

BTI 2012 | Mali Country Report

Status Index	1-10	6.09	# 50 of 128	
Political Transformation	1-10	7.15	# 35 of 128	➔
Economic Transformation	1-10	5.04	# 81 of 128	➔
Management Index	1-10	6.19	# 25 of 128	

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

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

More on the BTI at <http://www.bti-project.org>

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Key Indicators

Population	mn.	15.4	HDI	0.359	GDP p.c.	\$	1065
Pop. growth ¹	% p.a.	3.0	HDI rank of 187	175	Gini Index		39.0
Life expectancy	years	51	UN Education Index	0.270	Poverty ³	%	77.1
Urban population	%	33.3	Gender inequality ²	0.712	Aid per capita	\$	75.7

Sources: The World Bank, World Development Indicators 2011 | UNDP, Human Development Report 2011. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) 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, represent an exception to this otherwise successful model of integration. Many people in these areas feel excluded from the country's development. Although the negotiated settlement of the second Tuareg rebellion in 1996 saw the government promise greater support for regional economic development, little if any of this has taken place. In 2006, violence flared 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. Only a major military offensive against militant Tuareg groups' bases led to an end to the open conflict in 2009. However, the conflict is currently better described as frozen than as truly ended in any sustained manner. Although most rebels fled or were defeated, the state's monopoly on the use of force remains incomplete due to the emergence of another conflict. The Algeria-based militant group al-Qaeda in the Islamic Maghreb (AQIM) has enhanced its presence in the Sahel zone and has persistently attacked Malian, Algerian and Mauritanian military bases, as well as the facilities of international actors, and frequently kidnapped tourists and aid workers between 2009 and 2010. Although President Amadou Toumani Touré's (popularly known as "ATT") democratically elected government has been successful with dialogue-focused methods in other conflict resolution contexts, a combination of short-term military measures and long-term socioeconomic policies will be needed to defeat AQIM. The majority of the population is not affected by the conflicts that take place in the remote and marginally populated areas in the north of the country.

Mali's transition to democracy is widely considered one of the most successful in sub-Saharan Africa, and the country constitutes one of six Muslim democracies worldwide (the others include

Albania, Indonesia, Senegal, Sierra Leone and Turkey) with a predominantly Islamic population. Formal democratic processes and institutions have been established and strengthened since the democratic transition 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 Bamako, the capital. 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 shape of the post-Touré political landscape now dominate the public spheres. Although some potential candidates for the majority party, the Alliance for Democracy in Mali – Pan-African Party for Liberty, Solidarity and Justice (Alliance pour la Démocratie en Mali-Parti Pan-Africain pour la Liberté, la Solidarité et la Justice, ADEMA-PASJ), have emerged, and the well-known but weak opposition candidate Ibrahim Boubakar Keïta will seek the president's office, the prospect of stable political leadership remains unsure. The young democracy lacks integrative and experienced politicians able to follow Touré in office. Political constellations will change in 2011, in particular because a new political party, the Party for Economic Development and Solidarity (Partie pour le Développement Economique et Solidarité, PDES), was founded in autumn 2010. The independent president supports the PDES, which has pursued an ambitious and already successful strategy of information dissemination.

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 guaranteed, although agricultural production was improved in 2009 and 2010 and the government's rice initiative continues to be successful. In this area, the Malian government reacted immediately to the increase in global food prices in 2008. Some Malian grain producers profited from increased world prices. If the Malian agricultural sector continues to grow and is not affected by major external shocks, production in the Niger delta might produce enough cereals to feed the local population and increase regional exports. The most important export commodity is gold. In the short run, the Malian economy will profit from increased global gold prices and foreign investments in gold production, but in the long run, economic growth based entirely on gold production is not sustainable. 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 2009 and 2010. There is very little private investment, since most external financing comes from official sources, and Mali continues to benefit from large aid transfers. Despite the massive injection of foreign aid and the positive economic figures of the past two years, the country remains at the bottom of the Human Development Index.

History and Characteristics of Transformation

Mali's transformation toward a market-based economy began in the 1980s under 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 decline in 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 by 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 part of the country and has since been accelerated. During this period, the government dismantled state-owned enterprises in sectors such as electricity, water, textiles and telecommunications, and relieved the market of state pricing restraints. 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 reelected in 1997. He then abided by the clause in Mali's constitution limiting presidents to two terms, stepping 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 fund was to be invested primarily in education and health. While investments in education have yielded initially positive results, the health sector still displays considerable weaknesses. 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. Overall, Mali will not reach its mid-term socioeconomic development objectives due to fundamental structural constraints. Moreover, unrest in the Sahel zone linked to attacks by the Algerian-based AQIM terrorist organization and

the activity of small militant Tuareg groups in the northeast threaten the country's future prospects for stability and growth.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 10 (best) to 1 (worst).

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

Controlling the entire Malian territory is almost impossible given the extent and remoteness of the Sahara, which covers almost two-thirds of the country's territory. Against this backdrop, the state's monopoly on the use of force is established in principle but challenged by a long-running conflict with Tuareg groups and a recent transnational conflict with the Algerian-based radical Islamist group AQIM. Both conflicts are located in the northeastern part of the country. Though the Malian state was successful in settling the majority of the Tuareg conflict by 2009, the transnational attacks have intensified.

