



## MALI

### POVERTY REDUCTION STRATEGY PAPER—JOINT STAFF ADVISORY NOTE

May 2013

The attached Joint Staff Advisory Note (JSAN) on the Poverty Reduction Strategy Paper for the Republic of Mali, prepared jointly by the staffs of the World Bank and the IMF, was distributed with the member country's Poverty Reduction Strategy Paper (PRSP) to the Executive Boards of the two institutions. The objective of the JSAN is to provide focused, frank, and constructive feedback to the country on progress in implementing its Poverty Reduction Strategy (PRS).

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## POVERTY REDUCTION STRATEGY PAPER—JOINT STAFF ADVISORY NOTE

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### OVERVIEW

**1. Mali's third Growth and Poverty Reduction Strategic Paper (GPRSP-3, 2012–17) provides a comprehensive framework for implementing an ambitious growth and poverty reduction agenda over the next five years.** It follows and builds on GPRSP-1 (2001–06) and GPRSP-2 (2007–11). GPRSP-3 has the long term objective of turning Mali into an emerging economy and an agro-pastoral power, with a good quality of life for both men and women. The GPRSP-3 is based on five axes: (i) strengthening peace and security; (ii) strengthening macroeconomic stability; (iii) promoting accelerated, sustainable and pro-poor growth, which would create jobs and generate income; (iv) strengthening the foundations of long-term development and equitable access to quality social services; and (v) improving institutional development and governance.

**2. In spite of the major security developments since March 2012, the authorities consider that the GPRSP-3 still provides the relevant medium term framework for resource mobilization and allocation in support of growth and poverty reduction.**<sup>1</sup> The authorities consider that the developments since March 2012 have affected Mali's capacity to implement the GPRSP-3 in 2012–13, but not the relevance of its objectives and consensus built around, programs

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<sup>1</sup> The GPRSP-3, finalized in December 2011, was officially transmitted to the World Bank and International Monetary Fund a few weeks before the coup in March 2012 and the invasion of North Mali by a coalition of violent insurgent groups. In the face of these political developments and related uncertainty in PRSP ownership and implementation capacity, staffs decided at that time not to transmit either the GPRSP-3 or the Joint Staff Advisory Note (JSAN) to their respective Boards of Executive Directors. With the return to constitutional order, the adoption by Parliament in January 2013 of a political roadmap for the organization of elections and the restoration of the State integrity over the entire territory of Mali, and the support of the transitional government for the GSRP-3, conditions are now met for sharing the GSRP-3 and JSAN with Boards of Executive Directors.

selection or monitoring and evaluation arrangements. While the GSPRP-3 could not fully anticipate the deterioration of the security situation in 2012, it nonetheless reflects to great extent Mali's economic and political realities. Also, the authorities were determined to learn from past experiences and undertook a comprehensive review of achievements, shortcoming, and remaining obstacles identified during the implementation of earlier GPRSPs. The authorities provide a candid analysis of the weaknesses and successes Mali and GPRSP-2 implementation faced in the last few years. They also provide a cleared-eyed perspective on the challenges the country faces, including the need for peace and security, slower population growth, diversification and income creation, improved provision of services and improved institutional credibility. In this light, staffs support the authorities' heightened focus on cross-cutting issues such as gender, population, poverty reduction and environment in developing the GPRSP-3.

**3. The Priority Action Plan for 2012–17 (PAP), the Emergency Priority Action Plan for 2013-14 (PAPU) and the Plan for the Sustainable Revival of Mali in 2013-14 (PRED) were annexed to the GPRSP-3.** The PAP identifies, for each policy area, a list of actions and indicators for monitoring their implementation. Each action has been budgeted over the whole period. The estimated cost of implementing the PAP is CFAF 9,744 billion (\$19.4 billion) over the period 2012–17. However, the security and institutional crises have prevented PAP implementation in 2012; and given the current limitation and uncertainty of resources, the Government developed the PAPU in March 2013 and the PRED in April 2013, which it transmitted for Executive Directors' consideration along with the PRSP. The PAPU and PRED comprise the same subset of programs selected from the PAP; but it also includes programs related to infrastructure rehabilitation, reconciliation, security, elections organization, the return of the administration, refugees and displaced populations in Northern regions. The areas covered by the PAPU/PRED are essentially peace and security, social sectors, employment, vocational training, rural development, transports, income generating activities and transparency in the management of public finances. In contrast, major infrastructure projects initially contemplated for implementation in the early years of the PAP were postponed to later years. The overall cost of PAPU/PRED amounts to CFAF 2, 849 billion (\$5.7 billion) and represents about 86 percent% of the initial cost of the PAP over the period 2012–13. Staffs estimate that the authorities should be able to finance about two thirds of the total cost of the PAPU/PRED by tax and non tax revenue.

