of 60 percent for least developed countries and 56 percent for sub-Saharan Africa. Moreover, the literacy rate was 35 percent in Mali, compared with 54 percent in least developed countries and 57 percent in sub-Saharan Africa.

34. The low level of human development is compounded by the extreme vulnerability of populations with little control over a highly unstable environment. This vulnerability stems first of all from the fact that Mali is in the Sahelian region and is exposed to uncertain climatic conditions.³ It is also attributable to insufficiently diversified production and, more specifically, reliance on a small number of exports commodities (cotton, livestock, and gold, which account for more than 90 percent of exports), the prices of which can be volatile. Lastly, Mali's vulnerability results from its heavy dependence on external assistance.⁴ Households must therefore contend with a high degree of uncertainty and with incomes and living conditions that can vary widely over time.⁵

35. According to the 1998 census, the population of Mali was 9,790,000, indicating average growth of 2.2 percent per annum since 1987. The natural growth rate of the population is estimated at 2.9 percent. The migratory balance, then, would be -0.7 percent per annum.⁶ International migration is characteristically important in Mali.⁷ Internal migration—comparable in importance to international migration—also explains the country's high rate of urban drift, which affected 29 percent of the population in 1998 (up from 23 percent in 1989). The main target of this urbanization is Bamako, which, according to the 1998 census, had a population of 1,000,000 and an average growth rate of 4 percent per annum since 1987.

² Mali's Human Development Index (HDI) ranks 166th out of 174 countries according to the 1999 Human Development Report.

³ Cereal production thus varies widely from year to year, even when there are no serious droughts (example: +36 percent in 1991, -25 percent in 1992, +23 percent in 1993, etc.).

⁴ In the 1990s, external assistance varied from 14 percent of GDP in 1993 to 25 percent in 1994.

⁵ The standard deviation for the growth of the Malian economy in 1980-97 is 4.8 percent, which, though high, is not unusual for a low-income African country.

⁶ This is a surprisingly high rate. A regional survey on migration in West Africa conducted by REMUAO [Migration and Urbanization in West Africa Network] led to an estimate of 0.4 percent over the 1988-92 period. Population growth would therefore be between 2.2 percent and 2.5 percent. This discrepancy signifies more than a mere dispute among demographers. The measurement of all per capita aggregates—and the growth rate first of all—varies significantly, depending on which rate is selected. It should be noted that the figure used in World Bank yearbooks is natural growth of 2.9 percent.

⁷ In the early 1990s, the number of Malians living abroad was estimated at 1,000,000 (not counting binationals and, more notably, immigrants' children), or one-eighth of the Malian population. Of this number, 735,000 were living in Côte d'Ivoire (Bocquier Diarra 1999).

36. Nearly half of Mali's GDP is agricultural in origin, which is substantial from an international perspective. The structure of the economy has been relatively stable over time. However, the share of the secondary sector grew on average in the 1980s and 1990s (from 10 percent in the late 1970s to 19 percent in 1999), mainly as a result of the burgeoning cotton industry and, more recently, expanded gold mining operations. At the same time, the share of services fell to 33 percent in 1997, owing to steady erosion of the share of nonmarket services.

A rapidly changing country: opportunities available

37. Given these multiple constraints, the 1990-2000 decade appears in retrospect as a period of profound political, institutional, and economic change in Mali.

38. On the political front, Mali changed from an authoritarian regime little concerned with national development to a democratic system. A transition period that began in 1991 ended with presidential and legislative elections in 1992. New elections were held in 1997, and democracy now seems firmly established in Mali and on the way to being consolidated as a result of the sweeping decentralization program currently being implemented.⁸ This process unfolded in tandem with the establishment of freedom of speech and association, respect for human rights, and pacification of the northern part of the country.

39. Along with democratization, a remarkable network of civil organizations has emerged in Mali. In 1998 there were more than 4,000 officially registered associations and 1,300 NGOs, compared with a handful in the late 1980s. This phenomenon was no doubt greatly amplified by the decentralization of external assistance, although many of these civil structures are largely inactive or nonrepresentative. The scope of the phenomenon, however, reflects a genuine institutional and social transformation, which has led to increased public participation in the handling of a number of development issues (in particular: health, water resources, and education).

40. On the economic front, Mali is committed to a far-reaching structural reform aimed at promoting private sector activities and restructuring the public sector. Up to the late 1980s, despite the uneven implementation of a number of programs with the IMF, Mali's economy remained under tight Government control. In the space of a decade, this situation was changed drastically by a liberalization policy with four distinct focuses:

- price and trade liberalization⁹
- reform of business regulations¹⁰
- public sector restructuring and privatization¹¹
- tax reform¹²

⁸ The first democratic local elections were held in 1999.

⁹ At present, only the prices of water, electricity, telecommunications, and the producer price of cotton are controlled.

¹⁰ In particular, liberalization of the labor market, reform of business law and of the banking and financial system, and introduction of a one-stop window for small businesses.

¹¹ The number of public enterprises shrank from 90 in the mid-1980s to 36 in 1998 owing to the liquidation of 26 enterprises and the privatization of 28.

¹² In particular, decrease in the number of nontariff taxes, reduction of import tariffs, introduction of VAT.

41. At the same time, Mali has pursued a policy of controlling public expenditure and promoting the competitiveness of tradable goods. This was reflected, at the regional level, by a 50 percent devaluation of the CFA franc in 1994. This policy also led to a reduction of the civil service and a sharp decrease in real Government wages.¹³

42. The policies and strategies to be implemented will focus on gradually removing these constraints by maximizing the opportunities described above. The final PRSP will contain more detailed analyses of the links between constraints and advantages and policies and strategies.

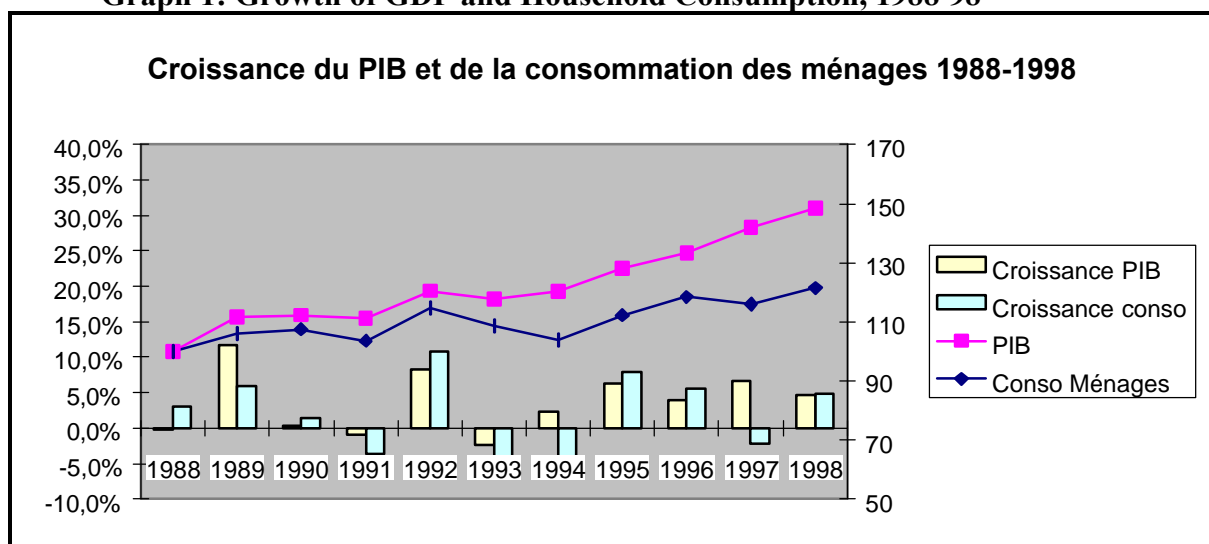
III. POVERTY REDUCTION POLICIES AND STRATEGIES:

Analysis of growth trends

43. Examination of the general growth trend in Mali reveals a trend shift in 1994/95. Prior to that time, growth was irregular and, on average, lagged slightly behind population growth. Since 1995, Mali has posted four consecutive years of growth above 4 percent. This quickened pace is no doubt linked to the 1994 devaluation, which had significant direct effects, such as boosting cotton production.