Monopoly on the
use of force

6

With respect to the Tuareg conflict, the Malian government intensified its military activity against Tuareg camps in early 2009, only after fighting came as close as 500 kilometers to the capital, and after the kidnapping of European tourists early that same year. The subsequent offensive destroyed one of the main Tuareg camps near the border with Niger in January 2009. As a consequence, Tuareg leader Bahanga fled to Libya. By the end of 2009, the military established control over important parts of the territory. The conditions for Bahanga's return were being negotiated at the time of writing. The government hopes that Bahanga, as one of the figures most able to keep the conflict alive, will support the peace process by joining the Sahel task force of the Malian army. Although open to negotiation, Bahanga continues issue rhetorical threats to the Malian state. Rumors say he started to strategically reorganize and strengthen his troops in the beginning of 2011.

Meanwhile, the radical Islamist group al-Qaeda in the Islamic Maghreb (AQIM) has been exacerbating the volatile situation in the Malian Sahara since 2009, expanding its sphere of criminal and terrorist activity from Algeria and Mauritania to include Malian territory as well. AQIM has sporadically attacked Malian military and police posts and kidnapped European and Canadian aid workers and tourists. Open conflict

between Malian authorities and AQIM fighters further escalated in 2010. Nevertheless, the Malian government under President Amadou Touré retained its strategy of dialogue and consensus-building, while allowing Mauritanian and Algerian military forces to combat AQIM fighters proactively on Malian territory.

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. The majority of Malian citizens affirm the official concept of the nation-state. However, this identity has failed to fully include the nomadic Tuareg, Moor and Arab communities in the remote northeastern part of the country. While the Tuareg community as a whole accounts for 5% of the Malian population, some Tuareg groups question the current political status quo. Despite political tensions caused by 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 to particular forms of social or political exclusion in the sense of citizenship rights.

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 and act according to democratic procedures. Violence and radical ideals as expressed by AQIM are strongly and decisively condemned by Islamic leaders and believers. Nevertheless, religious and traditional leaders and associations play an influential role in politics, using legal and institutional provisions to do so. 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 opposition to bringing women's rights closer to a status of equality. For the first time, religious actors have participated proactively in pre-electoral debates in the run-up to the 2012 presidential elections. 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.

State ministries and their regional and local representatives in eight regions and 703 municipalities are established across 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 began in 1993. Nevertheless, the administration's strength still varies considerably across the national and local level. While the central administration is relatively more powerful, local administrations remain partially non-institutionalized, because plans to devolve resources to regional and municipal administrations have to date

State identity

9

No interference of religious dogmas

8

Basic administration

5

been insufficiently implemented. Overall, the administration's ability to deliver anything but the most basic services remains very poor.

2 | Political Participation

For the most part, elections are conducted in a free and fair manner. Problems occur in administration and organization, and with respect to the population's understanding of the electoral process. Despite a formally established institutional framework, electoral administration and organization is inefficient and as yet lacks a routine process. Given the low level of education and the presence of a consensus-oriented political culture, citizens often lack understanding of electoral procedures. Both factors make the electoral system prone to electoral fraud. Moreover, voter turnout remained low in the 2007 national elections, reaching 36.2% in the presidential election, and 33.4% and 32.2% respectively in the first and second rounds of the legislative elections. In 2009, participation increased to an overall 43% in the municipal elections, although rates differed between the remote northern areas (up to 93%) and urban centers (up to 20%).

Free and fair
elections

9

President Amadou Toumani Touré ("ATT") was reelected as head of state in the first round by an absolute majority (with 71.2% of the vote) in April 2007. Initially, 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 in early 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. Legislative elections took place on July 1 and July 22, 2007, with the president's coalition gaining 115 of 147 seats.

In principle, elected rulers have the effective power to govern without undue hindrance by the classical veto players (which in the Malian historical context include the armed forces, parts of the economic elite, farmers' associations and labor unions). More precisely, Mali's formally semi-presidential political order is shaped by a high concentration of effective presidential powers. Nevertheless, ATT launched a constitutional reform project in 2009 which aims at limiting the executive's power. A referendum on constitutional reform will be held before the presidential elections in the first half of 2012. 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 interfere substantially in state affairs and make power holders accountable to them as well as to their citizens.

Effective power to
govern

8

The Malian military played an important role in the overthrow of authoritarian president and military 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 span the political regime, up to and including President ATT himself, 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 helped to shape social life. By the end of 2010, 8,542 associations and more than 123 political organizations had been officially registered. 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 education and labor sectors, have become a legitimate form of expression under democratic rule. Muslim groups have become more active in the public sphere during the ongoing debate over the family law (code de la famille).

Association /
assembly rights
9

Mali is widely considered to be one of Africa's most liberal societies with regard to freedom of expression and the media. The Reporters Without Borders' 2011 Press Freedom Index rated the country as "free" (rank 30 out of 175) as does Freedom House's Global Press Freedom Index (rank 52 out of 196). The most recent cited incidents limiting the freedom of speech date from 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, were the subject of protests. In 2007, an anonymous writer called the "Sphinx" renewed 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 any systematic repression of freedom of expression.