**4. While the GPRSP-3 is a comprehensive strategy to increase growth and reduce poverty, it would benefit from an elaboration in some important areas.** The GPRSP-3 does not address the absence of critical reforms in electricity, cotton, and financial sector. Its gender policies will remain ambiguous in light of the 2011 family code passed by parliament. The Strategy should include further specification of policy measures geared toward addressing key bottlenecks for private sector development. Also, the escalation of conflict in the North might call for the development of programs (e.g., security, rehabilitation, reconciliation, new decentralization mechanisms to deliver basic service in sparsely populated areas) not contemplated in the GPRSP-3/PAP.

**5. The authorities consulted extensively with a wide range of stakeholders to ensure the widest possible buy-in for the GPRSP-3 process.** This consultation involved parliamentarians, local elected officials at the center and in decentralized bodies, civil society and the private sector, academia, media, trade unions, technical and financial partners (PTF) in 2011. A set of institutional mechanisms and a clear roadmap guided the development of this new framework: a Steering Committee (including its Thematic Groups), a Joint Commission PTF-Mali, Technical Secretariat, regional committees, local committees and municipal committees.

## POVERTY TRENDS AND DIAGNOSIS

**6. The authorities undertook a 2010 household survey (ELIM) to support the design of the GPRSP-3.** The ELIM 2010 complemented the 2001 and 2006 household surveys, allowing a review of poverty trends over the decade. The ELIM 2010 included a sufficient breakdown of regions and demographic groups to be representative, as well as information on other dimensions of poverty, such as health, education and assets. There are plans for future household surveys, including a multi-year Living Standards Measurement Study- Integrated Surveys on Agriculture, and surveys that enable 'light' monitoring of poverty in between 'heavy' survey years.

**7. Mali had made important progress towards poverty reduction.** Household surveys suggest that poverty headcount declined from 55.6 percent in 2001 to 47.5 percent in 2006 and 43.6 percent in 2010. Income poverty remains a largely rural phenomenon, but even there, the incidence of rural poverty dropped from 65 percent in 2001 to 51 percent in 2010. Extreme poverty has dropped at the national level from 32 percent in 2001 to 22 percent in 2011, with clear regional variations. The poverty reduction between 2001 and 2010 resulted for two-third from economic growth, and from one-third from a reduction in inequalities in favor of the poor. Compared with poverty reduction episodes in other African countries, Mali stands out as having enjoyed a very pro-poor economic growth, while at the same time, suffering from a slow economic growth rate.<sup>2</sup>

**8. The decline in the poverty rate was nonetheless not sufficient to significantly reduce the number of poor.** Between 2001 and 2010 the number of poor increased from about 5.7 to 6.4 million. High fertility rates (6.7 children per women) strongly hamper poverty reduction, giving rise to high dependency ratios, worsening maternal mortality, and lasting gender imbalances in various areas. It also exerts enormous pressure on the capacity of the State to deliver basic services (education, health, social protection, security) to all its citizens. Both lower than hoped for economic growth and high population growth are central themes of the GPRSP-3, and are discussed below.

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<sup>2</sup> The comparison of surveys suggests that private per capita consumption grew at the average annual rate of 1.2 percent between 2001 and 2010.

