

BTI 2010 | Mali Country Report

Status Index	1-10	5.93	# 55 of 128	
Democracy	1-10	7.15	# 36 of 128	➔
Market Economy	1-10	4.71	# 90 of 128	➔
Management Index	1-10	6.16	# 28 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Transformation Index (BTI) 2010. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	12.3	HDI	0.37	GDP p.c.	\$	1083
Pop. growth	% p.a.	3.0	HDI rank of 182	178	Gini Index		39.0
Life expectancy	years	54	UN Education Index	0.33	Poverty ²	%	77.1
Urban population	%	31.6	Gender equality ¹	-	Aid per capita	\$	82.5

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

Executive Summary

Mali is a multiethnic state with a relatively homogeneous historical and cultural identity as compared to most of its neighbors. The peaceful integration of several different groups and a strong orientation toward consensus in public affairs are two of the country's major assets. Mali's northern regions, where the Tuareg, Arabs and Moors remain worlds apart, are an exception to this otherwise successful model of integration. Many people there feel excluded from the country's development. Although the negotiated settlement of the second Tuareg rebellion 1996 saw the government promise greater support for regional economic development, little if any of this has taken place. In 2006, violence flared up again in northern Mali, bringing parts of the country to the edge of civil war by 2008. Involvement by Algeria and Libya, and the transnational regionalization of the conflict, gave rise to further concern. A negotiated settlement in 2006, mediated by Algeria, was broken several times. Following this time, Mali's northern regions were in the hands of non-elected clan leaders, rather than under the government's control. The Malian authorities chose to avoid a major military confrontation with the rebels. Instead, President Amadou Toumani Touré's (popularly known as "ATT") democratically elected government pursued a strategy of dialogue in order to guarantee civil liberties. Parts of the militant Tuareg groups laid down their arms in early 2009. Soon afterward, other rebel actions expanded, reaching as close as 500 km to the capital Bamako, prompting the government to launch a major military offensive against militant Tuareg groups' bases. Although most rebels were defeated or fled, the state's monopoly on the use of force remains incomplete. However, Mali remains in general a stable and peaceful country.

Mali's transition to democracy is widely considered one of the most successful in sub-Saharan Africa, and the country constitutes one of only a handful of democracies worldwide with a predominantly Islamic population. Formal democratic processes and institutions have been established and strengthened since democratic change in 1991. At present, the Malian democratic transformation constitutes a theoretical challenge to those who argue that

socioeconomic growth is a precondition for democratization. Nevertheless, Mali faces enormous structural challenges to the consolidation of democratic institutions, practices and attitudes. The central government delivers only rudimentary services in the fields of health and education, particularly outside the capital Bamako. In addition, rampant corruption at all levels of society seriously limits citizens' ability to assert their constitutionally guaranteed rights. However, President Touré was freely and fairly reelected with more than two-thirds of the vote in 2007. National parliamentary and presidential elections dominated the public political discourse in 2007. Since Touré cannot be reelected in 2012, heated debates on the post-Touré political landscape now prevail in public debates.

The economy relies heavily on traditional agriculture, remains vulnerable to climatic shocks and will be strongly affected by forecasted climate changes. Food security is not a given, since Mali's poor were badly hit by the increase in global food and oil prices in 2008, culminating in several violent protests. At the same time, some Malian grain producers profited from increased world prices. The most important export commodity is gold. Due to the decreasing gold price and low productivity, further macroeconomic growth might be negatively affected in the near future. As the country has the world's third-highest population growth rate, the majority of the country's residents will benefit little from macroeconomic growth. Progress was made in the privatization of state companies in 2008. There is very little private investment, since most external finances come from official sources, and Mali continues to benefit from large aid transfers. Despite the massive injection of foreign funds and the positive economic figures of the last two years, the country remains at the bottom of the Human Development Index.

History and Characteristics of Transformation

Transformation toward a market-based economy began in the 1980s under the military dictator Moussa Traoré, who sought to cooperate with the IMF and liberalize the economy. In the beginning of the 1990s, popular resistance against austerity policies grew, in particular among the politically powerful labor unions, the education sector, and women's unions. Given the concurrence of worsening living conditions and both a perceived and actual enrichment of the political elite, violent protests broke out in the beginning of 1991, culminating in Traoré's fall. He was overthrown by pro-democratic parts of the military. Remarkably, General Amadou Toumani Touré, the head of the military interim government, stepped down and paved the way for free presidential elections. Mali experienced an extraordinarily participatory transition to democratic order by holding a constitutional National Conference with ample participation of all sectors of society. Thus, the ground was laid for a legitimate democratic order by the end of 1991.

The newly elected president, Alpha Oumar Konaré, concentrated on economic and political reforms. The negotiated settlement ending the second Tuareg rebellion (1992 – 1996) in the north is considered to be one of the government's major political successes. Initially intended to grant the northern part of the country a certain degree of unique autonomy, decentralization also began in the southern provinces and has since accelerated. During this period, the government dismantled state enterprises in sectors such as electricity, water, textiles and telecommunications, and freed the market of state intervention in pricing. The latter proved particularly important for the agricultural sector, where unregulated prices served as an incentive to increase production. The government also opened the mining sector to foreign investment, enabling commercial development of Mali's potential. It also established commercial courts and attempted to facilitate administrative procedures to attract foreign investment.

After a short domestic political crisis, President Konaré was re-elected in 1997. He then followed a stipulation in the Malian Constitution limiting presidents to two terms, and proceeded to step down in 2002. This act strengthened faith in democratic procedures and enhanced Mali's international credentials. His successor, the "popular hero of democracy's hour of birth," General Touré, continued the process of economic and political reform, and was reelected in 2007. Having qualified for the IMF's Highly Indebted Poor Country (HIPC) program in 1999, Mali was granted debt relief of roughly \$540 million in 2005. According to Mali's poverty reduction strategy paper (PRSP), formulated in 2002, this money was to be invested primarily in education and health. Yet despite the IMF's overall satisfaction with Mali's current poverty reduction and growth facility (PRGF), Mali's political success contrasts with a failure to bring economic growth with equity. The international economic crisis that began in late 2008, as well as the renewed Tuareg rebellion ongoing since spring 2005, which has not been settled despite numerous peace initiatives, pose additional threats to the country's future prospects.

Transformation Status

I. Democracy

1 | Stateness

Since independence in 1960, Mali has enjoyed a much clearer sense of state identity than have many of its neighboring countries. Building on the historic empires of the Mandé, Peulh and Songhai, the modern state of Mali has been relatively successful in creating a national identity. However, this identity has failed to include the Tuareg, Moor and Arab communities in the remote northeastern part of the country. This, and the region's concomitant exclusion from national socioeconomic developments, resulted in two armed Tuareg rebellions against the central authorities (1963, 1990 – 1996). The conflict reemerged acutely in April 2006 when armed Tuareg groups – largely composed of dissidents from the army – successfully attacked northern army posts. With reference to the peace agreement of 1992 (which is not yet fully implemented), they demanded withdrawal of the military from the northern Tuareg zones, a higher degree of administrative autonomy in the northern regions, and increased economic support. In contrast to former rebellions, these Tuareg groups have been guided by economic and criminal motives rather than specifically political ones. For instance, as military presence was increased in the northern regions from 2002 onwards, these groups their income, based on trafficking of illegal goods such as tobacco and stolen cars, in danger.

Monopoly on the use of force

Even though a (first) peace accord was signed on 4 July 2006 between the government of Mali and the armed Tuareg groups, the state's monopoly over the use of force has been gradually further undermined. The peace agreement was broken in September 2006 by the Tuareg Alliance of North Mali for Change (Alliance Touareg Nord-Mali pour le Changement, ATNMC). Throughout 2007 and 2008, the ATNMC usurped large parts of the Kidal, Timbuktu and Gao regions in Mali's northeast, and several agreed ceasefires were broken. In spite of demands on the part of society and the political elite for a proactive military operation against the Tuareg rebels, the government held on to its strategy of dialogue. Armed attacks on military posts, towns and kidnappings grew steadily throughout 2007 and 2008, culminating in the attack of Nampala in December 2008. While fighting had

previously taken place only in remote northern regions, it now came as close as 500 km to the capital. In response to this attack, and to the kidnapping of European tourists in early 2009, the Malian government finally decided to intensify its military activity against Tuareg camps. Although it was successful in destroying one of the main Tuareg camps near the border to Niger in January 2009, military control had not been established over the entire territory by the time of this writing. One leading militant Tuareg group, headed by Hassan ag Fagaga, capitulated in early 2009 and agreed to join the special army forces tasked with control of the Saharan borders. Altogether, the situation remains extremely volatile and is aggravated by the transnational regionalization of the conflict, involving governments from Algeria and Libya as well as armed Tuareg groups from Niger.