Freedom of
expression
8

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. At least 130 radio stations can be found across the territory. Printed media plays a minor role for the majority of the population. Nevertheless, 30 weeklies and half a dozen daily 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. Consequently, the executive branch has often ruled without meaningful oversight by parliament. Although civil society groups have assumed the functions of supervising and criticizing the executive, this is no substitute for effective institutional control. Moreover, the parliament's right to determine the national budget is regularly undermined by the spending restrictions imposed by international donors. Until 2007, President Touré pursued a path of formalized consensus politics (*Consensus pour l'Unité Nationale*), seeking to incorporate all opposition parties into government. Following the national elections in 2007, an official opposition has emerged. However, this holds only a minority of 12.9% of parliamentary seats (as opposed to 76.9% held by the president's coalition) and thus cannot exert effective control. Further fragmentation of political parties in the run-up to the 2012 national elections limits the ability to oppose the government's policies. A particular political culture of consensus politics undermines the general idea of strong opposition forces. For instance, the planned 2011 constitutional reform foresees the institutionalized integration of the opposition leader into the national government.

Separation of powers

5

The Malian judiciary is weak and subordinated to political authorities. On the local level, traditional customary institutions often substitute for state judicial power. The coexistence of state and customary law systems presents challenges to the establishment of 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 2009. In organizational terms, a lack of professionalism and material resources hinders the further evolution of judicial functions. In addition to traditional law institutions, corruption also undermines the judiciary.

Independent judiciary

5

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*) serve as useful foundations 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 rule. In contrast, the Public Auditor's annually published list of crimes, such as embezzlement of state resources in the administration or misuse of resources within the rice initiative in 2008 and 2009, have been only partly addressed. However, the Public Auditor's political and financial resources were increased in 2008, with the intention of strengthening the office's capacity to monitor implementation of its annual

Prosecution of office abuse

4

recommendations. The government increased the number of staff within the auditor's office, fostered the integration of the auditor's results in the national policy process and encouraged recourse to the courts. Nevertheless, legal processes remain slow and implementation is particularly weak on the subnational level. Abuse of public office is regularly reported and condemned in the press.

In principle, 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 of children, persist with particular problems in the northeastern parts of the country. Child labor is widely accepted as a result of widespread poverty. Women are the largest social group exposed to civil rights violations. Although international efforts have been made to improve the legal and social status of women, 89% to 94% of Malian girls still suffer genital mutilation (FGM), and women are put at a legal disadvantage by the current family law (Code de la Famille). This law legitimizes discriminatory acts, such as limiting access to land ownership for women or the "lérivat" (making women essentially inheritable, through the marriage of a widow to a relative of her deceased husband). Since 1996, Islamic associations, including men and women, have successfully opposed reform of the family law. A legal initiative that sought to ban and exact penalties for FGM failed in 2009.

Civil rights
8

4 | Stability of Democratic Institutions

Democratic institutions perform their functions relatively 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 and pass legislative projects, 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 28 ministries. 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 showing palpable results. International donors show a tendency to weaken the performance of democratic institutions. Although they financially and technically strengthen state organs and administrative structures, they undermine them by substituting their own functions. Some ministries' main aim has been to acquire as much external financing as possible in order to increase their influence and satisfy their respective clients.

Performance of
democratic
institutions
7

Apart from the Tuareg rebels, who represent only a small part of the Tuareg population (which itself accounts for 5% of Malian population), and AQIM fighters, few of whom are Mali citizens, the key political actors by and large accept democratic institutions. The largest hindrance remains in the judiciary, since the fair trial principles enshrined in Mali's laws are often ignored by the police or arbitrarily applied. Military and religious actors also support democratic institutions. Although the latter publicly condemn the behavior of political elites on moral grounds, they do not question democratic institutions. Worries that the unelected Citizens' Movement (Mouvement Citoyen, MC), created to support non-partisan President Touré, would systematically undermine the legitimacy and representative functions of political parties, have abated since early 2010.

Commitment to
democratic
institutions
8

5 | Political and Social Integration

Mali's political party system 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 the levels 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 have shown a readiness to cooperate with each other.

Party system
5

In parliament, 14 of the more than 133 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 Rally for Mali (Rassemblement pour le Mali, RPM) fail to aggregate broad social interests. In the run-up to the 2012 presidential elections, a new party, the Party for Economic Development and Solidarity (PDES), was created in 2010. It is not a coincidence that the abbreviation and the name of the party are the same as independent President Touré's government program for development, which was launched in 2008. President Touré supports the new party and it is likely that he will play a major role in the party after the 2012 presidential elections, which constitutional term limits (Art. 30 of the Malian Constitution) bar him from participating in. Showing considerable contrast to the capacities and financial resources of other new Malian parties, the PDES had begun a wide-reaching regional outreach strategy early in 2011.

Party splits are common, and volatility is high. Nevertheless, it has become common to form larger groups to support presidential candidates during elections. However, once election day has passed, these groups' existence takes on a largely

formal character. For instance, the Alliance for Democracy and Progress (Alliance pour la Démocratie et le Progrès, ADP), a coalition of 43 political parties, remained the strongest political alliance in the 2007 elections, but split into several parliamentary groups in the legislature. Facing the end of President Touré's mandate in 2012, political parties had already begun to debate power constellations by the second half of 2008. This was accompanied by continuing party fusions as well as splits. In particular, splits and further fragmentation have weakened the only strong and competitive opposition party, RPM. The party system has continued to be weakened by two additional trends since the last elections in 2007. First, the number of independent individuals serving in government and parliament increased between 2002 and 2007 (from six parliamentary seats in 2002 to 15 seats in 2007). A similar increase could be seen following the municipal elections of 2009. Second, an ongoing link between engagement in civil society organizations and political party participation 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, education) activity. Except for militant Tuareg groups and the AQIM, these interest groups tend to fall back on negotiation when conflict with the government arises. Diverging interests in Mali are balanced through three particular means. First, a dialogue-based political culture of consensus dominates. Second, a system of so-called jocular relationships 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 for foreign observers to detect social conflicts, which often disappear behind the "veil of consensus." Third, a culture of public protests was established during Mali's democratization, beginning in the early 1990s. In particular, protests within the education sector became routine. Religious actors also mobilized opponents of the new family code to protest on the streets of Bamako for the first time.