**9. Staffs agree with authorities on the centrality of job creation and better jobs for sustained poverty reduction.** Rural under-employment and urban unemployment are pervasive and exacerbated by strong demographic and migration pressures. While the GPRSP-3 rightly points to the need for economic diversification, better skills and modernized labor laws, staffs also consider that greater attention could be given to urban planning and the coordination of informal sector policies for job creation and better jobs in cities. Staffs also concur with objectives set forth by authorities for labor intensive public works program, which are meant to provide protection against seasonal unemployment and offer some vocational experience to the youth, but not to become permanent sources of income.

## MAINTAINING MACROECONOMIC STABILITY

**10. Barring 2012, the baseline scenario is realistic but the optimistic scenario needs to be elaborated.** The GPRSF-3 presents two scenarios for the period 2012–17. The baseline scenario targets a growth rate of 5.3 percent (broadly in line with the average growth rate over the period 2007–10), and assumes a steady decline in gold production over the medium-term. It projects a slight increase in the ratio of tax-to-GDP to about 15 percent by end of the period. With the exception of 2012, when the economy is estimated to have contracted by 1.2 percent because of the political and security crisis, this baseline scenario is realistic. The optimistic scenario envisages a significant pick up in agriculture production, and a sustained expansion of the mining sector, averaging 11 percent for the period 2012–17, based on exploration of new minerals that would eventually replace gold production. In staffs view, while faster growth is key to more rapid poverty reduction, a realistic scenario will have to be predicated on current trends in the mining and agriculture sectors, and on implementation of reform plans. The Strategy should include further specification of policy measures geared toward addressing key constraints for the private sector. It could include measures aimed at economic diversification and improving the investment climate for the private sector.

**11. The GPRSP-3 stresses Mali's vulnerability to exogenous factors, but could benefit from a fuller assessment of risks in the period ahead.** These includes risks and impacts of possible weather shocks, rising international prices for food and fuel on Malian economy, the budgetary pressures among development partners that could affect aid flows in the medium term, and the problems associated with the current political and security issues. An elaboration on how the authorities would respond to contingencies would also be useful.

**12. The Medium-term Budgetary Framework (MTBF) provides useful guidance for future budgets, but should be based on the baseline scenario rather than the optimistic scenario in order to keep spending on a sustainable path.** The MTBF appropriately stresses the need to increase revenue collection. However, it is predicated on the optimistic scenario, where the envisaged reforms in tax policy and tax and customs administration increase revenue collection from 14.6 percent of GDP in 2010 to 19 percent of GDP by 2017. While these revenue enhancing measures are in line with the program supported by a disbursement under the Rapid Credit Facility, the projected revenue yield is overly ambitious. On the expenditure side, the strategy envisages a

modest increase in current expenditure of about 0.3 percent of GDP per year during 2012–17, mainly driven by increased spending on the social sectors. The sectoral distribution of spending is fairly stable over the GPRSF-3 period: the projected share of social sector spending is constant. The staffs recommend that the authorities lay out plans to further to protect the priority sectors in the event spending increases have to be curtailed. Expenditure in both the PAP and the PAPU/PRED is based on an ambitious increase in mobilization of external resources, reaching about double the 2007–10 average. A greater elaboration of the policies to mobilize increased external resources for capital spending is warranted. The MTBF assumes a continuation of subsidies to the agricultural sector, which may not be sustainable, and to the electricity sector, which may not be compatible with the financial viability and the development of the sector. Also, as the Strategy highlights financing gaps, it should also present measures to close any gap. Going forward, the MTBF would benefit by inclusion of explicit medium-term debt strategy to underpin fiscal sustainability: the envisaged decline of total public debt from more than 30 percent of GDP to about 14 percent of GDP by 2017 appears too ambitious. Finally, the staffs recommend a systematic annual updating of the MTBF to ensure ongoing consistency between the country's macroeconomic framework and the G-PRSF-3 priorities.

## BUILDING THE FOUNDATION FOR STABLE AND INCLUSIVE GROWTH

**13. The narrow source of export earnings (gold, cotton) and a rain-fed subsistence agriculture that provides income for a majority of the population are the two main features of the Malian economy.** The first axis of GPRSP-3 outlines an extensive set of actions to help the economy diversify and create income and jobs. Staffs concur with the authorities that the private sector needs to become the source of sustained and inclusive growth. This entails actions in a number of sectors, including the productive sectors, finance, infrastructure (transport, electricity and information and communication technology) as well as overall improvements in business environment, land management and labor skills.