44. However, other factors were also at work during the same period. The steadiness of growth in recent years is chiefly the result of stable weather conditions. In 1995, major investments were made for the first time in mining. Lastly, the devaluation had an “accidental” positive effect by automatically increasing the local value of external assistance flows to Mali.

Graph 1: Growth of GDP and Household Consumption, 1988-98



Legend: GDP growth; Growth of [household] consumption; GDP; Household consumption

¹³ The total number of Government employees decreased 17 percent between 1991 and 1998 (reduction from 45,500 to 37,700), while Government wages contracted 11-18 percent in real terms, depending on the grade, between 1990 and 1998.

45. The above chart shows that GDP and household consumption grew at the same rate except during the period 1989-94 when household consumption declined on average. The rate of growth of household consumption rose during 1994-96 when it was 6.7 percent, while GDP growth was only 5.2 percent. During 1996-99, GDP grew much faster than household consumption. The following table summarizes the growth of various aggregates in 1989-99.

**Table 3: Real Growth of Principal National Income Aggregates
(In percent)**

Average annual growth	1989-96	1989-94	1994-96	1996-99
Real GDP	+2.5	+1.5	+5.2	+5.6
Real GDP per capita	0.0	-1.0	+2.6	+3.2
Household consumption	+1.6	-0.4	+6.7	+3.1
Public consumption	-0.8	-0.5	-1.6	+4.7
Gross fixed capital formation	+5.5	+5.7	+5.2	+3.6
Imports	+2.6	+0.8	+7.2	+12.2
Exports	+5.6	+4.6	+6.4	+14.3

Source: Mali National Income Accounts – DNSI

46. Real GDP growth per capita was zero for the period 1989-96 as a whole,¹⁴ while per capita consumption declined by 0.9 percent per annum on average, for a total decrease of 6.0 percent. However, the differences are quite pronounced between the sub-periods, especially for household consumption, with a net recovery beginning in 1994, following a bout of recession.

47. The adjustment policy brought about a substantial improvement in the economic and financial situation. The tax burden grew steadily from 8.5 percent of GDP in 1988 to 14.0 percent in 1998. Current government expenditure, including off-budget expenditure, decreased significantly (from 15.0 percent of GDP in 1988 to 10.8 percent in 1998), resulting in an improvement of the current fiscal deficit. Control of the wage bill also allowed for a sizable reduction in expenditure: the ratio of the wage bill to tax receipts decreased from more than 75 percent in 1988 to 27 percent in 1998. Moreover, the external current account deficit, excluding official transfers decreased from 17.4 percent of GDP in 1988 to 9.5 percent in 1998, particularly as a result of an improvement in the trade balance.

48. On the sectoral front, the period was marked by the spectacular growth of the cotton sector, which in turn boosted agriculture, manufacturing, and exports. Partly as a result of the devaluation, cotton production swelled from 200,000 metric tons in 1988 to 520,000 tons in 1998. Rice production, spurred by the reorganization of the *Office du Niger*, rose from 240,000 metric tons in 1988 to 590,000 tons in 1998. Remarkable growth was also observed in the mining sector, with positive repercussions on the entire secondary sector since 1995.

¹⁴ Again, based on the median assumption of population growth of 2.5 percent.

**Table 4: Growth by Sector
(In percent)**

Average annual growth	1989-96	1989-94	1994-96	1996-99
Primary	+2.2	+1.1	+5.0	+5.6
Of which: food crops	+0.6	+0.2	+1.5	+1.8
agribusiness	+6.0	+0.9	+19.8	+13.3
Secondary	+6.5	+5.8	+8.2	+2.9
Of which: mining	+6.9	+4.7	+12.7	+42.7
industry	+5.6	+5.2	+6.5	+9.8
Tertiary	+1.5	+0.7	+3.6	+4.8
Of which: nonmarket services	-4.8	-6.4	-0.6	+1.7

Source: DNP: Mali Economic Situation for 1999 and forecast for 2000.

49. Conversely, the performance of food crops is poor and lags behind population growth, while services are sluggish, owing in particular to a sharp decline in the production of non-market services.

50. The adjustment and liberalization policies were supplemented by reforms that led to investments in agriculture, infrastructure, and the social sectors.¹⁵ Throughout the period, there was an effort to provide budget funding for the social sectors. Education thus represents about 21 percent of public expenditure and health, 13 percent.

51. It is worth noting that poverty alleviation, or improvement in the living conditions of the population, has always been part of the political discourse in Mali and can be traced in successive economic and social development plans and programs. However, despite this, the objectives set were not met. On the contrary, the economic and social situation deteriorated leading the country to conclude economic programs with the Bretton Woods institutions beginning in the 1980's supported by arrangement under the Enhanced Structural Adjustment Facility (ESAF). These programs allowed the country to resume growth by reestablishing macroeconomic equilibrium.

52. Despite this, poverty remains a widespread phenomenon and persists at an unacceptable level, with almost three-quarters of the population living below the poverty line (US\$1 per day). In other words, poverty reduction has not yet kept up with economic performance. For these reasons the Government, with UNDP assistance, prepared its National Strategy for the Fight Against Poverty, widely shared and accepted by the donor community at a Round Table in Geneva in September 1998.

53. To enhance the poverty-reduction impact of macroeconomic policies and create a favorable environment for the poor, the current HIPC Initiative represents an opportunity to benefit from resources that will be allocated in accordance with the objectives of the PRSP, and will be better targeted through a participative process.

¹⁵ The main reforms were the reorganization of the *Office du Niger*, the introduction of a double-shift system in schools, and increased community participation in the management of social infrastructure.

54. Improvements in the political, institutional, economic, and social situation should be reinforced by actions initiated by the Malian authorities with support from the international community. The SNLP, which was conceived as a framework for Mali's poverty reduction policies and strategies, signals the authorities' commitment to initiating action on all fronts to combat poverty. Consequently, the eight axes (see below) of this poverty reduction strategy and the iterative process set up between it and the sectoral strategies will serve as the framework for the actions to be defined in the context of this PRSP:

- (1) Improve the economic, political, legal, social, and cultural environment to benefit the poor;
- (2) Promote income-generating activities and self-employment for the poor;
- (3) Improve the access of the poor to financial services and other factors of production;
- (4) Promote the development and improve the performance of the food sectors in which the poor are concentrated;
- (5) Improve the access of the poor to education and training;
- (6) Promote the access of the poor to basic health care, nutrition, drinking water, and sanitation;
- (7) Improve housing conditions for the poor;
- (8) Ensure effective coordination of the poverty reduction strategy.

55. In addition to this strategy, the Government of Mali intends to create the conditions for strong, sustainable economic growth capable of accelerating poverty reduction. This growth strategy will continue to reflect Mali's long-term development perspective. Economic policy will focus on the attainment of sustainable multisectoral growth that creates employment. It will also be accompanied by an appropriate development policy designed to improve basic social indicators.

Economic growth objectives and strategies

56. As part of its poverty reduction strategy, the Government of Mali is aiming at an average growth rate of 6 percent per annum in the 2000-2002 period, an inflation rate of no more than 2.5 percent, and an external current account deficit (excluding official transfers) of less than 9 percent of GDP by 2002. An investment ratio of about 25 percent will be needed to attain this growth objective.

57. The policies that would allow the achievement of the job creation and poverty reduction objectives will be focused in the following areas:

- Cooperative employment;
- Promotion of women's employment;
- Development of SME and SMI;
- Labor-intensive infrastructure;
- Informal employment;

- Consolidation of labor market information;
- Training policies and systems.