Citizens' consent to democratic norms remains relatively high. According to representative opinion polls by the Afrobarometer in 2008, 74.5 % prefer democracy to any other regime type. About half of the population says it is not satisfied with how democracy works in Mali, whereas 22% is highly satisfied (almost 30% is fairly satisfied). A healthy majority of 82% name democratic elections as the most important institution in choosing political leaders. However, this consensus could suffer from growing skepticism if palpable economic benefits are not delivered to the population. Half of the interviewees said they were in a very bad (18%) or fairly bad (44%) personal economic situation. However, many people noted that their personal economic situation had improved or was the same compared to their situation 12 months previously. Perceived infringements of civil

Interest groups
8

Approval of
democracy
8

liberties regularly spark protests, such as the aforementioned intimidation of journalists or the proposal of the revised family code.

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, 71% of Malians stated that one could trust in fellow citizens in 2008, whereas 20% thought that one must be careful of or not trust others at all (7.3%). 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 a whole. A robust network of civil society organizations such as NGOs and associations has been 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.

Social capital
8

II. Economic Transformation

6 | Level of Socioeconomic Development

Being poor in Mali is the norm, not the exception: According to the most recent data made available by the World Bank, 77.1% of Malians lived under the international poverty line in 2006 (earning less than \$2 per day). In the same year, more than half of the population (51.4%) lived in extreme poverty (less than \$1.25 per day). Overall, 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 limited (levels fell from 68% to 64% between 2000 and 2006). Despite steady macroeconomic growth, poverty reduction will continue to be limited due to fast population growth (an annual rate of 2.4% between 2005 and 2009, with estimates of 3.0% per year between 2009 and 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 20% of Mali’s population controls 46% of total disposable income, while

Question
Score

Socioeconomic
barriers
1

the poorest 20% controls only 5.6%. 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. The rise in food prices worsened the Malian situation in 2008. Providing food remains one of Mali's major problems – it is ranked 52th out of 84 countries worldwide in the Global Hunger Index 2010.

Despite having improved overall human development between 1980 and 2007, Mali's Human Development Index (0.309 in 2009) score remains lower than the African average (0.389). Compared internationally, Mali's level of human development is one of the lowest worldwide, scoring near the bottom of the UNDP's Human Development Index (HDI) in 2009, with the rank of 160 out of 168 countries. It must be also 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 progress toward 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		2007	2008	2009	2010
GDP	\$ mn.	7146.3	8738.1	8964.7	9251.4
GDP growth	%	4.3	5.0	4.5	4.5
Inflation (CPI)	%	1.4	9.2	2.2	1.1
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	0.8	1.5	8.0	1.6
Export growth	%	3.4	-	-	-
Import growth	%	3.0	-	-	-
Current account balance	\$ mn.	-581.1	-1066.4	-654.9	-
Public debt	% of GDP	21.7	21.6	24.2	28.3
External debt	\$ mn.	1825.7	2031.3	2070.7	2326.4
Total debt service	\$ mn.	63.4	69.0	68.2	61.1

Economic indicators		2007	2008	2009	2010
Cash surplus or deficit	% of GDP	-4.7	-1.7	-2.1	-
Tax revenue	% of GDP	14.9	13.3	14.7	-
Government consumption	% of GDP	10.3	-	-	-
Public expnd. on edu.	% of GDP	-	3.8	4.4	-
Public expnd. on health	% of GDP	5.8	5.6	5.6	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.2	2.0	1.9	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

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. Privatization of gold mining began in 2002, though the Malian state still holds stakes in gold companies. The privatization program supported by the IMF and World Bank has stalled at several points, taking steps both forward and backward. Although privatization of electricity and water provider EDM failed in 2005, one of the most prominent privatization attempts to date, Mali was successful in privatizing the Banque International du Mali (BIM), its second largest bank, at the end of 2008. In addition, public telecommunications company SOTELMA, which has attracted widespread international interest, was sold to Moroccan telecommunication company SOTEL at the beginning of 2010. In contrast, the privatization of CMDT, the public cotton enterprise, has been slowed by the company's large accumulated debts and problems in restructuring its four regional branches. As of the time of writing, three bidders had so far been permitted. The government and the IMF expected to privatize the company in 2011. According to the World Bank's annual Doing Business Report, Mali's ease of doing business improved from a rank of 162 in 2009 to 152 (out of 181) in 2011. This improvement is a result of the 2009 – 2010 action plan aiming to make the conduct of business easier. Formal procedures were improved, with reforms particularly aimed at attracting international business. Reforms were undertaken in five areas (reducing the time needed to open a business; reforming construction laws, improving protection for investors; facilitating trade across borders; improving enforcement of contracts). In addition, Mali amended its civil procedure code in 2009 and established a one-stop shop by merging four procedures into one. However, from the perspective of a Malian with an average income (\$680 per year in 2009), opening a business remains difficult, as the total cost amounts to 79.9% of

Market-based
competition
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the per capita GNI. Despite these formal changes, the informal economy remains large, with commercial activity 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.