Despite political tensions caused by the hostilities between militant Tuareg groups and the Malian government, the latter has abstained from generalized discrimination against Tuareg citizens in the north. Shortcomings in civil rights guarantees are attributable to systemic problems with the rule of law rather than particular forms of social or political exclusion. Aside from a portion of the Tuaregs (who account for 5% of the Malian population), most of Malian citizens affirm the official concept of the nation-state.

State identity

The Malian state is defined as a secular state, given that one of the constitution's unchangeable provisions is the "laic" political order. In practice, the vast majority of (primarily Islamic) religious and political groups respect these provisions. Nevertheless, religious and traditional leaders and associations play an influential role in politics. In some fields they act as political veto players. They were successful in blocking legislative projects focusing on the abolition of the death penalty in 2008, and since 1996 have obstructed a planned reform of the family law, due to faith-based reservations with regard to bringing women's rights closer to a status of equality. However, Islamic associations and leaders also play an important intermediary role between state authorities and society. Continuing the practice of his predecessors, President Amadou Toumani Touré confers regularly with religious leaders on political issues.

No interference of religious dogmas

State ministries and their regional and local representatives are established all over the territory, but their administrative functioning and performance remain weak. Establishing a formal administrative structure is one achievement of the donor-supported decentralization process, which was started in 1993. Nevertheless, the administration's strength still varies considerably across the national and local level. Whereas the central administration is more powerful, local administrations remain partially uninstitutionalized, because plans to devolve resources to regional and municipal administrations have been insufficiently implemented so far. Overall, the administration's ability to deliver anything but the most basic services remains very poor.

Basic administration

2 | Political Participation

For the most part, elections are conducted in a free and fair manner. Problems occur in the administration and organization of the electoral process. In 2007, national presidential and parliamentary elections took place. In April, President Amadou Toumani Touré (“ATT”) was reelected as head of state in the first round by an absolute majority (71.2% of the votes). Though formally unassociated with any political party, ATT was backed by the Alliance for Democracy and Progress (Alliance pour la Démocratie et le Progrès, ADP), a coalition of 43 political parties. Although it had become obvious very early in the electoral campaign that ATT was the favorite candidate, hardly anyone expected such a clear electoral outcome. His only “serious” opponent, former Prime Minister Ibrahim Boubacar Keïta, who served from 1994 to 2000, was left with just 19.2% of the votes. At first, opposition parties rejected the electoral results, claiming electoral fraud and demanding the cancellation of the poll. Tensions grew in the capital Bamako, culminating in protest marches on the first days of May. Opposition parties went so far as to announce a boycott of the legislative elections, but eventually accepted the final results issued by the constitutional court.

Free and fair elections

Legislative elections took place on July 1 and 22, 2007. ADP gained 113 of 147 seats. The Rally for Mali party (Rassemblement pour le Mali, RPM) of ATT’s opponent Ibrahim Boubacar Keïta won only 11 seats, 35 seats less than it held from 2002 to 2007. Overall, no single political party secured an absolute majority. ATT’s ally and fellow non-partisan, Modibo Sidibé, was appointed prime minister. Voter turnout, which tends to be comparatively very low, remained low in 2007, reaching 36.2% in the presidential election, and 33.4% and 32.2% in the first and second round of the legislative elections respectively. Even though elections were considered free and fair by national and international electoral observers, major problems persist in electoral administration. Despite a formally established institutional framework, electoral organization is inefficient and shows no routinization yet.

In principle, elected rulers have the effective power to govern over the classical veto players (which, in the Malian historical context, include the armed forces, parts of the economic elite, farmer associations and labor unions). More precisely, Mali’s formally semi-presidential political order is shaped by a high concentration of effective presidential powers. To date, state power to govern has mainly been undermined by two different groups: unelected traditional and Islamic leaders, whose influence is particularly strong on the municipal level, and donor organizations, which indirectly interfere in state affairs and make power holders accountable to them as well as to their citizens. The once-powerful Compagnie Malienne pour le Développement des Fibres Textiles (CMDT), a state run cotton company, lost its veto power between 2007 and 2009, as can be seen in the ongoing process of privatization.

Effective power to govern

The Malian military played an important role in the overthrow of authoritarian president and military general General Moussa Traoré in 1991, and has played a pro-democratic role ever since. High-ranking military officials hold key positions in the state administration, in particular in the Ministry of the Interior and the Ministry of Security and Defense. Although their behavior does not indicate particularly undemocratic stances, or attitudes principally different from those of other state officials, it must not be underestimated that networks of high-ranking military personnel exist all over the political regime, including President ATT, a former military leader of the coup d'état against Traoré.

The Malian democratic order provides almost unrestricted freedom of association and assembly. From the very beginning of democratic rule, a large number of associations have been shaping social life. Mali registered 8,542 associations and more than 120 political parties in 2008. However, political parties based on specific identities such as ethnicity, religion or region are forbidden by the constitution. Freedom of assembly is granted without reservation. Public protests and demonstrations, particularly those emerging from the educational and labor sectors, have become a legitimate form of expression under democratic rule.

Association /
assembly rights

Mali is widely considered to be one of Africa's most liberal societies with regard to freedom of expression and the media. In Reporters Without Borders' 2008 Press Freedom Index, the country was rated "free" (rank 56). However, several incidents limited this freedom of speech throughout 2007. For instance, a Bamako court sentenced two journalists for having defamed a government minister, and a teacher was arrested for offending the president because he had instructed his students to write a fictitious essay about a presidential sex scandal. All such incidents were publicly condemned, and in some cases the subjects of protests. In 2007, an anonymous writer called the "Sphinx" reconfirmed his widely distributed, sharp accusation of public abuse by President Touré in a second publication ("ATT-cratie. La promotion d'un homme et de son clan. Tome II"). In sum, none of the aforementioned incidents evince a systematic repression of freedom of expression.

Freedom of
expression

In terms of content, the mass media is largely independent of governmental influence. Given the country's 80% illiteracy rate, radio and television are the most important broadcast media. More than 120 radio stations can be found across the territory. Printed media plays a minor role. Nevertheless, more than a dozen newspapers are regularly published in Mali.

3 | Rule of Law

While the separation of powers exists in principle, the executive branch is in practice by far the most powerful. Until 2007, President Touré had pursued a path of formalized consensus politics (Consensus pour l'Unité Nationale), seeking to incorporate all opposition parties into government. In consequence, the executive branch often ruled without control by parliament. Although civil society groups assumed the function of supervising and criticizing the executive, this could not substitute for effective institutional control. Moreover, the parliament's right to determine the national budget is regularly undermined by the restrictions on spending imposed by international donors. In the run-up to national elections in 2007, two parties (RPM and the Party for National Renewal (PARENA)) declared the formation of an official opposition, the Front for Democracy and the Republic (Front pour la Démocratie et la République, FDR). It was joined by African Solidarity for Democracy and Independence (Solidarité Africain pour la Démocratie et Indépendance, SADI) after the elections. However, with a minority of 12.9% of parliamentary seats (against 76.9% held by the ADP coalition, which supports the president) it cannot exert effective control. Moreover, in early 2009 both RPM and PARENA made public announcements that they would not rule out integration into the government.

Separation of powers

The Malian judiciary is weak and subordinated to political authorities. On the local level, traditional customary institutions are often substituted for state judicial power. The coexistence of state and customary law systems presents challenges to establishing the rule of law, sometimes making it even impossible on the local level. Despite a comprehensive, in large part donor-financed support program to establish the rule of law (Programme Décennal de Développement de la Justice, PRODEJ), the judicial branch has made no far-reaching systemic improvements since 2007. In organizational terms a lack of professionalism and material resources hinder the further evolution of judicial functions. In addition to traditional law institutions, corruption also undermines the judiciary.