These different aspects will be developed in the full PRSP.

Macroeconomic strategy

58. **In the area of public finance**, a long-lasting improvement in the budgetary situation will remain a major component of the national growth and poverty alleviation strategy. The objective of the authorities is to ensure the long-term viability of public finances in order to increase domestic savings and to reduce Mali's dependence on external assistance. The fiscal deficit (commitment basis and excluding grants) would be limited to 9 percent of GDP in 2002. Meeting this objective will require a continuous increase in revenue, based on an equitable fiscal burden and continued expenditure control. It is expected that total government revenue will increase from 15.5 percent of GDP in 1999 to 17 percent in 2002. The government will take several measures to broaden the tax base, simplify procedures for direct taxation, increase the efficiency of tax collection, and further reduce tax evasion. Measures aimed at strengthening the tax department include: improvements in the taxpayer identification system; improvement in controls especially with respect to the VAT; and increased use of computer systems. To strengthen the customs administration, the authorities will reorganize customs services, strengthen verification and control, improve equipment in operational units, especially for the fight against smuggling, and increase control of storage facilities. With respect to public expenditure, the objective is to continue to improve public finances while ensuring that adequate provision is made for social expenditures, the public investment program and maintenance. It is expected that government expenditure will not exceed 26 percent of GDP in 2002.

59. **Monetary and credit policies** are conducted by the BCEAO at the regional level. In this context, the monetary authorities will continue to implement a policy that is prudent and compatible with the objectives set in the balance of payments. Money will increase in parallel with nominal GDP growth during the period 2000-2004. The monetary authorities will continue to use the instruments adopted in 1993, with increased recourse to a flexible interest rate policy, *reserves obligatoires*, and intervention in the monetary market. They will promote non-banking financial instruments within the Union and facilitate the implementation of open-market transactions as well as the creation of a regional financial market and stock exchange. To encourage savings and ensure an efficient credit allocation, the authorities will maintain interest rates at levels consistent with those on international reference markets. In the context of its policy of restructuring the banking sector, the Government will prepare and implement an action plan to strengthen the financial sector, including the development of microfinance institutions.

60. **Promote the development of private investment** through measures such as the simplification of administrative procedures and stabilization of the fiscal environment. The legal security of investments will be addressed through implementation of the PRODEJ. At the same time, the quality of basic infrastructure will be improved by successfully concluding the privatization initiatives currently under way, especially in the energy, telecommunications and transport sectors – SETI, Aéroports du Mali (**Axis 1**). In particular, the sectoral transport project

will be carried out with a view to opening up the interior and diversifying access routes to the sea through the construction of three new roads corridors.

61. **Improve the quality of financial intermediation** by promptly implementing the financial restructuring program. This will involve strengthening the technical and financial capacities of credit institutions (banks and decentralized financial services) and nonbank entities (INPS, CRM, and insurance companies) to promote increased savings for the financing of productive investments (**Axis 3**). Bank privatization will take place in two phases. The first phase will concern the BMCD (Banque Malienne de Crédit et de Dépôts), BIM-SA (Banque Internationale pour le Mali), and BCS (Banque Commerciale du Sahel) and will end in December 2001 with the Government's share in the capital of these banks limited to 20 percent. In the second phase, which will end in December 2004, the government will completely disengage from the banking sector. As in the past, a prudent monetary policy will be pursued, based on the use of indirect instruments to regulate bank liquidity. The objective will be to control inflation by mobilizing sufficient private savings to help preserve the country's competitiveness and control the cost of living;

62. **Achieve a high rate of budget savings** by rationalizing public expenditure and mobilizing domestic revenue. Expenditure policy will be reviewed in light of the objectives of the 20/20 Initiative.¹⁶ On the revenue side, greater emphasis will be placed on the promotion of domestic taxation (to take account of the introduction of the common external tariff) by strengthening tax administration and restoring taxpayer compliance. These actions will be accompanied by measures aimed at ensuring greater justice and equity among the various segments of the population (**Axis 1**);

63. **Mobilize substantial external resources.** First, the Government will maintain harmonious relations with bilateral and multilateral partners, particularly by honoring its external debt obligations. Second, it will strengthen its capacity to absorb external resources by establishing effective administrative and accounting procedures and streamlining civil service operations. The resources expected from debt relief under the HIPC Initiative will be used to bolster investments, with priority for the health and education sectors.

Sectoral strategy

64. In addition to the structural constraints mentioned earlier, the Government will pursue the following sectoral policies:

65. **Rural Development.** The country's agricultural sector is faced with major challenges related to the control of water resources and the inadequacy of infrastructures needed to diversify production. The objectives and strategies for the next 10 years are defined in the rural development master plan and action plan adopted by the government. The global objective for this sector is to improve the income and living conditions of the population in a sustainable and

¹⁶ This initiative recommends that on average, 20 percent of the budget and 20 percent of external assistance will be destined for essential social services (basic education, health, water and sanitation, food and nutrition). This initiative rests on the conviction that provision of essential social services is one of the most efficient and cost-effective ways of reducing the most blatant physical manifestations of poverty.

equitable manner (by geographical zone and gender). The specific goals are: i) to seek food security in a manner that integrates the expansion, diversification, and optimum development of production in agriculture, livestock, fisheries, and forestry; ii) increase the productivity and protection of the environment, within a sustainable natural resource management framework.

66. In order to confront the obstacles to rural and water development, the strategies defined aim at: i) in *relation to physical constraints*, the opening up of rural areas, the availability of infrastructure and equipment, water management to secure production, the supply of drinking water, erosion prevention and rational management of natural resources, and the implementation of a river management facility (especially the Niger); ii) in *relation to human and institutional resource constraints*, capacity building for promoters in the rural development and water sectors, decentralization of decision making, setting up an adequate coordination framework for environmental, rural development and water activities; iii) in *relation to financial and economic constraints*, increasing the access of the private sector (producers, private entrepreneurs) to viable savings and credit systems, beneficiary contributions to the financing and maintenance of public investments, the creation of an environmental fund, the promotion of competitiveness of agricultural subsectors, the promotion of an enabling environment conducive to private sector development (producers, private entrepreneurs), and the involvement of national private enterprises and local communities in the design, implementation, and maintenance of hydraulic works.

67. The government will therefore pursue a **hydro-agricultural development policy** aimed at improving food security and boosting the incomes of the poor (**Axis 4**). To this effect, the government will pay particular attention to the development of rice production in which Mali could benefit from a comparative advantage vis-à-vis others countries in the sub-region. With respect to the cotton sector specifically, a sector rehabilitation plan will be prepared, based on the financial audit currently under way. Additional measures will be adopted to enhance the competitiveness of the sector. The Government will take appropriate measures to reestablish a sound financial structure in the sector, in order to increase farmers' incomes, and maximize linkages to the financial and transport sectors.

68. **Education.** The Government must meet the challenge of upgrading human resources to promote harmonious development and individual achievement among the general population. To that end, implementation of the actions identified in the ten-year education development program (PRODEC) adopted in 1998 will serve as the basis for the national policy. The objective is to raise the basic education enrollment rate from 50 percent in 1999 to at least 62 percent in 2002, and the literacy rate of adults from 31 percent to 36 percent during the same period. This objective will be attained through improved resource allocation within the sector and the construction of school infrastructure to facilitate public access to education (**Axis 5**).

69. **Health, drinking water, and sanitation (Axes 6 and 2).** The major constraints identified are, inter alia, the severity of nutritional problems, the accessibility of services and care in order to expand medical coverage, and the prevention of certain diseases (AIDS, diarrheal and respiratory diseases). The Government will focus on improving the quality of service and care, expanding health coverage, and promoting reproductive health by implementing the 1998-

2002 health and social development program (first phase of the 1998-2007 ten-year health and social development plan 1998-2007). The objective is to increase the number of fully vaccinated children from 40 percent to 80 percent; reduce deaths from malaria, acute respiratory diseases, and diarrheal diseases among children aged 0-5 years by 50 percent; and lower AIDS seroprevalence from 3 percent to 2 percent. The drinking water and sanitation policy, as defined in the national strategy adopted on March 22, 2000, will focus on satisfying real needs for drinking water and sanitation in rural and semi-urban areas (both quantitative and qualitative) with significant participation by the central Government, local Governments, and users in investment for drinking water infrastructure.