Rules and regulations prohibiting monopolies and oligopolies exist, 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
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In principle, foreign trade is liberalized, but significant exceptions remain in transport, postal services, mining, fixed telephony, and the production and sale of electricity and water. Foreign trade is especially important to Mali because it is a landlocked country. Minimal physical infrastructure has 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, Guinea and Togo, and since 2008, with Ghanaian ports. Today, 30% of Mali’s trade passes through Côte d’Ivoire and 40% through Senegal. The Ivorian electoral crisis worsened trade conditions. As an alternative, the Malian Council of Shippers negotiated a customs agreement to use the port of Benin in 2010. This is expected to become an important future gateway for imports and exports. In order to improve its export strategy, Mali is currently establishing an Export Promotion Agency for Malian firms.

Liberalization of
foreign trade
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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 has pushed forward regional integration within the context of the West African Economic and Monetary Union (WAEMU) and the Economic Community of West African States (ECOWAS), aiming to facilitate its exports of livestock, cereals and other agricultural products. But agreements signed and designed to improve regional trade conditions have not yet been implemented. Mali enjoys ACP (the Group of African, Caribbean and Pacific countries) privileges under the Cotonou Agreement, and is currently negotiating an economic partnership agreement (EPA) with the European Union. However, the negotiation process has stagnated because government officials fear a loss of about 32% of Mali’s customs revenues under the current EPA format. Mali is eligible under the United States’ African Growth and Opportunity Act.

The institutional foundations for a banking system have been laid, but vulnerabilities persist due to extreme dependence on outside factors. There are 14 banks operating in the country. Although the second-largest bank, Banque

Banking system
7

International du Mali (BIM), has been privatized, the rate of foreign bank ownership remains low. The state and regional institutions such as the Banque Centrale des États de l'Afrique de l'Ouest (BCEAO) 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. But the Malian economy and financial sector quickly recovered from the limited impact of the international financial crisis of 2008. The capital-adequacy ratio was reduced from 10% in 2002 to 8.2% in 2010. Over the same period, the rate of non-performing loans grew from 19.5% (2002) to 23.5% of total loans. Financial sector reform, in particular of the taxation system, made little progress in 2010 and awaits implementation in 2011. Access to credit remains very difficult in rural areas. Large international microfinance institutions supported by donors serve the poor.

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 BCEAO (Banque Centrale des États de l'Afrique de l'Ouest), which has maintained generally low inflation rates over 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 factors with most influence over 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, attributable to the global increase in food and oil prices. Given very favorable growing conditions, the inflation rate fell to 2.2% in 2009 and 1.2% in 2010. However, international financial institutions such as the IMF estimate that rising global prices will push consumer inflation to 3.3% in 2011.

In principle, Mali has a stable macroeconomic framework under the current political leadership. Cooperation with the IMF and World Bank as well as with other international donors represents the foundation of macroeconomic stability, while growth and poverty reduction serve as the primary drivers of macroeconomic framework stability. The fiscal deficit amounted to 3% of GDP between 2008 and 2010. This was financed through international credits and privatization of the SOTELMA telecommunication company. The government and international financial institutions expect that the fiscal deficit will be balanced by external assistance from the US-American Millennium Challenge Account in 2011 and 2012. Macroeconomic growth constitutes one of the main pillars of the new national strategy to reduce poverty, the Strategic Framework for Growth and

Anti-inflation /
forex policy

9

Macrostability

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Poverty Reduction (Cadre Stratégique pour la Croissance et la Réduction de la Pauvreté, CSCRP), which lasts from 2007 to 2011. In 2009, international donors provided \$988 million (11% of gross national income (GNI)) to support the implementation of the CSCRP in particular and economic growth in general. President Touré's parallel program for economic development, the Malian Project for Economic and Social Development (Projet pour le développement économique et social du Mali, PDES) is based on the same growth model but focuses on social issues, agriculture and food security. The latter has gained particular importance in the current government's overall development strategy.

9 | Private Property

Property rights and the regulation of property acquisition are well defined in principle, but there are problems with implementation due to widespread corruption within the Malian bureaucracy. In the important area of land rights, three major factors block implementation. First, most land remains unallotted (even in municipal areas); second, ubiquitous corruption results in high additional transaction costs for anyone seeking a legal title; and third, divergent concepts of property and customary access rights, particularly between nomads and the settled population, result in frequent clashes in rural areas. The opposition has accused the government of supporting land grabs. Supposedly, the government has sold more than 2 million acres of land to China, Libya and South Africa since 2003. Accordingly, 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 fifth most expensive country in the world (20% of the property's value) in this regard.

Property rights
6

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 Malian economy's second-largest export good and accounted for 5.9% of exports in 2010. Compared to previous years, total production increased while the share of overall exports decreased due to increased gold productivity (the largest export good). As previously mentioned, several privatization processes are underway. While progress has been made in the banking (BIM) sectors, privatization of the state-owned cotton firm CMDT has been stalled, but seems to be accelerating in 2011. The formerly state-owned telecommunications company SOTELMA was sold in early 2010.