**14. Electricity will remain a major constraint to economic growth given the cost and difficulty of expanding supply in a low density, landlocked country.** Key elements of electricity sector reform have yet to be implemented. In particular, the financial situation of the national power utility has worsened considerably in the recent years, in spite of significant government financial support for investments and, increasingly, for current expenses. The most critical step to ensure the viability of the sector development strategy is to adopt the proposed electricity tariff adjustment mechanisms and to adjust tariff accordingly so as to ensure cost recovery within the current perimeter of service. Investments into the sector should be based on the search for least-cost solutions. In this respect, it would be more viable in the long run to seek greater regional integration to maximize the benefits derived from interconnections rather than to continue to add thermal generation capacity within Mali, which would further increase the average cost of generation. The increased volume of petroleum products used for power generation in Mali will also require the implementation of regional rules and solution in coordination with neighboring countries (for

instance facilitated and predictable customs procedures and predictable rules for the transport of heavy fuel oil).

**15. Furthermore, staffs note that while Mali has taken great strides in improving its business environment, much remains to be done, including easing tax procedures, reducing burdensome government procedures in running a business, and improving access to justice.**

Thoughtful development of new industrial zones, if successful, could feed Mali's growth dynamics. Also, implementing regional rules and solution in coordination with neighboring countries, such as the TRIE initiative to reduce time and cost of transit between Senegal and Mali will alleviate trade delays and costs. More generally, staffs consider that the growth (and improved resilience) potential from regional integration, through infrastructure development and connection, and trade reforms could be more strongly emphasized in the GPRSP-3.

**16. Increasing the low literacy rate, through improved quality of education, will contribute to higher economic productivity.**

Improved supply of adequately trained technical labor will ease the severe constraints faced by the private sector in Mali and feed the creation of new services and industries.

**17. Given the GPRSP-3's stated objective to make Mali an agro-pastoral powerhouse, staffs would recommend authorities to consider a number of structural reforms.**

One such consideration is to encourage development of agricultural value chains based on efficient water use and the further development of agro-processing. Staffs note that, beyond brief references to privatization, the authorities have not expressed a clear vision for reforming the cotton sector, a sector that is key to the health of the economy as well as the wellbeing of many rural producers. In that vein, lessons from international experience could be drawn to select options for transiting from the general provision of input subsidies to pooled insurance schemes, research and extension. Staffs also note that building resilience to global environmental changes could provide Malian Micro, Small and Medium Sized entrepreneurs' business opportunities while encouraging adoption of a more sustainable growth pattern.

**18. On developing the financial sector, staffs recommend that the implementation of the GPRSP-3 be aligned with the more detailed actions in the 2008 Financial Sector Assessment Program (FSAP) and the Financial Sector Development Strategy (FSDS).**

The GPRSP-3 acknowledges the limited access to financing, but focuses solely on key actions to develop the microfinance sector. Envisaged actions for the microfinance sector include the development of a national strategy and action plan for 2013–17, the establishment of a recovery plan for the six microfinance institutions with difficult financial positions, computerization of the credit registry for the sector, and strengthening of its information system. A more comprehensive action plan will also need to focus on further developing banking sector intermediation. Also, in areas that fall within their purview, Malian authorities can take actions to strengthen the stability of the financial system, including the microfinance sector. The GPRSP-3 could include measures to strengthen the quality, soundness, and performance of the entire financial system, including the restructuring of the state housing bank and the regional development bank.

**19. At the junction between rural development, urban planning and financial sector development critically lays land management reform.** Staffs welcome plans to develop land registry and land tenure information systems given the centrality of land tenure issues in Mali and the need to facilitate the conversion of rural to urban land in a context of fast expanding cities. Staffs nonetheless believe that addressing the governance gaps in the sector will require more attention, in light of the provisions made for decentralized land administration, land management and land conflict resolution in the agricultural orientation law (LOA). Strengthening the capacity of institutions in charge of implementing the LOA will also be warranted.