70. **Employment.** The major challenge is to reach full employment in the long term and to reduce unemployment, poverty and exclusion in the short and medium term. To this effect, the implementation of actions identified in the National Action Plan for Employment (PNA) will be the basis for national employment policy. The first objective of the PNA is to create and promote productive employment, both quantitative and qualitatively, and reduce poverty. The second objective is to reinforce national capacities to design, implement and monitor employment strategies for poverty reduction. These objectives will be met through the implementation of action programs directed towards employment creation and action plans for support services. In addition, through its hydro-agricultural development policy, the Government will promote self-employment, particularly in rural areas (Axis 2), where agricultural underemployment is viewed as one of the major obstacles to diversified production. It will also move forward with the consolidation of vocational training, the renewable employment fund, and the support fund for vocational training and apprenticeships.

71. **Housing** (Axis 7). The constraints identified relate to the cost of constructing urban housing. The Government, in addition to its land development and real estate promotion activities, will step up the promotion of housing and credit cooperatives and encourage the construction of low-cost housing. Building these housing facilities will contribute to encouraging private sector involvement and create more employment for the poor. It will also draw on their know-how and contribute to their training. Furthermore, the Government intends to promote savings and credit unions for housing.

72. **Manufacturing.** In addition to activities to promote private investment, auxiliary accompanying measures will be adopted. These will include activating the agency for industrial park development and management, and facilitating access to technological information by economic agents. The role of private sector management units will be strengthened to enhance the private sector's contribution to transformation of the economy in favor of the manufacturing sector.

73. **Mining.** The Government will implement the new mining code in order to promote the development of mining operations, including small ventures, while monitoring their impact on the environment and the competitiveness of the sector. It will finalize and implement the mining sector institutional reform.

74. **Environment.** The basic challenge is to protect the ecosystem from harm and to manage natural resources in such a way as to ensure the survival of populations and boost output. To that end, the Government will continue implementing projects in the fields of biodiversity, the conservation of natural reserves, and combating dune movement and desertification.

75. All the above policies will be implemented against the backdrop of decentralization, which organizes the distribution of responsibilities between the central Government and the local collectivities. The institutional development program will also set forth the framework for administrative deconcentration in conjunction with the decentralization process. The reforms envisaged in the control of public resources to establish good governance will reinforce ongoing actions in the fight to end corruption. The Government will therefore give priority to the improvement of public resource management and expenditure, in order to enhance its effectiveness and efficiency in support of essential social sectors (implementation of the 20/20 Initiative) and to ensure maximum impact on the improvement of household living conditions.

These policies and strategies will be developed into a detailed matrix of measures in the full PRSP.

IV. PRSP MONITORING SYSTEM

Objective

76. The statement of this Poverty Reduction Strategy Paper reflects the Malian Government's commitment to achieving sustainable reductions in poverty and thereby improving the living standards of the population, particularly the most vulnerable segments. The implementation of such a policy requires a system to monitor poverty in its various forms. The purpose of this system will be to generate a regular flow of information on the status of PRSP implementation and the results of actions undertaken in the context of the PRSP, as well as on the socioeconomic status of households. However, before a steady stream of data can be generated, the national statistical system will need to be continually strengthened so as to increase its capacity for data collection and analysis.

Proposed indicators

77. An assessment of poverty in Mali identifies three dimensions of poverty:

- Monetary or income poverty, reflecting insufficient resources, leading in turn to insufficient consumption;
- Human poverty, characterized by unsatisfied needs in terms of food, education, health, employment, housing, etc.;
- Poverty of prospects, typified by the lack of capital (access to land, infrastructure, credit, employment, etc.).

78. The indicators chosen (Annex 2) to monitor the full PRSP are obtained from the numerous indicators proposed for the operational implementation of the SNLP. The criteria

governing the choice of indicators fall into three categories: indicators must be quantifiable; they must provide information on one of the types of poverty referred to above; and they must measure the impact of actions undertaken. As a general rule, the entire set of indicators will be produced by region, residential environment (urban, rural), and by gender. Finally—using the data processed and analyzed from the EBC, EDS, and the third population census—it should be possible in 2001 to compute current levels for these indicators and make projections, while the light-weight survey will provide the levels for these indicators at yearly intervals until other national full-scale surveys are undertaken.

79. The consensus of opinion is that there is a strong correlation between economic growth and poverty reduction. Accordingly, the Malian Government intends to build an environment conducive to economic growth of a kind that is strong, sustainable, and able to significantly reduce poverty. Macroeconomic indicators (Annex 2) will therefore also be monitored by the system established for this purpose.

80. With respect to the interim PRSP, a limited number of indicators (Annex 3) providing information on the attainment of key objectives have been adopted. These indicators will be elaborated on the basis of data collected from the statistical departments at the line ministries. The indicators will be published by the DNSI in a quarterly report.

81. Finally it should be noted that a limited list of key indicators will be retained for the full PRSP. The participatory process will help define the role of each stakeholder in the monitoring scheme to be put in place.

Research methods and instruments

82. Indicators will be generated by a light-weight survey of households conducted by the DNSI, as well as on the basis of administrative reviews performed by the *Observatoires* and by the statistical departments of the line ministries. The light-weight survey, which will be conducted at annual intervals beginning in 2002, will be based on a series of full-scale surveys (EBC, EDS, RGA) scheduled for 2000 and 2001. The final objective is to set up an integrated household survey system linked to poverty reduction.

83. Transcription forms will be prepared to ensure that the indicators are calculated in a uniform and consistent manner.

84. Implementation of the methods and instruments described above will require a reliable flow of financial resources; furthermore, it will be necessary to strengthen the capacities of the DNSI, the statistical departments of the line ministries, and the *Observatoires*. The cost of the light-weight survey is estimated at CFAF 150 million per year (i.e., one tenth of the cost of an EBC survey), and support for the rest of the national statistical system is estimated at CFAF 50 million per year.

85. The costs associated with the establishment and operation of the information system should be funded with HIPC resources and contributions from the Government and its bilateral and multilateral partners.

Institutional framework

86. The DNSI is responsible for the production and publication of indicators. It draws on the national statistical system, which comprises, inter alia, the statistical departments of the ministries (DNSI, the Planning and Statistical Units, and other entities engaged in the production of statistics) as well as the Statistical Coordination Committee (producers and users of statistical data).

87. The *Observatoire du Développement Humain Durable* (ODHD) is in charge of the analysis of data generated by the system. The ODHD's reports are submitted for approval to the Sustainable Human Development Monitoring Committee, which comprises representatives of technical departments, development partners, and civil society.

88. The National Directorate of Planning is responsible for the programming and monitoring of investments, including those directly associated with the PRSP. Furthermore, it is in charge of orienting financing for priority sectors and making the requisite tradeoffs.

Targeting and preparation of the poverty map

89. In 1995, Government and civil society in Mali firmly committed themselves to the task of reducing hunger and poverty. Thus, in 1996, with financial support from the World Bank, the Project to Support Grassroots Initiatives to Fight Hunger and Poverty (PAIB) was duly established. To identify suitable target areas for the PAIB in the Mopti test region, the DNSI and the Early Warning System (EWS) prepared a methodology that categorized that region's *cercles*, *arrondissements*, and *localités* according to their level of poverty.

90. For *cercles* and *arrondissements*, the method is based on a composite indicator (Ic) which reflects indicators for health, nutrition, access to drinking water, education, literacy, income, and food security; for *localités*, it is based on a score (Is) which takes account of population size and distance from a selected number of socio-economic infrastructures.