Private enterprise
6

10 | Welfare Regime

State measures guaranteeing economic inclusion or compensation are limited. Broad segments of society have insufficient health care and access to social

Social safety nets
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infrastructure. There are almost no functioning capital-funded schemes to guarantee welfare. However, guided by the IMF, the Malian government has approved some reforms to 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, the Red Cross tripled its relief aid budget to Mali in 2010 to guarantee a minimum of food security in the northeastern regions. It did so despite a successful long-term initiative to foster rice cultivation in the Niger Delta (L'Initiative du Riz), as part of an effort to increase overall rice production. This initiative was first supported by the US-American Millennium Challenge Account and the Chinese government. It has now attracted international investors, in particular from Libya, China and India. While the Office du Niger controls 98,000 hectares of irrigated land, the Malian-Libyan enterprise Malibya is now exploring another 100,000 hectares of farmland.

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. The Report of the African Peer Mechanism (launched in 2010) also highlights the high social capital inhering in Malian society. 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 lack many of the opportunities open to men in Malian society. Structural inequality between men and women 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 enrollment rising to 77.7% of the eligible population. Moreover, women's engagement in the informal economy is widespread, since they are often the ones to sell products at market. But women's high commercial engagement is not reflected in their rate of participation in state affairs. Although they occupy leading positions within the state bureaucracy, their presence in government (21% of ministers) and parliament (10% of all seats) is limited. However, neither religious nor ethnic background hinders participation in Malian society.

Equal opportunity
4

11 | Economic Performance

Despite the global financial crisis of 2008 – 2009, Mali enjoyed two recent years with a growth rate of 4.7% and 5.1% (respectively 2009 and 2010). Price stability also improved, with inflation standing at 2.2% and 1.2% in 2009 and 2010. Overall, Mali's economic situation was marked by a successful agricultural season and substantial production of gold after 2009. Hence, the government was almost

Output strength
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successful in achieving its economic growth goals, which aimed at an annual growth rate of 5% in these years. This relative success was due to increases in the price of gold on global markets, new investments and policy shifts in the agricultural sector. Nevertheless, overall exports dropped, while imports increased from 2008 to 2009. Cereals are responsible for the largest single component of Malian GDP. However, while encouraging, these macroeconomic growth rates should be viewed against the backdrop of three parallel developments likely to handicap economic growth. First, continuing population growth will gravely hinder socioeconomic development. Malian women have an average of 7.1 children, leading to the world's third-highest population growth rate. The most recent General Population and Housing Census estimated a growth rate of 3.6% in 2009. Consequently, while further decreases in GDP per capita are likely, this figure dropped into negative growth as early as 2006. Second, Mali's economy continues to depend on external, uncontrollable factors, such as weather and commodity prices. Gold made up 57% of all export earnings in 2010 and accounts for 15% of state revenues. Since gold production and global prices are expected to rise in the midterm, the gold sector is of major concern to the government. Third, growth is hampered by endogenous factors, such as low productivity, high transaction costs and the misallocation of state resources. Despite improvements in the government's macroeconomic strategy, the current favorable economic outlook depends on the establishment of a more solid and sustainable framework. Political stability is compromised by the uneven distribution of economic gains. Exact unemployment figures are difficult to obtain and outdated. 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's overall deficit increased from 0.9% of GDP in 2001 to 5.7% of GDP in 2008. The IMF has observed an improvement in the negative current account balance (moving from -10.6% of GDP in 2007 to -9.3% in 2009). Moreover, Mali has a low tax rate (13% to 15.4% of GDP between 2000 and 2008), even in comparison to other sub-Saharan states, which limits the government's maneuvering room. Nevertheless, per capita taxation is higher in Mali than in most sub-Saharan states. 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 livelihood with regard to agricultural activities and fishing, has been affected by a rise in water levels and overfishing. In practice, environmental problems have been inadequately addressed to date, despite

a sophisticated legal framework. Not only is the right to a healthy environment and its provision by the state included in the constitution (Art. 15), the government also created 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 the PNPE as a crosscutting issue in its national growth strategy of 2007 – 2011 by linking it to agricultural policy, the creation of a functioning and effective institutional framework has not advanced far. 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 in cases 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.

Lack of education is one major factor in the country's relatively slow socioeconomic development. There is no reliable data despite the high relevance of education to the political and donor agenda.

Between 2002 and 2007, 12.8% of state expenses were devoted to education, though this figure must be qualified by the additional allocation of OECD donor resources. Malian authorities more than doubled these figures in 2008, publishing statistics showing that 31% of the national budget in that year went to education. 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 enrollment increased from about 26% of eligible children in 1991 to almost 80% in 2007 – 2008. 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 81 girls per 100 boys attend primary education. However, maintaining regular school attendance and examination schedules 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. The Malian government has sought to improve professional education, with 12% of the national education budget dedicated to technical and professional training. On the other hand, output indicators remain extremely low. According to the UNDP's 2009 national development report, adult literacy rates have made little progress (18.8% of adults were literate in 1990, and just 24% in 2008); a substantial cleavage between urban and rural alphabetization

Education policy /
R&D
3

rates remains. 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 Benin, Ghana, Senegal and Mauritania, making trade easier. Almost two-thirds of Malian territory falls into the Sahel zone, and droughts regularly hit the northeastern regions of the country. For instance, 40% of cattle died during a drought in 2010. Heavily dependent on agriculture, which makes up the largest share of national income, Mali's economic well-being requires consistent and sufficient rainfall. Although the humid inner Niger delta makes Mali better off than its neighboring states, the country is highly vulnerable to climate changes. These might undermine recent positive developments in agricultural production and the cotton industry. According to several independent studies, the cotton crop will diminish in the future. In contrast, food security improved in 2010 due to a successful government-run rice campaign. But a high dependence on food and oil imports challenges Malians' everyday lives. Mali's HIV/AIDS infection rate (1.5%) is much lower than in most sub-Saharan countries.