Independent judiciary

Office abuse is rarely sanctioned, and the Malian Constitution of 1992 firmly condemns corruption and foresees legal provisions for the prosecution of such crimes. The annual reports of the Public Auditor (Vérificateur Général) lay ample ground for proactive action against corruption. In practice, constitutional provisions have mainly – and successfully – served to condemn and punish former President Moussa Traoré for abuses perpetrated under military power. In contrast, the Public Auditor's annually published list of crimes, such as embezzlement of state resources in the administration or misuse of customs in 2006, remain unaddressed. However, as a preventive measure, political and financial efforts were increased to strengthen the Public Auditor's capacity to monitor the implementation of its annual recommendations by 2008. Abuse of public office is regularly reported and condemned in the press.

Prosecution of office abuse

In principal, civil rights are guaranteed. Partial violations of civil rights are mostly ascribed to the lack of strong action by the state. There have been allegations of police torture, which are regularly followed up. Zones of human trafficking and forced labor, including on the part children, persist particularly in the northeastern parts of the country. The latter is widely accepted as a result of widespread poverty. Women are the largest social group exposed to civil rights violations. Although governmental efforts have been made to improve the legal and social status of women, 89% to 94% of Malian girls still suffer genital mutilation, and women are legally disadvantaged by the current family law (Code de la Famille). This law legitimizes discriminatory acts, such as limiting access to land for women or the “lérivat” (making the woman a part of inheritances, through the marriage of a widow to a relative of her deceased husband). Since 1996, Islamic associations, both of men and women, have successfully opposed reform of the family law.

Civil rights

4 | Stability of Democratic Institutions

Democratic institutions perform their functions weakly, although the degree of functionality varies. There is much waste due to bureaucratic strife and frictions between institutions, in particular among ministries and between the executive and parliament. Although parliament has established a routine to debate legislative projects and pass them, one of its main functions, supervision of the executive, goes almost wholly unfulfilled. Despite a small population of between 12 million and 13 million people, Mali has 26 ministries. Several roundtables since 2005, aimed at coordinating donor policies with the Malian ministries, have highlighted the fact that the ministries’ main aim was to acquire as much external financing as possible in order to increase their influence and satisfy their respective clients. Furthermore, the mediocre performance of democratic institutions is exacerbated by the frequent overlap of institutional responsibilities. For instance, several state organizations work on similar issues without palpable results.

Performance of democratic institutions

Apart from the Tuareg rebels, the key political actors, by and large, accept democratic institutions. However, some limitations remain. Two domains, the judiciary and political party politics, are outstanding in this respect. In the first case, fair trial principles as enshrined in the laws of Mali are often ignored by the police and only arbitrarily applied. Secondly, the legitimacy of political parties was undermined in 2007 and 2008 due to the prominence of members of the unelected Citizens’ Movement (Mouvement Citoyen, MC) in official positions. The MC, an agglomeration of influential individuals from the economic elite and society, was created to support non-partisan President Touré. This disrespect of the representative function of political parties in decision-making processes has been widely contested by opposition parties and the wider population.

Commitment to democratic institutions

5 | Political and Social Integration

Mali's system of political parties is fairly fragmented and poorly institutionalized. Against this background, experts point out that Mali constitutes an unusual case, since it is widely assumed that the higher the levels of institutionalization and the lower of fragmentation, the better are prospects for democratic consolidation. Although dysfunctional in these respects, the Malian political party system has shown a low level of polarization; all parties are prepared to cooperate with each other.

Party system

In parliament, 14 of the more than 120 officially registered political parties are represented, with frequently shifting allegiances. Parties are personalistic in their structure, and despite state funding show low levels of internal organization and lack a programmatic profile. They rarely fulfill an intermediary function between state and society. Even the more "traditional" parties such as the Alliance for Democracy (Alliance pour la Démocratie au Mali, ADEMA) or the RPM fail to aggregate broad social interests.

Splits are common, and volatility is high. Nevertheless, it has become common to form larger groups for the support of presidential candidates during elections. However, once election day has passed, their existence takes on a largely formal character. Facing the end of President Touré's mandate in 2012, political parties had already started to debate power constellations by the second half of 2008. This was accompanied by several party fusions as well as splits. In these debates, the role of MC, a loose but influential group of President Touré's supporters, has been highly contested among the political elite and in the press. Apart from that, the party system was weakened further by two trends. Firstly, the number of independent individuals in government and parliament increased between 2002 and 2007 (from six parliamentary seats in 2002 to 15 seats in 2007). Secondly, an ongoing amalgamation of engagement in civil society organizations and participation in political parties can be observed. The former is often used as a stepping-stone into politics.

Interest groups form a relatively close-knit network of economic (trade, agriculture, hunting), ethnic (community of Lebanese origin, Peulh) and social (Islamic, NGOs) activity. Except for militant Tuareg groups, these interest groups tend to fall back on negotiation in the case of conflict with the government. Regarding the manner by which diverging interests are balanced, Mali is characterized by two particularities. First, a dialogue-based political culture of consensus dominates. Second, a so-called system of "jocular relationships" exists that cuts across the different ethnic groups. In the event of tensions, these create a moral boundary and ensure that dialogue with the "other" group is maintained. Both characteristics make it difficult to foreign observers to detect social conflicts, which often disappear behind the "veil of consensus."

Interest groups

Citizens' consent to democratic norms remains relatively high. According to representative opinion polls by the Institute of African Affairs (Hamburg) and the Afrobarometer, around two-thirds of all respondents prefer democracy to any other kind of government. Perceived infringements of civil liberties regularly spark protests, such as the aforementioned intimidation of journalists. However, this consensus will suffer under growing skepticism if palpable economic benefits are not delivered to the population. In 2007 and 2008, citizens protested several times because of food shortages, holding the government responsible. This brought the previous history of protests to a new level, since food shortages had not been a public issue in the past.

Consent to
democratic norms

Mutual trust and the ability to self-organize are high among Malians, the latter especially in rural areas where 73% of the population lives. According to Afrobarometer opinion surveys, 77% of Malians stated that one could trust in any fellow citizen in 2004, whereas 23% thought that one must be careful. The family network is the most important social reference point for most parts of society. In Malian society the concept of family refers to the "extended family," which includes remote relatives as well as close friends. Self-help is organized in the familial context, by means of a sophisticated system of self-regulation between different family members. This tradition holds high potential for social capital as well as preferential treatment between family members in public affairs (corruption), which is likely to burden the common welfare of society as whole.

Associational
activities

A robust network of civil society organizations such as NGOs and associations is established across the country. Associations and NGOs, often financed by international donors, serve both as welfare-oriented organizations and as "small enterprises" providing individual income. Particularly in the rural parts of the country, associations supply the population with basic services, substituting for the state's role. High levels of self-help remain a legacy of the authoritarian regime, which did not integrate rural areas into the country's socioeconomic development well.

II. Market Economy

6 | Level of Socioeconomic Development

Being poor in Mali is the norm, not the exception: According to recent data published by the World Bank, 77.1% of Malians lived under the international poverty line in 2006 (earning less than \$2.00 per day). In the same year, more than half of the population (51.4%) lived in extreme poverty (less than \$1.25 per day). Consequently, poverty is a factor of economic rather than of primarily social exclusion. To date, the success of governmental and international efforts in reducing poverty has been and will continue to be limited due to fast population growth (an annual rate of 2.8% between 2000 and 2007, with estimates of 3.0% per year for 2007 – 2015). Moreover, Malian society faces major structural obstacles, since poverty is much worse in rural than in urban areas, and income distribution is very uneven. According to World Bank data, the richest 10% of Mali's population controls 30.5% of total disposable income, and the poorest 20% only 2.7%. The high levels of subsistence farming make for better living conditions than figures suggest. Nevertheless, large parts of the population are excluded from market-based socioeconomic development; in 2004 only 9% of farmers, out of approximately 800,000 farms, traveled to markets to sell their products, one-third sold vegetables and livestock to other villagers, and fully half of farming families sold none of their products. In short, exclusion from market-based development is a serious problem, since approximately 70% of Malians work in agriculture.

Socioeconomic
barriers

Compared internationally, Mali's level of human development is one of the poorest worldwide, scoring near the bottom of the UNDP's Human Development Index in 2008 (HDI), at rank 168 out of 177. Altogether, it must be noted that the reliability of socioeconomic data on Mali is weak, because of poor basic conditions for research. For instance, data that would allow monitoring of the United Nations' Millennium Development Goals could not be collected sufficiently in the case of Mali; out of 61 indicators, only 34 are known.