91. The poverty map prepared using the above methodology permitted the PAIB to apply greater objectivity in its selection of the target areas. Furthermore, this approach facilitates a spatial assessment of the financial investments and the results obtained.

92. The publication of the final results of the third population and housing census will permit an improvement of the methodology and a more widespread application in order to prepare an updated poverty map. In the full PRSP, detailed regional maps will be available. These poverty maps will be compared to the maps based on the key indicators selected for monitoring the PRSP.

V. PARTICIPATORY PROCESS

Mali: A tradition of participatory development

93. A participatory approach has always been used in Mali whenever there is a need to discuss major issues and concerns involving the broader interests of the general public. The participatory approach is based on a concept of social dialogue that builds consensus regarding the key questions being debated. A number of recent endeavors in Mali exemplify this process:

- The preparation of the various economic and social development plans, particularly the decentralized process, has generally enlisted the support of various local stakeholders, particularly through grassroots organizations and regional and local development committees;
- The preparation and adoption (under the 2nd Republic) of the Charter for the Governance and the Conduct of Public Affairs;
- The regional and national consultation exercises organized by the first Government of the Third Republic in 1994 to discuss major issues such as the devaluation, the onflict in the North, the problem of education, etc.;
- The preparation, adoption, dissemination, and operational implementation of the SNLP;
- The National Outlook Study, Mali 2025;
- The preparation of sectoral programs, such as PRODEC and PRODESS;
- The preparation for decentralization.

94. Two examples of participatory processes for the PRSP (SNLP and National Outlook Study, Mali 2025) are presented in Annexes 4 and 5. The participatory design of the PRSP will take account of the experiences described above.

Stages in the process of preparing the final PRSP

95. The preparation of the final PRSP will be a complex, ongoing, and iterative process, requiring the direct involvement of various stakeholders and a synergy between them. Coordination is crucial to this task. Thus the preparation of the PRSP will be built around the following major stages:

Building Ownership of the PRSP within Government

96. It is important that all members of the Government should share the same perception, view, and understanding of the new framework. The most appropriate means of achieving this common outlook will be defined by the Government itself.

Preparation of a participatory strategy

97. The participation strategy will be prepared on a participative basis with the involvement of the following stakeholders:

- Government representatives;
- NGO associations;
- Other members of civil society: press, unions, university, human right organizations, etc.
- Private sector organizations in particular, the Chamber of Commerce and Industry (CCIM) and the National Employers' Federation (FNEM);
- State institutions such as the National Assembly and the Economic, Social and Cultural Council;
- Representatives of decentralized collectivities, especially the Association of Mayors;
- Donors.

98. The different mechanisms for dialogue and consultation already available, will be used to develop the participation strategy for the full PRSP. The various stakeholders will be responsible for determining the form of participation to set up for the full PRSP. Discussions will focus on the following issues:

Appropriate mechanisms for participation;

Which stakeholders are to be involved in the process;

How the participants will be chosen, and what their involvement in the process will be;

The role to be played by each participant;

The frequency of consultation/dialogue;

The resources necessary to conduct these consultations/dialogues;

How the financing will be obtained.

Practical preparations for the PRSP

99. These preparations will be conducted according to the participatory strategy established by the various stakeholders. Preparations may revolve around major themes, including the strategic axes of the SNLP and cross-cutting issues. In any event, the interim PRSP will be the starting point for the technical preparations. Particularly close attention will be paid to assessing the costs of the PRSP and the SNLP, in particular, in order to identify the financing gap.

VI. INSTITUTIONAL FRAMEWORK OF THE PRSP

100. The appropriate institutional framework for the PRSP will be determined on the basis of the participation strategy described above. However, it will rely heavily on the experience acquired in connection with existing programs, strategies, and policies, such as the SNLP, ENP–Mali 2025, and the aid reform process.

101. Pending the implementation of the PRSP, the authorities have established a temporary technical steering committee consisting of about ten professionals. This committee, which oversaw the preparation of the interim PRSP, will be charged with steering the process towards the finalization of the participation strategy. For this purpose, the technical steering committee may hold enlarged workshop-style meetings, or engage in separate meetings with the main stakeholders or any organization deemed relevant to the process.

102. The final form and membership of the technical steering committee will come out of the preparations for the participation strategy. It goes without saying, however, that the steering committee ought to have a high degree of operational effectiveness. For the preparation of the interim PRSP, the committee had the following composition:

- Technical Advisor to the Ministry of Economy and Finance, acting as coordinator;
- Special Advisor, Ministry of Economy and Finance;
- Advisor, Office of the Prime Minister;
- Technical Advisor, Ministry of Social Development, Solidarity, and the Aged;
- Joint Secretariat, Aid Reform System;
- Coordinator, National Outlook Study: Mali 2025;
- DNSI;
- DNP;
- ODHD.

103. This committee has facilitated the organization of various working meetings and sessions bringing together people from the technical agencies of the Government, representatives of NGOs, private sector organizations, state institutions, and bilateral and multilateral partners. The technical preparations for the interim PRSP were conducted through the establishment of four working groups:

- Group 1: Diagnostic assessment of poverty and its linkages with policies and strategies;
- Group 2: Monitoring system and indicators;
- Group 3: Assessment of the costs of the PRSP;
- Group 4: Participatory process and institutional arrangements.

104. Upon completion of the working sessions, each group produced a report, which was presented in synthesis meetings. The synthesis was discussed by the participants at many levels.

105. In terms of institutional roles, and in accordance with the responsibilities of the various ministerial departments, the PRSP will be overseen and coordinated by the Ministry of Economy and Finance. The Ministry of Social Development, Solidarity, and the Aged will monitor the implementation process through the line ministries. The ODHD and the DNP are the technical entities responsible for evaluating the implementation process. The Ministry of Economy and Finance and the Ministry of Social Development, Solidarity, and the Aged will work together closely.

VII. ASSESSMENT OF COSTS

106. Given the current status of the operational implementation of the SNLP, it is not possible to make a realistic assessment of the costs for allocation of the resources available under the HIPC. It is therefore necessary to engage in dialogue and discussion to undertake an appropriate assessment of costs, particularly to prepare a resource allocation formula that will expedite and

maximize the impact of the poverty reduction effort. The results of this exercise will be described in the final PRSP. A proposed methodological approach is shown in Annex 6.

107. Furthermore, the cost of preparing the PRSP will be assessed as part of the process of designing the participatory strategy so as to ensure the full and active involvement of all stakeholders.

VIII. TIMETABLE

108. The main activities involved in preparing the final PRSP are shown in the following table. The table does not, however, include a specific cost assessment for each activity. Such assessments will be prepared in the course of designing the participatory strategy. The table summarizing the main activities is as follows:

PROVISIONAL TIMETABLE FOR THE PREPARATIONS FOR THE PRSP

ACTIVITIES	ANTICIPATED OUTCOMES	IMPACTS	TIME FRAME
Approve the interim PRSP	Finalized version of the interim PRSP available	Draft of a single framework for policies and strategies available	June 2000
Prepare participation strategy	Participation plan available	Involvement of stakeholders in the PRSP process	July-September 2000
Carry out the EBC	Production of socio-economic data	Sound basis for poverty analysis	December 2001
Carry out the EDS-III	Production of socio-economic data	Sound basis for poverty analysis	June 2001
Publish the definitive results of the third population census	Detailed demographic and socioeconomic data available	Updated data for preparation of poverty maps	December 2000
Engage in dialogue with the sectors ¹⁷ regarding definition and updating of sectoral policies	Sectoral policies focusing more closely on poverty reduction	A more effective involvement of stakeholders in PRSP implementation and monitoring	October 2000-June 2001
Update the poverty profile	More accurate knowledge of poverty in Mali	Better targeting of poverty reduction measures	March 2001
Institutional framework and policy evaluation	Reports available	Greater visibility for actions undertaken	December 2000-February 2001
Update and deepen the Interim PRSP	Improved interim PRSP	More effective use of the available data	December 2000
Prepare detailed plan of the final PRSP	Plan available	Participatory approach	December 2000
1 st draft of the full PRSP	Report available		February 2001
Assess costs of the PRSP	Costs of the PRSP assessed	More accurate information on financing requirements	March 2001
Fine-tune draft report	Specific meetings and seminars held	Improved document available	March 2001
Approve the final report	Full PRSP available	Single framework for policies and strategies available	June 2001

¹⁷ In each sector, especially the social sectors, the principal stakeholders will be involved. For example in the education sector, the principal stakeholders are parent-teacher associations, teachers and student associations.