**20. The authorities seek to create space for priority spending by implementing reforms needed to enhance domestic resource mobilization and increase efficiency in investment projects.** Staffs agree with the government plans to: (i) reform tax policy and the tax, customs, and government property administration, with a view to reducing tax exemptions and thereby increase revenue collection; and (ii) design and implement a strategy to adjust domestic energy prices (petroleum products and electricity) to reflect trends in international prices. Staffs also recommend that the authorities implement targeted cash transfers schemes and review the tax regime of mining companies to better capture excess profits when prices are high. Other recommendations for increasing fiscal space include taking measures to eliminate the deficits of the civil servants and private sector employees' pension funds and increase the efficiency of infrastructure spending through better public investment project selection and management.

## POPULATION POLICY AND ACCESS TO BASIC SOCIAL SERVICES

**21. Staffs support the authorities' focus on population growth in developing the GPRSP-3.** Rapid population growth and high levels of fertility, among others, pose challenges to economic growth, poverty reduction and achievement of MDGs.

**22. Despite important efforts and notable results in access to basic social services, the Millennium Development Goals (MDGs) will not be achieved as Mali continues to have weak overall social human development outcome.** Consequently, staffs strongly support the GPRSP-3 continued focus on health, education and social protection as key ingredients to sustainable development. Only 27 percent of the population was literate in 2010, and despite great strides in universal primary enrollment rates (gross enrollment rates reached 80 percent in 2009), gender, rural and regional inequalities persist. The government is committed to improved access and quality of education within the third phase of the Education Sector Investment Program (ESIP III). However, much more needs to be done to improve the targeting and efficiency of expenditures. In this regard, undertaking a sectoral public expenditure review and tracking surveys will shed light on actions critical to improvements of education outcomes.

**23. Despite noted progress, staffs concur with the authorities that health outcomes are still in need of improvements.** While HIV/AIDS control and immunization efforts have been



successful, the MDGs goals related to maternal and infant health and, malaria and other diseases are off track. HIV/AIDS affected 1.5 percent of the population in 2008 and one percent in 2011. From 2007 to 2008, the rate of deliveries assisted by qualified staff increased from 57 percent to 61 percent. The maternal mortality rate declined from 582 to 464 per 100 000 live births between 2001 and 2006, but will not be reduced by three quarters in 2015 compared to 1990. Reaching universal access to reproductive health by 2015 is also highly unlikely. Improvements in equity of access and quality of care are urgently needed. Staffs support the important work launched to provide better health insurance to the rural and poor population through health cooperatives as well as the effort undertaken by the authorities to decentralize budget and services to regions and communes to improve access and foster social accountability.

**24. Progress has been made in expanding access to safe drinking water, but the challenge remains high to achieve the MDGs targets** Access rate to safe drinking water is estimated at 73 percent in 2009, while MDGs targets of 78 percent of the population served in rural areas and 91 percent in urban areas. Sanitation is lagging behind with only 32 percent of households having access to improved sanitation services in rural areas and 45 percent in urban areas. Staffs strongly support the ongoing urban water sector reform initiated in October 2010 to increase access, improve operational performance and restore financial viability of the sector.

**25. Staffs concur with the government's plans to develop a social safety net system (SSN) to mitigate Mali's high vulnerability to a variety of shocks.** Over 25 percent of the population is food insecure. However, current spending on social safety net programs is below one percent of GDP and most interventions (mostly food transfers) are small in scale, designed as temporary programs and financed by external and ad hoc sources. Moreover, the impact of these programs in reducing chronic food insecurity is unclear. Given the limited fiscal space, it is critical that this SSN be cost-efficient, well targeted, and managed transparently to be scaled up to needs. Staffs encourage the authorities' efforts to set-up an appropriate institutional framework as a first critical step to develop the social safety net system.