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	4874.2	5305.3	5866.1	6847.9
Growth of GDP	%	2.2	6.1	5.3	2.8
Inflation (CPI)	%	-3.1	6.4	1.5	1.4
Unemployment	%	8.8	-	-	-
Foreign direct investment	% of GDP	2.1	4.2	1.4	5.3
Export growth	%	-0.2	8.7	11.3	3.4
Import growth	%	-2.8	3.7	4.1	3.0
Current account balance	\$ mn.	-409.0	-437.6	-230.5	-581.1
Public debt	\$ mn.	3135.5	3101.6	1624.4	1988.5
External debt	\$ mn.	3319.8	3227.9	1649.4	2018.1
Total debt service	% of GNI	2.1	1.9	1.7	0.9
Cash surplus or deficit	% of GDP	-3.0	-2.5	32.1	-5.6
Tax Revenue	% of GDP	15.3	15.7	15.7	15.6
Government consumption	% of GDP	10.0	9.9	9.9	10.7
Public expnd. on edu.	% of GDP	4.3	4.1	4.6	-
Public expnd. on health	% of GDP	2.8	2.7	2.9	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.1	2.3	2.2	2.3

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.

7 | Organization of the Market and Competition

Despite the economic liberalization of the 1990s, the state retains control over one of the economy's two major exports, cotton. Gold mining started to be privatized in 2002, though the Malian state still holds stakes in gold companies. The privatization program supported by the IMF and World Bank stalled at several points, taking steps both forward and backward. Although privatization of electricity and water provider EDM, one of the most prominent attempts at privatization, failed in 2005, Mali was successful in privatizing the Banque International du Mali (BIM), its second largest bank, at the end of 2008. Other processes are underway, including the privatization of public telecommunications company SOTELMA, which has attracted widespread international interest, and is expected to be completed in 2009. In contrast, the privatization of CMDT, the public cotton enterprise, has been slowed by the company's large accumulated debts. According to the World Bank's annual Doing Business report, Mali's ease of doing business worsened between 2007 and 2008, falling to rank 162 (out of 181) from rank 152 in 2007. Opening a business turns out to be very difficult, if not impossible for a Malian with an average income, since the cost aggregates to 121.5% of GNI per capita. The informal economy remains large, with commercial activities at its core. Most retailing and trading activities take place in the form of street and market activities and are thus not reflected in official statistics.

Market-based
competition

There are rules and regulations prohibiting monopolies and oligopolies, but corruption severely hampers their implementation. As a result, wholesale price-fixing oligarchies exist in many areas of the economy, such as trade in grains or the activities of the Office du Niger. Retail prices are competitive, and the informal sector is large and vibrant. However, the "modern" retail distribution system is limited.

Anti-monopoly
policy

In principle, foreign trade is liberalized, but significant exceptions remain. Foreign trade is especially important to Mali because it is a landlocked country. Mali has pushed forward regional integration within the context of the West African Economic and Monetary Union (WAEMU) and the Economic Union of West African States (ECOWAS), aiming to facilitate its exports of livestock, cereals and other agricultural products. Minimal physical infrastructures have long impeded trade with Mali, or at least limited it to trading with neighboring Côte d'Ivoire. Mali has improved this physical infrastructure by building new roads connecting the country with Senegal, Mauritania, and since 2008 with Ghanaian ports. However, government officials often demand illegal "fees" from those transporting goods across the border. Fraud through the use of import licenses that create preferential rules for individual companies is widespread. Mali enjoys the ACP (the Group of African, Caribbean and Pacific countries) privileges under the Cotonou Agreement, and is currently negotiating an economic partnership agreement with the European Union. Mali is eligible for the United States' African Growth and Opportunity Act plan.

Liberalization of
foreign trade

The institutional foundations for a banking system have been laid, but there are vulnerabilities due to extreme dependence on outside factors. There are 14 banks operating in the country. Although the second-largest bank, Banque International du Mali (BIM), has been privatized, foreign ownership of banks remains low. The state and regional institutions such as the Banque des États de l’Afrique de l’Ouest (BEAO) hold significant stakes in the Malian banking sector. Global financial turbulence reduced bank liquidity in 2008, thereby reducing the credit available to the private sector. The long-term impacts of the global financial crisis could not be fully foreseen at the time of this writing (January 2009). Access to credit remains very difficult in rural areas. Large microfinance institutions supported by donors serve the poor.

Banking system

8 | Currency and Price Stability

Mali is a member of the African Financial Community (Communauté Financière d’Afrique, CFA), which is guaranteed by the French Treasury and does not control its own monetary policy. The CFA franc is pegged to the euro. Decisions are made by the Central Bank of West African States (Banque Centrale des États de l’Afrique de l’Ouest, BCEAO), which has maintained generally low inflation rates during the past few years. This trend was interrupted in 2008, when inflation in the CFA region rose to 5.6%. In Mali, growing conditions and food production are the most influential factors for inflation. Although these factors remained favorable, and the government took measures to offset the rising cost of living in 2008, Mali nevertheless saw a sharp jump in consumer price inflation, from a real rate of 2.3% in 2007 to 8.8% in 2008. That represented the highest inflation rate in a decade, due to the global increase of food and oil prices. International financial institutions, such as the IMF, estimate that prices will lower in 2009 and reduce the inflation rate to approximately 3%.

Anti-inflation /
forex policy

In principle, Mali has a stable macroeconomic framework under the current political leadership. Cooperation with the IMF and World Bank as well as other international donors is the backbone of macroeconomic stability. The fiscal deficit amounted to 3.6% of GDP in 2008 and was financed by international credits. Macroeconomic growth constitutes one of the main pillars of the new national strategy to reduce poverty, the Strategic Framework for Growth and Poverty Reduction (Cadre Stratégique pour la Croissance et la Réduction de la Pauvreté, CSCR), which lasts from 2007 to 2011. In June 2008, international donors pledged \$6.2 billion (2008 – 2012) to support the implementation of the CSCR in particular and economic growth in general. In 2007, an election year, President Touré launched a parallel program for economic development, the Malian Project for Economic and Social Development (Projet pour le développement économique et social du Mali, PDES). At the time of this writing, it remained unclear whether PDES would compete with CSCR or whether the government would integrate it into the CSCR. However,

Macrostability

PDES runs the risk of becoming a cosmetic policy tool of the Touré administration. All in all, as long as outside funding such as debt relief and development aid is available, the government shies away from internal controversies, which usually pre-empt a culture of stability.

9 | Private Property

Property rights and the regulation of the acquisition of property are well defined in principle, but there are problems with implementation due to widespread corruption in Malian bureaucracy. In the important area of the land rights, three major factors block implementation. Firstly, most land remains uncovered by allotment (even in municipal areas); secondly, ubiquitous corruption results in high additional transaction costs for anyone seeking a legal title; and thirdly, divergent concepts of property and customary access rights, particularly between nomads and the settled population, result in frequent clashes in rural areas. The World Bank estimates in its Doing Business Report 2007 that monthly revenue from the sales of land tripled from 2005 to 2006. General registration of property was eased in 2008 as a result of administrative reforms. Nevertheless, high costs for property registration remain, with Mali ranking as the fourth most expensive country in the world (21.3% of the property's value) in this regard. Reforms in this area were not on the political agenda in 2007 or 2008.

Property rights

Private companies form the backbone of the largely informal economy. However, state companies remain in some key sectors, such as electricity and cotton. The latter is the second-largest export good of the Malian economy (accounting for 17.5% of exports in 2007). As previously mentioned, several privatization processes are underway, but while progress has been made in the telecommunications (SOTELMA) and banking (BIM) sectors, privatization of the state-owned cotton firm CMDT has been stalled.

Private enterprise

10 | Welfare Regime

State measures guaranteeing economic inclusion or compensation are limited. Broad segments of society have insufficient health care and social infrastructure. There are almost no functioning capital-funded schemes to guarantee welfare. However, guided by the IMF, the Malian government has approved some reforms of the civil service pension fund in order to reduce its operating deficit. Moreover, the government has made an effort to reduce poverty and improve living conditions. But given its limited service capability, the Malian state is not able to combat poverty systematically on its own. For instance, Mali needed donor support to supply its population with rice during the food crisis in 2008. Not only international organizations but also non-OECD donors such as Libya and China granted food aid.