Domestically, Mali faces two main cleavages. First, there is a striking socioeconomic divide between better-off urban areas and rural regions, where most of the poor people live. 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% lives on less than \$2 a day) and the lack of an educated labor force. In addition, the small domestic 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, but these poorly managed transfers have yet to yield notable results. Second, a regional cleavage between the remote northeastern and central regions constrains an integrative political and socioeconomic transformation. This geographic and social constraint has aggravated an ethnic cleavage between the northeastern Tuareg communities and the other 95% of the country's population.

Structural
constraints
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Since 2006, Mali's domestic political situation has deteriorated. Traditional open hostilities between Tuareg rebels and the government lasted until 2009 and remain an unsolved issue. The emergence of AQIM criminal activities in the Sahel zone represented the opening of a new front for this group inside Malian territory. Entanglement between violent Tuareg groups and the AQIM threatens to deepen the cleavage between Malian central authorities and violent actors in the Sahel zone. Involvement by regional rivals Libya and Algeria has contributed to a complex regionalization of the conflict, further limiting the Malian government's scope for maneuver.

Finally, Mali is one of the most aid-dependent states in Africa. Socioeconomic development heavily depends on external resources. A structural constraint emerges from the double-bound accountability of the Malian government. It is effectively held accountable by powerful donors, while the domestic population's knowledge and capacities are too limited to hold the government accountable. Consequently, the Malian sovereign is often overruled by international donors.

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 Traoré's weakening. Since 1991 an "NGO business" has emerged, thanks to the massive financial support provided by OECD donors and NGOs. Muslim organizations represent an exception to this trend, as they are often financed by Arab states. 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.

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). Invited by donors and the Malian government, they were also engaged in the formulation of the new PRSP (2012 – 2015). Given this proactive invitation by state authorities and donors, civil society groups were participating, but at the time of writing were not acting as watchdogs.

Muslim organizations and associations have been playing a more active role since 2008. Institutionalized components of the Malian state such as the Higher Islamic Council (Haut Conseil Islamique) allow them to participate in political decision-

Civil society
traditions

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making processes, and they have shown particular influence in the debate over changing the family law (Code de la famille). In 2010, Muslim organizations successfully mobilized between 10,000 and 20,000 people to oppose the family law, for the first time sponsoring protests on the streets of Bamako. The proposed family law is perceived by some Muslim leaders and associations as incompatible with Muslim values and the Malian identity.

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. They also benefit from the aforementioned “jocular relationships” that facilitate communal relations. Accordingly, the report of the African Peer Review Mechanism (APRM, published in 2010) emphasizes the Malian culture of peace and tolerance. Although society is ethnically heterogeneous, ethnically motivated cleavages are rare compared with other African societies. Politics are consensus-oriented.

Nevertheless, the APRM report stresses that social tensions increased significantly between 2008 and 2010. This might require action by the government and its international partners to prevent the entanglement and escalation of the various outstanding conflicts.

First, although the socioeconomically motivated conflict between militant Tuareg groups and state authorities has been brought largely under control, AQIM has emerged as another heavyweight in the northeastern regions. This group has proved able to extend its activities in the Sahel border zone, with its criminal activities now affecting Algeria, Mali, Mauritania and Niger. To date Tuareg communities and rebel groups have distanced themselves from AQIM. But they are likely to share socioeconomic interests when it comes to securing the Sahel zone as a “paradise” for smuggling and trafficking activities (major “products” frequently smuggled through the Sahel include tobacco, drugs, cars, arms and human beings). Alliance-building to further criminal ends, as well as AQIM recruiting among young, unemployed men in the Sahel zone are likely scenarios. The Songhai Ganda-Izo militia, formed to proactively defend this population against Tuareg attacks in 2007, was not active in 2009 and 2010. Whether this group will reemerge as a party to the conflicts in the northeastern regions depends on the Malian authorities’ capabilities to foster peace, in particular by integrating Tuareg leader Bahanga into settlement plans.

Second, local tension over land issues and resources 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. More recently, intercommunitarian conflicts between Arabs, Tuareg and Songhai emerged in

Conflict intensity

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northeastern regions. These northeastern communities held a reconciliation meeting in August 2009.

Third, the education sector and the elections system are areas which are prone to the development of social conflict, particularly in the urban parts of the country. Students, teachers and professors were collectively one of the most active groups during the democratization movement at the beginning of the 1990's. Given the poor conditions facing students and professionals in the education sector today, they frequently complain that they are the losers of the democratization process. Protests and demonstrations paralyzing the Malian school and university system have become routine in urban areas. The state has so far failed to integrate this group and its concerns into the political system. Elections may also generate conflicts in the near future. The electoral commission has lost credibility since the national elections in 1997. A new organizational framework for elections will be established, and will be crucial for the forthcoming 2012 presidential elections.