**26. Staffs support the authorities' focus on gender and addressing gender disparities in economic and social arenas, but are concerned with their recent apparent mixed policy choices.** The authorities have set up a Ministry for Promotion of Woman, Child and of the Family. They adopted a new National Gender Strategy in November 2010 and have set up a special fund to operationalize it in June 2011. Furthermore, the 2012 budget processed included a specific effort to ensure that each ministerial department took into account priority actions to address gender inequalities in their programs and plans. On the other hand, the national assembly adopted, in December 2011, a new family code that lowers the minimum marriage age from 18 to 16 years and appears to reduce women's rights and freedoms. It would be useful for the authorities to clarify policy choices, reiterate their focus on gender equality, and ensure the promotion of the socio-economic status of women and reduction of violence against them.

**27. The alignment of the programming of public spending with the GPRSP-3 is expected to continue as in GPRSP-2, as some 80 percent of sectors has Medium-term Expenditure Frameworks.** However, execution of this alignment needs to be improved. In 2010, the share of

social spending in the total of domestically-financed spending (36 percent) slightly surpassed the objective of the GPRSP-2 (34 percent). However, total current expenditures were higher than expected, in particular transfers and subsidies. Furthermore, capital expenditures did not reach the levels anticipated in the GPRSP-2. Mali's high population growth will put strong pressure on public resources for service delivery for the foreseeable future. Given this reality, and the Government's GPRSP objectives, the authorities need to continue improving public expenditure effectiveness and efficiency.

## INSTITUTIONAL DEVELOPMENT AND GOVERNANCE

**28. The authorities recognize that institutional development and governance are serious challenges to Mali's peace and prosperity and need to be strengthened comprehensively.**

Staffs welcome this attempt to develop a comprehensive and inter-connected strategy which remains very relevant in the current security context. Indeed, there has been growing concern in Mali about weak accountability and economic and judicial governance systems. Some analysts point to worsened governance in recent years to explain in part the unprecedented political and security events of 2012.

**29. This multidimensional challenge to institutional development and governance**

**includes:** (i) improved peace and security; (ii) improved access and quality of the justice system; (iii) improved institutional capacity (civil service); (iv) land management policies (regional growth poles and decentralization); (v) improved international cooperation; (vi) improved public finance management and (vii) steadfast fight against corruption and financial crimes. The authorities are undertaking important institutional reforms to strengthen accountability and consolidate the process of democratization. Reforms include revision of the constitution to create a Court of Accounts and change the powers of the President of the Republic. The National Assembly voted overwhelmingly in 2011 in favor of this constitutional reform. These constitutional changes still need to be ratified through a referendum.

**30. Staffs encourage a stronger emphasis on strengthening the justice system and anti-corruption activities to better protect all citizens, especially women and the poor.** To improve governance and fight financial crimes the authorities should implement the action plan they adopted since 2010 - and publicize its results to the general public. Addressing the weaknesses of the justice system is also urgent, and the authorities are encouraged to follow through on reforms in the GPRSP-3 action plan that address concerns regarding gender, environmental and extension of services to the poor. The current presentation of the activities aimed at reducing corruption appears primarily process-oriented, and the GPRSP-3 could further develop on the substance of the various proposed activities and priorities in this area.

**31. The GPRSP-3 recognizes that transparent and efficient management of public finances is key to accelerating growth and reducing poverty.** Building on the significant progress made thus far, the GPRSP-3 envisages the continued implementation of the authorities' action plan under the PAGAM-GFP II covering the period 2011–15. Staffs encourage this effort, in close collaboration

with donors, with a view to enhancing budget preparation, monitoring, execution, audit, and improving cash management. Staffs also encourage the establishment of a single treasury account at the BCEAO and ongoing transposition of WAEMU's public financial management directives into Malian law. Full computerization of the expenditures and revenues will add to the reliability and transparency of government accounts, and as a result increase accountability. Internal and external controls need also further strengthening, including through the implementation of the internal control strategy and the creation of a Court of Accounts. Strengthening PFM capacity at the sub-national level for better decision-making and enhanced transparency will also contribute to improving basic service delivery.