Social safety nets

At the same time, the government launched a long-term initiative to foster cultivation of rice in the Niger Delta (L'Initiative du Riz) in order to increase overall rice production. This initiative is supported by the US-American Millennium Challenge Account and the Chinese government.

In contrast to the state's ineffective social welfare system, private social welfare systems provided by the extended family are extraordinarily strong. Families generally provide support in the event of problems and form the core of a de facto safety net. In addition, donor-financed NGOs and Islamic welfare associations provide basic social services.

There are several barriers to equal opportunity in Mali. Malian society is based on personal connections, thus social differences play an enormous role and shape prospects for economic success. Women do not enjoy the same opportunities as men in Malian society. Structural inequality is legally anchored in the widely contested family law (Code de la Famille). However, girls' access to primary education improved in 2007 and 2008, with attendance rising to 45% of the eligible population. Moreover, women's engagement in the informal economy is widespread, since they are very often the ones who sell products at market. But women's high engagement is not reflected in their participation rates in state affairs. Although they occupy leading positions within the state bureaucracy, their presence in government (22% of ministers) and parliament (10% of all seats) is limited.

Equal opportunity

11 | Economic Performance

Mali enjoyed two years with an average growth rate of 2.8% (2006 – 2007). The government's economic growth strategy aims at an annual growth rate of 5% in 2009. This goal was reached in 2008 due to the effects of increasing global food and oil prices. However, while encouraging, these macroeconomic growth rates have to be seen against the background of three parallel developments likely to handicap economic growth. Firstly, continuing population growth will gravely hinder socioeconomic development. Malian women have an average of 7.1 children, leading to the third-highest population growth rate worldwide (2.7% per year). Consequently, while further decreases in GDP per capita are likely, this figure already dropped into negative growth (an average of -0.6%, or the equivalent of approximately \$360 per year) in 2006 and 2007. Secondly, Mali's economy continues to depend on external, uncontrollable factors, such as weather and commodity prices. Gold made up 71.5% of all export earnings in 2008, and accounts for 15% of state revenues. Since gold production and global prices are expected to fall in 2009, the gold sector is of major concern to the government. Thirdly, growth is hampered by endogenous factors, such as low productivity, high transaction costs and the misallocation of state resources, which means that the current favorable economic outlook is not based on a solid framework. Political stability is compromised by the uneven distribution of economic gains. Exact unemployment figures are difficult to obtain.

Output strength

According to World Bank data, the unemployment rate has averaged about 8.8% (2004 –2007). However, more than half of Malians are under the age of 15, and are thus not included in estimates of the overall labor force. Mali's main external source of funds is official financing. The economy runs a slight trade deficit (-1.1% of GDP in 2007). The IMF estimates a negative current account balance for 2009 (6.9% of GDP). Moreover, Mali has a low tax rate (15.4% in 2007) in comparison to other sub-Saharan states, which limits the government's room to maneuver. Debt relief has improved the ratio of external debt to GDP dramatically, from 65% in 2005 to an estimated 30.6% in 2008.

12 | Sustainability

Desertification, water pollution and the impact of increasingly variable climate conditions are among the country's major environmental problems. The river Niger, the country's most important source of life with regard to agricultural activities and fishing, is affected by a rise in water levels and overfishing. In practice, environmental problems have been inadequately addressed so far, despite a sophisticated legal framework. Not only is the right to a healthy environment and its provision by the state included in the constitution (Article 15), the government also set up comprehensive legal provisions in its environmental rules of 1998, the National Environmental Protection Policy (Politique Nationale de Protection de l'Environnement, PNPE). Although the government used PNPE as a crosscutting issue in its national growth strategy of 2007 – 2011 by linking it to agricultural policy, a functioning and effective institutional framework is not yet far advanced. Although the financial resources necessary for environmental protection and a politics of conservation are well under the minimum that would be needed to maintain the environment, and since in case of direct conflict economic topics tend to overshadow environmental ones, some promising trends can be identified. For instance, the share of spending allocated to environment protection is slowly but steadily increasing, and sectoral strategies in relevant issue areas such as sustainable land management are being formulated and promoted. Since OECD donors and U.N. organizations emphasize the link between development, environment and security, and recognize the increasing threat posed by climate change to the environment and land use in Mali, environmental activities in Mali are also being revised and enhanced.

Environmental
policy

Lack of education is one major factor in the country's relatively slow socioeconomic development. Between 2002 and 2005, 15% of state expenses were devoted to education, though this figure must be qualified by the allocation of OECD donor resources. Duplication of this share in 2009, as foreseen in the state budget, is rather unrealistic. So far, educational policies have shown only moderate results. On the one hand, input indicators show noteworthy improvements; for example, as measured by the UNDP, primary enrolment increased from 21% of

Education policy /
R&D

eligible children in 1991 to 51% in 2005. Here, the spread of state-regulated Islamic schools (médersas), funded partially by Arabic states, was decisive. Furthermore, given Mali's traditional culture, it can be considered a success that girls make up 45% of the students attending primary education. However, regular school attendance and examination remain major challenges due to regular and long-lasting strikes for better professional conditions by teachers and professors. The situation is further aggravated by a lack of trained professionals; only 2% of the Malian population has a university degree. On the other hand, output indicators remain extremely low. According to UNDP's 2006 development report, adult literacy rates have stagnated (18.8% of adults were literate in 1990, and just 20% in 2004) and youth literacy fell from 27.6% in 1990 to 24.2% in 2004. There is no significant spending for research and development in Mali.

Transformation Management

I. Level of Difficulty

Malian transformation processes are hindered by grave international and domestic structural constraints. Geographically, Mali's landlocked position complicates access to overseas markets and makes the country vulnerable to upheavals in neighboring countries (such as Côte d'Ivoire). However, massive foreign investments in physical infrastructure have improved the road network, with new connections linking Mali to Senegal and Mauritania, making trade easier. Domestically, Mali faces a striking socioeconomic cleavage between better-off urban areas and rural regions, where most of the poor people live. Heavily dependent on agriculture, Mali is hobbled by extreme poverty (according to the most recent World Bank data, 51.4% of the population lives on less than \$1.25 per day, and 77.1% live on less than \$2.00 a day) and the lack of an educated labor force. Also, the small pool of internationally trained experts prefers to work in government or with the international donor community instead of taking commercial risks. As mentioned above, education has received considerable international funding transfers, but these poorly managed funds have yet to yield notable results.

Structural
constraints

Mali's economic well-being requires consistent and sufficient rainfall, a delicate situation underscored by the drought crisis in 2004 – 2005. The country is highly vulnerable to climate changes, which are also very likely to affect the cotton industry. According to several independent studies, the cotton crop will diminish in the future. Food security declined dramatically from 2007 to 2008 due to rising world food prices (in Mali, the average inflation rate for food goods was 25% between 2007 and 2008). A high dependence on food imports (17.4% of total imports) and oil imports (33.3%) adds challenges to Malians' everyday lives. It is important to note, however, that Malian producers of sorghum, millet, and corn, will profit from increased world prices. Mali's domestic political situation has deteriorated, due to the continuing hostilities between Tuareg rebels and the government, which started in 2006. Involvement by regional rivals Libya and Algeria contributed to a complex regionalization of the conflict and limited the government's scope for maneuver. Mali's HIV/AIDS infection rate (1.5%) is much lower than in most sub-Saharan countries.

Civil society organizations mushroomed during the democratic change period of 1991 – 1992. Ever since, they have contributed to a strengthening of pluralism in Malian society. Previously, syndicates were the only form of permitted associations, though these were often co-opted by the authoritarian regime. Despite this fact, unions (especially of peasants, educators and women) were the first to openly oppose the one-party system, contributing to Moussa Traorés' weakening. Since 1991 an “NGO business” has emerged, thanks to the massive financial support of international donors. As mentioned above, NGOs function as non-benefit welfare-oriented organizations as well as small enterprises, serving the economic ends of individuals as well as their ostensibly wider purpose.