ANNEXES

ANNEX 1: METHODOLOGY USED TO UPDATE THE POVERTY LINE

For comparability with the method used in 1996 to calculate the poverty line, the 1998 estimates were based on the 2,450 kilocalorie daily energy requirement for a healthy adult, established by the World Health Organization and the rice equivalent consumption (3,500 kilocalories per kilogram) that can supply an individual with that quantity of energy. The monetary value of minimum required consumption was increased by half to reflect nonfood consumption.

Accordingly, the following formula was used to calculate the minimum annual expenditure (ME) per capita, or the poverty line:

$$ME = 1.5 \times [(2,450/3,500) \times P \times 7 \text{ days}] \times 52 \text{ weeks}$$

(where P is the annual average price per kilogram of rice)

In 1996, the poverty line was established at CFAF 102,971. Given the stable macroeconomic situation and the fact that there has been no substantial change in the price of rice (from CFAF 269.40 in 1996 to CFAF 269.83 in 1998), the poverty line is estimated at CFAF 103,130 for 1998.

Household income and expenditure in 1998 were estimated on the basis of data collected in the 1994 Malian survey of economic and social conditions (EMCES), adjusted to reflect per-capita GDP growth for the period 1996-1998.

This made it possible to assess the key indicators for 1998, that is, the incidence (P0) and depth (P1) of poverty, in rural and urban areas, and by administrative region.

The assumption that household expenditure trends are reflected by trends in per-capita GDP is debatable, as it implicitly assumes no change in income distribution or expenditure during the period 1996-1998 (the approach used reflects the same income distribution as in 1996, when in fact it is income trends during the period 1996-1998 that need to be analyzed in the inequality study). The results should therefore be considered in light of this limitation.

Table 1. Poverty lines
(CFAF per capita per annum)

Year	Poverty line
1994	77,204
1996	102,971
1998	103,130

Source: ODHD

ANNEX 2: INDICATORS FOR MONITORING POVERTY REDUCTION

TYPE OF POVERTY AND INDICATORS	FREQUENCY OF MONITORING	INDICATORS			DATA SOURCE
		INPUT	OUTPUT	IMPACT	
I. INCOME POVERTY					
1. Average/adult equivalent income	Annual			X	EBC, light survey
2. Poverty line	Annual			X	EBC/price survey
3. Incidence of poverty	Annual			X	EBC, light survey
4. Depth of poverty	Annual			X	EBC, light survey
5. Severity of poverty	Annual			X	EBC, light survey
6. Gini index	Annual			X	EBC, light survey
II. HUMAN POVERTY, OR LIVING CONDITIONS					
Human development					
1. Human Development Index	Annual			X	EBC, light survey
2. Human Poverty Index	Annual			X	EBC, light survey
Education					
3. Share of education in budget	Annual	X			CPS-EDUCATION
4. Share of basic education in budget	Annual	X			CPS-EDUCATION
5. Share of household expenditure on education	Annual	X			EBC, light survey
6. Gross enrollment rate	Annual			X	Light survey, CPS-EDUCATION
7. Literacy rate	Annual			X	Light survey, CPS-EDUCATION
8. Pupil/class ratio	Annual			X	CPS-EDUCATION
Number of class rooms constructed	Annual		X		CPS-EDUCATION
9. Teacher/pupil ratio	Annual			X	CPS-EDUCATION
Number of teachers trained	Annual		X		CPS-EDUCATION
10. Relative enrollment rates for boys and girls	Annual			X	CPS-EDUCATION
Health and demographics					
11. Share of health in budget	Annual	X			CPS-HEALTH
12. Share of household expenditure on health	Annual	X			Light survey
13. Infant mortality rate	Annual			X	Light survey
14. Child mortality rate	Annual			X	Light survey
15. Rate of vaccination coverage	Annual			X	CPS-HEALTH
16. Medical personnel per capita	Annual			X	CPS-HEALTH
17. Medical infrastructures per capita	Annual			X	CPS-HEALTH
18. Average number of children per woman	Annual			X	Light survey
19. Average size of households	Annual			X	Light survey
20. Life expectancy at birth	Annual			X	Light survey
Food and nutrition					
21. Total cereals production	Annual			X	EAC, light survey
Total cereals production					

TYPE OF POVERTY AND INDICATORS	FREQUENCY OF MONITORING	INDICATORS			DATA SOURCE
		INPUT	OUTPUT	IMPACT	
22. Available production	Annual			X	EAC, OPAM, foreign trade, SAP
23. Producer prices of cereals	Annual			X	OMA, light survey
24. Consumer prices of cereals	Annual			X	OMA, DNSI
25. Average per capita expenditure on food	Annual	X			Light survey
26. Household expenditure on food	Annual	X			Light survey
27. Acute malnutrition rate	Annual			X	EDS, light survey
28. Growth retardation rate	Annual			X	EDS, light survey
29. Rate of underweight children	Annual			X	EDS, light survey
Transport and communications					
30. Share of transportation infrastructure in budget	Annual	X			CPS-TRANSPORT
31. Share of household expenditure on transportation	Annual	X			Light survey
32. Percentage of households with means of transportation	Annual			X	Light survey
33. Average transportation time required to reach market	Annual			X	Light survey
34. Average transportation time required to reach school	Annual			X	Light survey
35. Average transportation time required to reach a health center	Annual			X	Light survey
36. Kilometers of rural roads built	Annual		X		CPS-TRANSPORT
Housing					
37. Percentage of homes rented	Annual			X	Light survey
38. Average number of persons per room	Annual			X	Light survey
39. Percentage of households with access to drinking water	Annual			X	Light survey
40. Percentage of households with access to electricity	Annual			X	Light survey
41. Percentage of households with a modern toilet	Annual			X	Light survey
42. Percentage of households using cooking gas	Annual			X	Light survey
43. Percentage of households using renewable sources of energy	Annual			X	Light survey
Vulnerable groups					
44. Percentage of women who are heads of household	Annual			X	Light survey
45. Number of street children	Annual			X	Social affairs
46. Number of beggars	Annual			X	Social affairs

TYPE OF POVERTY AND INDICATORS	FREQUENCY OF MONITORING	INDICATORS			DATA SOURCE
		INPUT	OUTPUT	IMPACT	
III. POVERTY OF PROSPECTS					
47. Number of members of decentralized financial services (SFD)	Annual	X			CAS/SFD (Ministry of Finance)
48. Volume of savings collected by the SFDs	Annual	X			CAS/SFD (Ministry of Finance)
49. Volume of credit extended by the SFDs	Annual	X			CAS/SFD (Ministry of Finance)
50. Unemployment rate	Annual			X	Light survey, Employment Observato
51. Underemployment rate	Annual			X	Light survey, Employment Observatoire

LIST OF MACROECONOMIC INDICATORS

INDICATORS	PERIODICITY	SOURCES
Per capita GDP	Annual	DNSI
Rate of growth of GDP	Annual	DNSI
GDP deflator	Annual	DNSI
Wage bill/tax revenue	Annual	DNTCP
Basic budget balance/GDP	Annual	DNTCP/DNSI
Public investment/tax revenue	Annual	DNTCP
Stock of debt	Annual	DGDP
Debt service	Annual	DGDP