## MONITORING AND EVALUATION

**32. Staffs note that the monitoring matrix is incomplete and does not show a clear connection between outputs and outcomes.** The monitoring matrix does not include baselines and targets for a large number of indicators such as those related to reducing poverty and malnutrition, health, employment creation and governance. Data sources for measuring the indicators are not presented. In addition, the connection between the outputs to be delivered by the various actions and the outcomes to be achieved should be made explicit through a more hierarchical presentation of the monitoring matrix and a better connection between this matrix and the action plan. This will help make development efforts and public spending more results-focused. Staffs recommend amending this in a next version of the monitoring matrix.

**33. The authorities candidly acknowledge strengths and weaknesses of the monitoring and evaluation system and provide some clear goals and solutions.** Staffs support the authorities' effort for : (i) strengthening and retaining national statistical capacity; (ii) strengthening the institutional framework (iii) coordination among actors within the national statistical system and with international partners, and (iv) improving on the quality of data and use of these data for measuring progress along key indicators to make decision-making more evidence-based. The authorities are encouraged to ensure the timely adoption and implementation of the new Statistical Strategy (2013–17), especially as regards funding upcoming surveys and remuneration of technical staff. In order to enable more in-depth analysis of the causes of poverty in Mali it will be important to implement more comprehensive household surveys that collect data on both household living standards and household production. Also, more consistency in the measurement of poverty over time is needed. External evaluation of the GPRSF-3 mid-term performance is a laudable addition to the annual efforts of the government to monitor progress.

**34. Staffs support the government effort to build on the improved donor alignment and coordination experienced during GPRSP-2 implementation (2007–11).** Staffs note the importance of putting in place a system of aid data management and strengthening the sectoral technical capacity and mechanisms for monitoring and evaluation (M&E) of national policies and strategies. Furthermore, to reach the goals and results outlined in the GPRSP-3, it is crucial to ensure the full engagement of the civil society and private sector by building their capacity and ensuring their active participation in the M&E process. The effort to improve donor coordination dictates a

fuller commitment by donors, especially as regards their program and financial alignment to national priorities, including internal procedures.

## CONCLUSION RISKS AND RECOMMENDATIONS

**35. Staffs welcome the elaboration of GPRSP-3, which will guide the country in its efforts to sustainably reduce poverty.** The strategy is both comprehensive and ambitious. It aims at: (i) accelerating economic growth; (ii) making growth more inclusive; (iii) realizing the potential of the Malian people; and (iv) developing institutions and improving governance. Staffs welcome the authorities' willingness to learn from the implementation weaknesses of its previous anti-poverty strategies. Weak internal capacity represents an additional risk that could prevent an efficient implementation of poverty-related investments.

**36. Staff supports the authorities approach to integrate PAPU's short term crisis-related programs within the medium term GPRSP-3 framework, for which a strong consensus was built through a meaningful participatory approach.** While the GPRSP-3 could not fully anticipate the security developments in 2012, it is nonetheless based on Mali's economic and political realities, providing a cleared-eyed perspective on the security, demographic and geographic challenges Mali is facing in its fight against poverty. Staffs also welcome the continued focus on strengthening public financial management, which proved to be very effective for mitigating the impact of the crisis in 2012.

**37. Successful implementation of GPRSP-3 hinges critically on the authorities' ownership and commitment to address key shortcomings.** Full political support is necessary to ensure GPRSP-3 implementation takes into account the weaknesses in the current document and in implementing previous GPRSPs. The government's strategy needs to include critical reforms in electricity, cotton, and the financial sector, which are absent in the GPRSP-3 (¶14). While both the PAP and the PAPU/PRED include projects that are closely aligned with the GPRSP-3 and the political road map priorities, they are based on assumptions of domestic and external financing that are significantly higher than the historical trend (¶12). The authorities will need to prioritize their needs in case these assumptions do not materialize. Further prioritizing the GPRSP-3 action plan and adopting a monitoring matrix that includes quantified and measurable outputs and outcomes would also be useful. Reaffirming broad social consensus on the GPRSP-3 objectives might also be required as part of the national reconciliation efforts set forth in the political roadmap. There will also be a need to continuously adapt the GPRSP-3 to the identification of new needs that may emerge, notably in light of the results of the ongoing analysis to understand and address the consequences of the crisis that erupted in 2012.