Civil society
traditions

In addition, associations and NGOs play an important political role. As national democratic institutions – particularly the parliament – remained weak after 1991, civil society became a fourth pillar of Malian politics. Although not authorized to sanction state action, they frequently function as watchdogs of Malian politics. In this they have been successful by exerting public pressure, as during the formulation of the most recent PRSP (2007 – 2011).

Malian society is characterized by tolerance and a political culture of dialogue. The former is very much emphasized in public discourse and is a source of pride for most Malians. Although society is ethnically heterogeneous, ethnically motivated cleavages are rare compared to other African societies. However, social tensions have increased significantly due to the socioeconomically motivated conflict between militant Tuareg groups and state authorities, which reemerged in 2006. In 2008, the nation stood several times at the edge of civil war. In this context, interethnic conflict grew between northern groups of the Songhai and Peulh on the one hand, and Tuaregs on the other. The former created a militia called Ganda-Izo to defend its populations proactively against Tuareg attacks. Notwithstanding these conflicts in the north, the majority of Malians benefit from a culture of tolerance and the aforementioned “jocular relationships” that facilitate communal relations. Local conflicts over land issues constitute another frequent source of conflict; for instance, a fatal dispute over land use emerged between two villages at the Malian-Guinean border at the end of 2007.

Conflict intensity

II. Management Performance

14 | Steering Capability

The government appears to be committed to democracy, and has aimed at an improvement of democratic and administrative institutions. However, the political leadership has limited steering capabilities with regard to prospective policies. There remains a disjuncture between the strategic aims of Mali's government and those of the donor-driven poverty reduction processes. This is clearly highlighted in the many roundtable discussions that have attempted to coordinate aid activities. Whereas the OECD donor community emphasizes synergistic and effective aid use, the Malian ministries focus on attaining the maximum amount of aid possible, to be dispersed under their respective structures. Institutional reforms aiming at canalizing foreign aid through a centralized agency have been brought forward very slowly. Although government and donor policy goals did begin to converge in the formulation process of the new CSCR, the national strategy to reduce poverty (2007 – 2011), at least with regard to a focus on macroeconomic growth and private sector support, clear differences persist. Food security is one prominent example. Following the food crises in 2004, 2005 and 2008, donors proposed a financially more efficient system of reduced physical national stocks and increased financial reserves. However, the government asked for additional funds in order to increase the physical stock since free food distributions render a sense of security to the local population – especially before elections. In 2008, China and Libya respectively granted additional funds for food and rice. Road maintenance is another example. Donors have had to put massive political pressure on the Malian government to include physical infrastructure maintenance in the CSCR and reserve funds for this task, which is all too often left to external financing. OECD donors have to closely monitor the government's commitments in agreed-upon areas such as decentralization, and build coalitions with reform-minded groups inside the country in order to push the agenda forward. The rent-seeking structure of government agents is deeply embedded, and is furthered by donors who are under political and budgetary pressure to disburse funds regardless of the efficiency of use. The lack of action against taken again criminal activities that have a detrimental effect on the government's budget does not give the impression of commitment to a socially responsible market economy. Foreign influence is high, but is often limited to setting the political and economic agenda. The government decides how far it is willing to implement such agendas. Nevertheless, the government is under high pressure to reconcile its own interests with the policy ideas of the international community. Thereby, democratic accountability is often undermined, since the

Prioritization

government must satisfy donors' interests, which might diverge from the peoples' concerns. Thus, caution must be exercised in judging Mali's government by its commitments to the international community.

Long-term policy priorities are difficult to gauge. Whereas employment and education constituted major policy aims in the period before 2006, President Touré focused on social housing and redistributive growth during his electoral campaign. According to the new PRSP (2007 – 2011), development of the productive sector, consolidation and continuation of institutional reforms, and enforcement of the social sector constitute major priorities of the government. These priorities are softened by the governments' program for economic and social development (PDES), which comprises a wider range of policy aims. In addition, a closer look at the government's steering capability during the 2007 – 2008 hostilities in the north reveals more of the government's ability to set and maintain strategic priorities. In the wake of the armed attacks, the government devoted considerable resources to dealing with the crisis. Despite domestic warnings, the government allowed repeated foreign intervention in the volatile north – including allowing the Libyan leader to meet with rebels – thus complicating the situation there. Mali was not able to avoid a major military confrontation. This episode underscores the political elites' short-term focus. Such short-term thinking becomes even more pertinent when considering the possibility of commercial energy exploration in the north, where an Australian organization has signed deals for several fields. This should be a compelling argument for treating the northern regions as an important strategic asset, to be given a high priority. Moreover, the government has no strategic plan in place to deal with the extraordinarily high population growth rate. If health policies successfully reduce infant mortality rates, this growth rate may even increase. Nevertheless, food security and the increase in agricultural production were unchanged policy priorities in 2008. The former corresponds with the perception of more than half of the Malians who, in an Afrobarometer survey of 2004, named food insecurity as the major problem to be tackled by the government.

Several programs aimed at the support of democratic institutional reforms, especially with regard to parliament, have failed due to implementation problems. In 2007, the government renewed its commitment to institutional reform in its PDES, and President Touré charged a commission (Diawara commission) with revision of institutional shortcomings. The commission presented its report in August 2008, aiming at a comparison between constitutional provisions and effective institutional functioning, and with recommendations that would slightly strengthen the already powerful executive. But whether these recommendations will be fully implemented depends on the effectiveness of the implementation commission, which will start work only in 2009. Moreover, success of any institutional reform will depend on the coordination and integration of the programs under the PDES, the recommendations of the Diawara commission and the forthcoming results of the African Peer Review Mechanism.

Implementation

The government's record in implementing economic reform is also ambiguous. One of the major macroeconomic goals – an annual GDP growth rate of 7% from 2007 on – was met neither in 2007 or 2008. Although this can be easily explained by external financial shocks in 2008, a future growth rate of 7% can hardly be expected without a consequent diversification of production. Although the implementation of the rice initiative made substantial progress in 2008, a trade-off between short-term reduction of prices for rice and a long-term increase in rice production limits this program's implementation success, thus undermining the goal of enhancing food security. Weak implementation has also characterized efforts to streamline administrative procedures so as to improve the business climate; this process risks resistance among the many government agents might thereby lose influence. Mali's respect for democracy, coupled with its present system of political consensus, makes it difficult to tackle controversial reforms.

In the period of national elections in 2007, no significant steps toward further reforms were taken. In 2008, the advances made in privatizing telecommunications and the state-run cotton enterprise CMDT quelled doubts as to the government's economic orientation. A law to privatize CMDT was passed through parliament. But privatization remains a difficult task, since it risks upsetting powerful domestic constituencies such as cotton farmers, trade unions or managers who profit from state-run enterprises. There have been some encouraging signs with regard to communal authorities providing more services to their citizens. The government's commitment to implementing reforms and the efficiency of the new strategies for poverty reduction and economic growth (PRSP and PDES) cannot be evaluated yet.

Mali's leadership responds to mistakes and attempts to correct failures, but its policy frequently remains stuck in the same routines. This has been exemplified by the administration of elections. Although different evaluations from the administration, civil society and the OECD donor community highlighted administrative and institutional challenges in detail, lessons learnt over the course of past experience remained poorly implemented in the organization of national elections in 2007. In another example, the Malian government has sought to integrate ex-militant Tuareg rebels into special military forces, tasked with securing the Sahelian borders. The failures of the disarmament and integration programs of the 1990s are widely ignored. Thus, mistakes are likely to be repeated, leading to future Tuareg uprisings. The high degree of media freedom as well as principally functioning markets give the government enough feedback to control the impact of its policies and eventually change its tactics. The government's record in terms of innovation is less positive. The high incidence of rent-seeking elites profiting from external funds makes it difficult to tackle some of the root problems of corruption. The political leadership has internalized the dependence on foreign aid to a very high degree, and does not seem willing to change this basic approach in favor of greater self-reliance.

Policy learning

15 | Resource Efficiency

Mali's resource efficiency is unsatisfactory. Twenty-six ministries for a country of 12 million or 13 million citizens is not a sign of frugal management. Furthermore, the ministries suffer from high absenteeism and a consensual style of politics that evades punishing civil servants. Auditing remains a serious problem for Malian ministries, despite strong foreign efforts to improve transparency in alliance with the Malian ministry of finance. Nevertheless, the work of the Public Auditor (Verificateur Général) has improved. Results of this office's annual report have triggered substantial public debate, and have forced ministries and offices concerned to explain themselves in public. Nevertheless, irregularities discovered in the audits were not punished. Although the government has committed to overhauling its institutional structures, there have been no palpable results. Government efforts concentrate mostly on transparency and consistency in budgeting figures once they have been entered into the system. Though this represents an improvement, it does not resolve the primary problem, namely the quality of the figures entered in the first place. Similar problems exist on the communal level, although transparency is easier to achieve in small communities once people are encouraged to follow finance flows.