ANNEX 3: LIST OF KEY MONITORING INDICATORS AND TARGETS TO 2002

SECTOR	PERIODICITY	TARGETS	INDICATORS	SOURCES	COMMENTS
MACROECONOMY	Quarterly	Rate of annual growth of GDP (6%)	Industrial production index (IPI) Number of industrial enterprises established	Industrial survey (DNSI) Records of DNI/DNSI	Measure the share of the secondary sector in GDP consistent with sustainable economic growth
	Quarterly	Inflation rate of 2.5%	Consumer price index for foodstuffs	Price survey/DNSI	The food item having the highest weight has a decisive role in determining the level of general inflation
	Quarterly Quarterly	Current account Deficit reduced to 7 percent of GDP in 2002	Rate of revenue collection Wage bill	DNI/DGD DNB	Assess improvement in revenues and expenditure control
	Quarterly	8 percent rate of increase in the money supply	Currency in circulation Deposits	BCEAO	
	Quarterly	Private sector development	Number of enterprises established	DNI	
AGRICULTURE	Quarterly	Increase food Security	Volume of inventories (public, merchants, and farmers) Producer and consumer prices	OPAM/DNCC/DNSI-DNA OMA/DNSI	
EDUCATION	Quarterly	Primary school enrollment rate = 61% in 2002	Number of schools opened Pupil/Teacher ratio Share of education in budget	CPS/EDUC.	
HEALTH	Quarterly	Raise infant immunization rate from 45% in 1998 to 76% in 2002 Raise the percentage share of the population reached by primary health care services from 40% in 1998 to 60% by 2002	Number of children vaccinated, by antigen Ratio of population/ primary health care center Ratio of population/ medical personnel Share of health in budget	CNI/DNSI CPS/MS	

ANNEX 4. PARTICIPATORY APPROACH USED TO DEVELOP THE NATIONAL STRATEGY OF THE FIGHT AGAINST POVERTY (SNLP)

The approach adopted to develop the strategy was based on four fundamental principles:

- A participatory, gradual approach, drawing on existing and past experiences, and involving the key participants in poverty reduction in the various stages of the elaboration of the strategy. This participation is essential to enhance the strategy, to ensure that it reaches a consensus, and gives the participants a sense of ownership in the process and of commitment to its implementation;
- An approach that targets poor and vulnerable groups and their socioeconomic environments;
- An approach that is based on a sustainable development perspective and a rigorous economic approach, to ensure that the activities will have a sustainable impact;
- A combined sectoral and cross-cutting approach, which makes it possible to better reflect the dimensions of poverty and to propose innovative actions that will attack the root causes of poverty in Mali and strengthen the ability of the poor to benefit from the opportunities offered by the physical, economic, social, and cultural environment.

Using these principles as a basis, the strategy was developed in five stages:

1. The first stage involved (1) summarizing progress made in recent years on the standard of living and poverty in Mali; (2) describing poverty; and (3) identifying the basic factors underlying this poverty.
2. The second stage included an assessment of the impact of standard assistance programs implemented in different regions in recent years to reduce poverty and improve the standard of living for the most disadvantaged segments of the population. This assessment was used to prepare a diagnosis of successes and failures, and to draw on the lessons learned for the elaboration of the SNLP.
3. The third stage consisted in identifying a set of axes and actions based on national concerns, results from the diagnostic phase, the concerns of the people, and lessons from past experience. This effort culminated with a national workshop in November 1997, involving more than 80 participants representing all of the country's special interests (representatives of the government and civil service, research institutes, NGOs, associations, private entities, donors, etc.). A consensus approach was used by these specialists to identify strategic axes and priority actions to be carried out. On this basis, a preliminary version of the National Strategy for the Fight against Poverty was prepared in December 1997.
4. In the fourth stage, this preliminary version was revised in January 1998 with the help of four regional workshops (in Ségou, Kayes, Sikasso, and Mopti), and one national workshop (in Bamako)—events that included technical specialists representing the District of Bamako and most participants in the poverty reduction effort. The preliminary version of the strategy was also widely disseminated to all ministerial departments and technical and financial partners, to enable them to validate once more the relevance of the analyses, axes, and proposed actions. The current

version of the report includes the relevant observations and comments collected during the process.

5. In the fifth stage, the Council of Ministers adopted the document as Mali's official paper for the Geneva round table.

The SNLP was prepared using the institutional mechanisms for coordinating and monitoring sustainable human development and poverty reduction.

The following structures are involved in coordination and monitoring of the strategy for sustainable human development and poverty reduction in Mali:

- Steering Committee;
 - National Coordination and Monitoring Committee (CNCS);
 - Observatoire du Développement Humain Durable et de Lutte contre la Pauvreté in Mali (ODHD).
- The **Steering Committee** is responsible for supervision and guidance of the sustainable human development and poverty reduction strategy in Mali. To that end, it has the following functions:
 - to promote synergies between the different partners (government, grassroots communities, nongovernmental organizations (NGOs), donors, and other technical and financial partners);
 - to guide and oversee the activities of the National Coordination and Monitoring Committee.

The Steering Committee is chaired by the Prime Minister, and includes members of the government, civil society, and the technical and financial partners (bilateral and multilateral) represented in Mali.

The Steering Committee holds meetings called by its chair as required, and its secretariat is provided by the Secretary-General of the Ministry of Planning.

- The **National Coordination and Monitoring Committee** is a consultative body responsible for coordination and monitoring of projects and programs, and any other activities in the area of sustainable human development and poverty reduction in Mali. Its duties are to:
 - validate essential definitions, approaches, and strategies for the implementation of sustainable human development and poverty reduction;
 - coordinate and monitor implementation of the SNLP and ensure that sectoral, intersectoral, regional, and local poverty reduction projects and programs are rational and consistent;
 - develop and implement a communication plan in connection with the SNLP;
 - guide and monitor the activities of the *Observatoire* (ODHD/LCPM) and provide it with the support that it requires;
 - validate the annual report on sustainable human development prepared by the ODHD/LCPM;
 - validate the annual monitoring and evaluation report on the implementation of the SLNP prepared by the *Observatoire*.

The National Coordination and Monitoring Committee is chaired by the Minister of Planning, or his/her representative, and has the same tripartite composition as the Steering Committee, for which it serves as the technical unit.

The National Coordination and Monitoring Committee may appoint any other national structure or technical or financial partner, depending on the issue to be addressed. It may also draw on any human resources whose expertise may be required.

The National Coordination and Monitoring Committee holds a regular quarterly meeting, called by the chair, who may also convene special sessions as necessary.

The *Observatoire* provides the secretariat for the National Coordination and Monitoring Committee. The chair submits the report of the National Coordination and Monitoring Committee to the Steering Committee for approval.

Poverty reduction coordination and monitoring entities were established for the regions, the District of Bamako, and communes, by joint decree of the Minister of Planning and Minister of Territorial Administration. These entities are made up of representatives of government, civil society, and decentralized local authorities, at their respective levels.

- The *Observatoire* is a small technical unit attached to the Ministry of Social Development, Solidarity and the Aged.

Its duties are to analyze, process, and disseminate existing information, in order to enhance the definition and assessment of policies, programs, and projects focusing on sustainable human development and poverty reduction in Mali.

In this connection, the ODHD/LCPM provides decision-makers with reliable, useful information, in suitable form for the following purposes:

- to monitor trends in the population's standard of living over time, in terms of poverty and sustainable human development;
- to assess the impact of policies, programs, and projects implemented in connection with the standard of living;
- to produce and publish, each year on a specified date, the annual report on sustainable human development in Mali, as well as studies on specific subjects, as required;
- to implement a mechanism for monitoring performance and for periodic review of the SNLP;
- to produce each year an assessment and monitoring report on implementation of the SNLP.