Efficient use of assets

The high degree of interagency strife in Mali is directly related to the prevalence of overlapping responsibilities among the large number of ministries and donor agencies. Ministries often argue over project control and the ability to distribute favors to their constituencies rather than over actual policy content. The government fails to coordinate interests, and avoids conflict by allowing ministries to seek funds from international donors more or less directly. For example, in roundtables on agricultural development, various agencies frequently present new proposals without prior coordination. OECD donors, particularly those not involved in regular coordination activities, often act in parallel, thus facilitating a lack of policy coordination. However, overall coordination efforts have been improved in two areas, namely decentralization and electoral assistance.

Policy coordination

New support programs from China and Libya have aggravated policy coordination further. For instance, their support of the rice initiative and infrastructures run completely separately from OECD activities. Donor-financed NGO activities perpetuate policy coherence. During the last decade an "NGO industry" emerged and sought successfully for international finances. In 2007 the government reacted with a new law to regulate the financing of NGOs by means of a comprehensive report system. While civil society actors fear stronger control, only the future will tell whether the state has the capability to implement this law in practice.

The government of Mali has rhetorically avowed a strong commitment to fighting corruption. Nevertheless, corruption remains rampant at all levels of society and a rent-seeking mentality persists. There are three levels of corruption: 1) Small bribes are extracted by public officials in everyday life, which feeds resentment and threaten political stability; 2) Economic stakeholders are bribed to acquire contested public offers. Because this kind of corruption often entails a Malian “loser,” it occasionally becomes public and the guilty party is punished. This form of corruption occurs regularly in public procurement; and 3) Funds are embezzled of funds from donors. Unless donors themselves are vigilant in tracking funds, this form of corruption is rarely punished. The Public Auditor (Vérificateur General), an office set up to investigate but not prosecute cases, regularly complains about the lack of prosecution, despite identifying several cases with detailed evidence showing massive financial losses for the government. International institutions find corruption to be a severe problem in Mali. According to a household survey in Transparency International’s 2004 report, more than 88% of the general population believes corruption to be a major problem in the country. In contrast, asked to name a major problem to be tackled by the government in 2004, only 1% of the Malian citizens mentioned corruption.

Anti-corruption
policy

16 | Consensus-Building

Mali’s main political actors appear to be committed to democracy. Even in times of crises, there have been no calls for a return to any “strong man” whatsoever. This kind of commitment is more difficult with respect to issues related to a market economy. Consensus must be found between political actors, syndicates and strong associations from civil society. There have been delays and even reversals in privatizing major utilities, such as the state cotton company and the water and electricity provider. In addition, nobody questions the feasibility of imposing state planning for keys sector of agricultural production, as indicated in the government’s 2008 – 2009 rice initiative. There is a vociferous opposition to liberalization, which often reduces privileges among trade unions or the managers of state-run enterprises. If the current economic system does not deliver palpable benefits to the population, there could be a shift in economic and even democratic policy. The intensified debates over the country’s economic direction observed in the run-up to the 2007 elections, as well as debates over the government’s program for economic and social growth (PDES), were necessary and are to be expected. These discussions in no way undermine the strong consensus on democratic principles; rather, they foster pluralistic debates and the culture of opposition.

Consensus on goals

There are no actors that endanger democracy as such, but some groups do slow democratic consolidation. Firstly, Islamic leaders and associations have hindered liberalization by publicly vetoing the reform of the family law. Although they have no formal veto powers, their opinions are highly respected and followed by the majority of parliamentarians. Islamic players are committed to democratic practices, such as public deliberation, but they oppose some principles of democracy such as equal rights for women. In general, the threat of strong veto actors who challenge democracy as such is not an issue at the moment, as all groups publicly commit themselves to democracy, including the military. The behavior of the latter does not include anti-democratic activities. Nevertheless, in this context it must be noted that military officials are present at all levels of state administration and the government. This fact alone must by no means be taken to be an automatic threat to democracy, but indicates the presence of insider relations between these actors.

Anti-democratic
veto actors

The political leadership frequently appeals to national solidarity in times of crises, as during the difficult food crisis in 2008. There is plenty of political will to depolarize conflicts and create a sense of national identity that crosses socioeconomic and ethnic boundaries. In addition, Islamic and traditional leaders play an important role in conflict mediation. Political leadership regularly consults these figures on issues of public importance. Rebel activities in northern Mali have shaken society's peaceful foundations, and serve as a reminder of the divisive potential in the country. In 2006, the government tried to peacefully and rapidly de-escalate the conflict, in hopes of averting another civil war like that of the 1990s. It failed to do so, and fell back on military means in order to guarantee security and social peace in 2009. However, it must be kept in mind that militant Tuareg groups are not representative of this ethnic group as a whole, and that the so-called Tuareg conflict can be traced back to socioeconomic cleavages in society, which in turn lead to the aforementioned tensions between ethnic groups.

Cleavage /
conflict
management

Mali prides itself on its ability to create and solve conflicts peacefully by building a national consensus, though the recent resurgence of ethnic violence in northern Mali has challenged this consensus. The government's decision to sign the Algiers Agreement to end the hostilities has been heavily criticized as a shameful move, and is viewed as having rewarded the rebels for their violent behavior. In this context, the government's military offensive against militant Tuareg groups in the beginning of 2009 was widely appreciated by the political elite and society at large.

The state's overall efforts are undermined by its inability to curb corruption and offer basic services such as health and security, which creates a sense of frustration and exclusion among the poor, which is easily exploited by radical elements. Socioeconomic exclusion of the poor remains one of the gravest dangers to Mali's further democratic transformation.

Mali's political leadership takes into account and systematically accommodates the interests of civil society actors. This reflects the participatory character of many constitutional provisions, which lay the groundwork for civil society's institutional participation in the political system. This includes regular annual hearings featuring actors from civil society, consultation processes on all state levels on specific topics of public interest, such as the agricultural law in 2005, and other activities of a similar nature. In turn, civil society actors are very well organized and are vocal in Mali's political debates. The Western concept of civil society as opposed to governmental activity does not fully apply, since many important political figures in government rely not only on their official function or political affiliation but also run their own NGOs. Economic groups, such as the Chamber of Commerce, intellectuals, journalists and local representatives play an important role in deliberating and determining policies when and where they choose to engage.

Civil society participation

A reconciliation process focusing on past injustices, such as abuses of office by dictator Moussa Traoré and the events of the second Tuareg rebellion, has taken place. However, some old wounds have been reopened by the recent armed clashes in the north. It is too early to evaluate this situation.

Reconciliation

17 | International Cooperation

Mali cooperates closely with bilateral and multilateral international donors from the OECD world. Given the high degree of funding received, this comes as no surprise. According to the IMF, Mali receives \$82 in transfers per capita, which means that aid dependency has far more than doubled since 2000, when the per-capita figure was just \$36. This was the equivalent of 38% of GNP during the 2003 – 2005 period. In addition to OECD support, Mali has sought successfully to diversify its international relations through cooperation with China and India in Asia, as well as with Libya in Northern Africa. In particular, relations with China deepened throughout the last decade. China's support is made up mainly of unconditional concessionary loans and aid in infrastructure; for example, China financed the construction of a third bridge in Bamako, which is vital for the economy. Regarding technical assistance, China provides technical advice in rice production. Data on financial flows are not available. In turn, trade statistics demonstrate the intensification of Sino-Malian relations. According to *The Economist*, the share of Mali's exports destined for China nearly tripled in merely three years (from 12.3% in 2003 to 36.5% in 2007).

Effective use of support

The effectiveness of this support is limited, however. Problems with implementing a long-term strategy have emerged due to rent-seeking in the Malian administration and the inconsistency of policy. Donors contribute to this limited effectiveness of their support due to a lack of sensitivity to local conditions, and a lack of coordination between donor policies. Although some improvements have been made among OECD donors, support provided by non-OECD countries functions wholly separately from that of OECD structures. Most bilateral OECD donors have policy advisors linked with various Malian ministries and agencies. The IMF, the

World Bank and the Delegation of the European Commission play a crucial role in the economic reform process. This cooperation helps overcome technical problems, yet is limited when entrenched domestic interests are at stake. This applies to the privatization programs as well as to efforts by the Ministry of Finance to achieve a higher degree of transparency in budgetary procedures. The government has not yet fully tapped into the potential of using outside agents as allies in order to implement reforms. Altogether, outside actors could contribute in a positive way by openly acknowledging the problems of poor governance, instead of continuing to reward Mali with more financial assistance and aid.

Despite some degree of frustration over the lack of reform implementation, the Malian government has upheld a good reputation as a reliable partner in the international community. OECD partners stress Mali's ability to serve as a role model in terms of democratization. The Malian government has increased its credibility in its relations with the European Union through the inauguration of a Center of Migration, which aims at steering migration flows to EU states. It also participates in the United States' Trans-Saharan Counterterrorism Initiative (TSCTI). The Bush administration rewarded Mali's participation with additional support through the Millennium Challenge Account, a bilateral development fund. Mali's high credibility has been underscored by an increase in general cooperation with donors and of official development assistance. Also, new embassies have opened in Mali from 2007 on, including those of Iran and Libya.

Credibility

Mali's government is actively engaged in international and regional organizations, and promotes regional integration. Former President Konaré was the chairperson of the Commission of the African Union between 2003 and 2008. Mali has agreed to submit itself to a peer review by the New Partnership for Africa's Development (NEPAD). After a slow start in 2006, this peer review was eventually conducted in December 2008. The final report is expected in August 2009. Moreover, importance is given to international peacekeeping missions. The government continued to support a new training facility for international peacekeeping missions (École de Maintien de la Paix), which was installed in Bamako in 2006. Mali has contributed troops to peacekeeping missions in Burundi, Rwanda, Haiti, Darfur (Sudan) and the Central African Republic. The crisis in Côte d'Ivoire continues to pose a challenge for Mali, although the economy has adapted to using other ports as an alternative to Abidjan. The government has successfully avoided being drawn into this conflict despite strong interests, since roughly three million Malian citizens reside in northern Côte d'Ivoire. Cooperation with neighboring Senegal was strengthened through a border agreement that eases trade between the two countries. Following the resurgence of violence in the north, relationships with its neighbors in the Maghreb, Libya and Algeria have been strained. The government pursues a non-confrontational policy towards its more powerful northern neighbors at the risk of domestic controversy. In general, Mali promotes its democratic transformation as a role model for others in the "global South."

Regional
cooperation

Strategic Outlook

Mali has continued its process of democratic transformation, but economic progress remains weak due to major structural constraints. External factors, such as high dependency on foreign assistance and vulnerability to weather conditions, hamper socioeconomic growth. Internally, rent-seeking in the administration, relatively minimal levels of undiversified production and strong population growth constitute major challenges to economic transformation. Although all relevant actors and the population, by and large, appear to be committed to democracy, democratic institutional reforms, especially with regard to parliament and the judiciary, have to date been unsuccessful. Solidifying democratic practices and attitudes and strengthening the judiciary remain tasks for the future. If citizens continue to experience the frustrations of inequality rather than the economic benefits of democracy, their degree of approval for this system of government is likely to plummet in the long run.

In 2007, Touré's government launched a comprehensive reform project aimed at strengthening democratic institutions, economic progress, and social services. Effective implementation of these reforms will be the major task lasting until the end of Touré's mandate in 2012. He is not eligible for a third term after 2012; thus, political debate will be dominated by negotiations over reconfigured power constellations and the search for presidential candidates. The fact that both Touré and Alpha Konaré, Mali's first democratically elected president, were central and highly respected figures during the democratic transition of the 1990s will make it difficult to find strong and widely accepted candidates. Moreover, a lack of young leaders in Malian politics exacerbates this situation. Current and future politicians as well as the international donor community will have to continuously enhance the country's transformation strategy. Such an enhanced strategy must focus on four short- and long-term key elements: the political party system, ending the Tuareg conflict, socioeconomic development and the international (OECD) donor community.

In terms of the first issue, the status of the Citizens' Movement (Mouvements Citoyens, MC) must be clarified. Mali's system of political parties is today dysfunctional, since parties play only a marginally intermediary role, fail to aggregate popular interests and lack programmatic views. The rise of independent actors such as the MC has exacerbated parties' weaknesses. The MC is an agglomeration of influential individuals from all parts of society, with the primary goal of providing political support to the non-partisan President Touré. Members of the MC hold ministerial posts, parliamentary mandates and administrative positions. Against the background of a weak party system and an almost powerless parliament, the MC is likely to undermine legitimacy of democratic institutions and to further strengthen the executive. The MC's status is frequently debated in the press and among political parties. Reasonable fears that President Touré will use the MC to consolidate his political power beyond the end of his mandate in 2012 have been articulated in public debate.

In terms of the second issue, ending the Tuareg conflict, the resources of the central state should be decentralized, the disarmament and integration programs of the 1990s should be reevaluated, and regional cooperation must be increased. Hostilities between Tuareg rebels and security forces challenged the Malian authorities throughout 2008 by undermining the state's monopoly on the use of force. Although elements of the militant Tuareg groups have capitulated and the government's military offensive of January 2009 appeared to be successful, future Tuareg attacks can only be avoided if the state is committed to implement the peace agreements of 1996 and 2006, successfully integrating the Tuareg regions into state and society. So far, poverty remains very high in the northern regions, and many Tuareg earn a living by means of smuggling or the control of trafficking in the Sahel zone. Poverty might make individuals susceptible to the recruiting efforts of al-Qaeda militants, believed to be active in the region. Thus, the creation of alternative resources for their livelihood, such as employment and stronger support for economic development programs, would be commendable. In addition, Malian authorities must soon revise the disarmament and integration programs of the late 1990s. A long-term strategy for regional cooperation is necessary since, firstly, transnational networks between militant Tuareg groups exist (in Niger, for example); secondly, the influence of Mali's powerful neighbors to the north, Libya and Algeria, is high and increasing; and thirdly, the prospect of discovering oil or gas in the north is strong, which would render this region economically vital. While such discoveries could boost the economy, they might also increase political tensions.

In order to facilitate socioeconomic development, the third issue, anti-corruption measures must be strengthened, and an integrated and effective demographic, education and agriculture policy must be created. The country needs to address some basic challenges. Firstly, as long as population growth continues unabated, even significant growth will not translate into palpable poverty reduction. Moreover, studies have shown that high population growth rates hinder democratic transformation. Secondly, agricultural production remains very low, although more than two-thirds of the population is engaged in agricultural activities. Thirdly, the illiteracy rate of more than 80% reflects a crippling lack of education. Fourthly, a rent-seeking mentality permeates all levels of the governing class and hinders economic growth. This mentality is also responsible for the sharp contrast between the amount of development aid given to the country and the lack of improvement in output indicators. Tackling one of these problems alone will not bring socioeconomic growth. Thus, short-term prioritization of single policies, such as education in 2007 or agriculture in 2008 – 2009, must be replaced by a long-term strategy that integrates these policy fields in a coherent manner. This constitutes a challenge to the ruling authorities and the international donor community alike.

Finally, in terms of the fourth issue, the donor community must set realistic standards and increase engagement with non-OECD members on the ground. In general, instead of multiplying interventions, Mali's absorption capacity should be taken into consideration. The recent improvement in donor coordination among OECD countries is a step in the right direction. But the picture has become more complex, since non-OECD countries such as China or Libya have strengthened support for Mali in crucial areas such as agriculture and infrastructure, both traditional domains of U.S. and EU intervention. All in all, foreign actors should also be very careful not to blur the lines of responsibility for Mali's development, which is and remains the

sole responsibility of Mali's elected government, not of international actors. Social stability depends not only on the actual development of basic factors, but on the gap between expectations and perceived reality. Foreign actors often have raised expectations to unrealistic standards, feeding discontent and in the end threatening to erode the political freedoms gained in Mali over the last few decades. Outside actors could contribute in a positive way by openly acknowledging the problems of poor governance. There are enough forces in the country that desire change.