ANNEX 5. PARTICIPATORY APPROACH USED IN THE NATIONAL OUTLOOK STUDY: Mali 2025

The National Outlook Study, Mali 2025, a component of the planning renewal effort, places development in a long-term context and focuses on the following objectives:

- to construct a realistic image of possible future scenarios for Mali one-generation hence, and to strengthen the country's capacity to project future events and trends;
- to construct a common image of the future and appropriate strategies for its realization;
- to mobilize all participants to reach development objectives.

The following institutional framework was implemented for the forward-looking exercise (see below):

- (a) An **Orientation and Oversight Committee**, composed of some 60 persons representing Mali society and reflecting its sociological, economic, cultural, and political diversity, chaired by a person selected by fellow committee members.
- (b) A **Steering Committee**, responsible for conducting the outlook study and composed of four experts, one of whom serves as national coordinator. These experts are specialists in economics, anthropology, sociology, and the spatial dimensions of development.
- (c) The **Outlook Study Group** includes some 40 members selected for their expertise, availability, and open-mindedness (historians, sociologists, philosophers, economists, geographers, and scientists). This group served as the key support for the participatory process and technical quality of the work.

The study was carried out in three major stages:

Stage I: Research

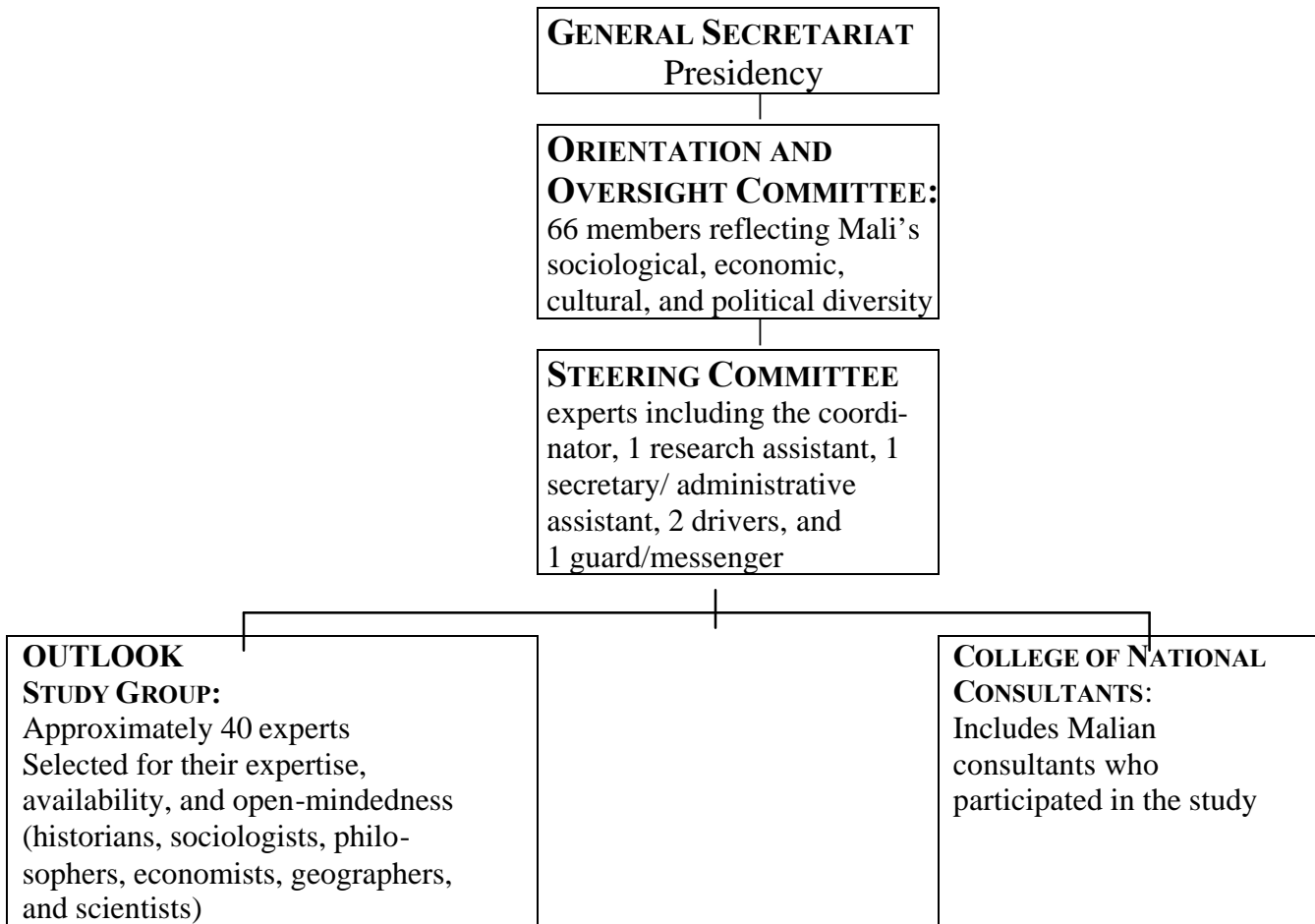
- Surveys of the population's aspirations conducted throughout Mali and covering the general public, experts, opinion leaders and public figures, and focus groups;
- Studies of eight major topics by national consultants to produce proposals for subsequent phases of the exercise;
- Structural analysis to provide an overall understanding of Mali's system and to identify variables, making it possible to determine the political and institutional conditions needed to give socioeconomic and sectoral policies optimal chances to succeed.

Stage II: Construction of alternative scenarios and the vision

Stage III: Formulation of overall development strategies

The preparation process involved regular meetings of the above institutions, as well as the preparation and implementation of a communication plan. This plan was essential to the success of the various activities in the exercise. Communication activities included an official ceremony to launch the study, information meetings with members of the Orientation and Oversight Committee and the Forward-Looking Study Group, and activities to promote general public awareness.

Institutional Organization of the Mali 2025 Project



ANNEX 6. METHODOLOGICAL APPROACH TO ASSESSING PRSP COSTS

It is difficult to prepare a precise estimate of the costs of the strategy for the interim Poverty Reduction Strategy Paper because of the poor state of existing data.

However, a methodological approach is provided below for assessing the costs of the full PRSP, so that the financing gap can be determined and priority actions to be financed with HIPC resources identified.

This methodological approach will include the following stages:

1. Define the content of PRSP priority actions

To that end:

- update the poverty reduction strategy objectives and targets for the period 2000-2002 based on specific results, and present macroeconomic, structural, and social policies in a coherent overall framework;
- review the priority actions defined in the SNLP and supplement them as required, to reflect the sectoral programs (PRODESS, PRODEC, PRODEJ, TRANSPORT, etc.).

2. Estimate the cost of activities based on the priority actions adopted in the PRSP (current and capital expenditure)

The costs of the activities adopted in the SNLP and sectoral programs for the period 2000-2002 will be updated to reflect inflation and exchange rate fluctuations.

3. Take stock of available resources

- Take stock of financing (domestic and external) for projects and programs that directly support SNLP implementation;
- Assess disbursements at December 31, 1999;
- Assess available funds for each project and program for the period 2000-2002, and for each year.

4. Assess the financing gap by axis and by year

- Assess the gap between the costs of activities and acquired financing available for the period 2000-2002;
- Measure the impact of the gap on the fiscal deficit;
- Make the necessary adjustments so that the gap can be financed (identify scenarios).

5. Identify priority actions to be financed with HIPC resources

Priority will be given to projects and programs to promote:

- income-generating activities (primarily self-employment) for the poor;
- access to basic health care, nutrition, and drinking water for the poor;
- access to education for the poor.

The absorption capacity for these projects and programs should be taken into account.

Authorities responsible for the various stages

Item 1. Ministry of Social Development, Solidarity, and the Aged, in cooperation with the Ministry of Economy and Finance.

Items 2, 3, and 4 must be assigned to consultants under the supervision of the Ministry of Economy and Finance, through the DNP.

Item 5. The DNP will provide arbitrage on the use of HIPC resources.