II. Management Performance

14 | Steering Capability

The government appears to be committed to democracy and has aims of improving democratic and administrative institutions. It aimed at greater independence from the OECD's donor community in policy-making after 2008. President Touré formulated his own program for economic and social development (PDES, 2008 – 2012), which comprises a wide range of policy aims and goes beyond the donor-driven PRSP (2007 – 2011). Although the PDES serves as an instrument to show the president's commitment to its people and independence from international donors, it has not improved the quality of dialogue between the government and the people, since it was formulated in a top-down manner. However, the political leadership has limited steering capabilities with regard to prospective policies, as at least 40% of the Malian budget is donor-financed. The government is under substantial pressure to reconcile its own interests with the policy ideas of the international community. Democratic accountability is often thereby undermined by the government's need to satisfy donors' interests, which might diverge from the peoples' concerns. Critical urban elites and supporters of President Touré frequently and publicly criticize the government for its strong commitment to international donors' wishes instead of being fully committed to its people. Indeed, there remains a disjuncture between the strategic aims of Mali's government and those of the donor-driven poverty reduction processes. While the OECD donor community emphasizes synergistic and effective aid use, Malian ministries focus on

Question
Score

Prioritization
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attaining the maximum amount of aid possible for their own use and disbursement. Reforms aiming at channeling foreign aid through a centralized agency have been brought forward slowly. Meanwhile, the heterogeneity of the donors themselves hinders coherent policy-making and implementation. 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. For instance, despite the fragile food situation, agricultural production is not on the top of OECD donors' agendas but continues to be a major concern for the Malian government and its partners from the Asian and Arab world. In 2008, China and Libya each granted additional funds for the purchase or production of food and rice. At the same time, the government strengthened the Office du Niger, a state-owned rice cooperative in the Niger delta. International assessments and risk analyses agree that this strategy has been successful. The Malian government was able to reduce rice imports by increasing rice production by five times as compared to 2009 levels.

Overall, long-term policy priorities are difficult to gauge. This uncertainty is exacerbated by the fact that President Touré will leave office following the presidential elections of 2012, in accordance with constitutional provisions allowing the head of state to be reelected only once.

Several programs aimed at reforming democratic institutions, 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 (the Diawara commission) with the revision of institutional shortcomings. The commission presented its report in August 2008, aiming at a comparison between constitutional provisions and effective institutional functioning, issuing recommendations that would slightly strengthen the already powerful executive as well as the parliament. For instance, a second chamber was proposed in order to improve the representation of regional interests at the national level. A national referendum on constitutional reform is planned for the first half of 2011. While the government plans to implement the Diawara report, the more critical APRM report of 2009 was put aside, and might not be taken up again during President Touré's mandate.

The government's record in implementing economic reform is also mixed. One of the major macroeconomic goals – an annual GDP growth rate of 7% from 2007 on – went unmet in 2007 and 2008, but was adjusted downward to 5% in 2008. This can be easily explained by external financial shocks in 2008. Forecasters expect that Mali will continue to meet this 5% goal in the short term. Two factors constrain further success in implementation, however. First, the Office du Niger, the main implementation agency, has for years been criticized for corruption. If the government and judiciary fail to stop this corruption, the institution will not be

Implementation
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effective. Second, a trade-off between a short-term reduction in prices for rice and the planned long-term increase in rice production has limited 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 has met with resistance among the many government agents who stand to lose influence. Mali's respect for democracy, coupled with its present system of political consensus, makes it difficult to tackle controversial reforms.

Mali's leadership responds to mistakes and attempts to correct failures, but its policy frequently remains stuck in the same routines. This has been continuously exemplified by the administration of elections. Although various evaluations from the administration, civil society groups and the OECD donor community have highlighted administrative and institutional challenges in detail, lessons learned over the course of past experience remained poorly implemented in the organization of the national elections in 2007, and still need to be implemented for the forthcoming 2012 elections.

In another example, the Malian government sought to integrate ex-militant Tuareg rebels into the special military forces in 2009, tasking them with securing the Sahelian borders. In 2010, in cooperation with the European Union, the government started planning a program complementing the military strategy in the border region, aiming at fostering socioeconomic development in order to dissuade border populations from turning to criminal activities. Although these civil-military programs are convincing in theory, they ignore the lessons learned from the disarmament and integration programs of the 1990s. Thus, mistakes are likely to be repeated, leading to further consolidation and deepening of the cleavage between the Tuareg groups and the majority of the Malian people. The high degree of media freedom and the presence of mostly functioning markets give the government enough feedback to gauge 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 access to external funds and international investments in primary sector mega-projects makes it difficult to tackle some of the root problems of corruption. The political leadership has internalized 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.

Finally, Mali has adapted to external pressure from international OECD donors, and has learned from previous negotiation processes. The government has been playing a more self-confident role in its dialogue with international donors since 2009, in particular in the international dialogue over the composition of Mali's budget.

15 | Resource Efficiency

Mali's resource efficiency is unsatisfactory. Twenty-eight ministries for a country of 14 million citizens is not a sign of frugal management. Furthermore, ministries suffer from high absenteeism rates and a consensual style of politics that avoids punishing civil servants. Auditing remains a serious gap for Malian ministries, despite strong foreign and internal efforts, in alliance with the Malian Ministry of Finance, to improve transparency. However, the work of the Public Auditor (Verificateur Général) has improved, and has been more visible since 2009. This office's annual reports have triggered substantial public debate and have forced ministries and offices concerned to explain themselves in public. Nevertheless, irregularities discovered in these audits have largely gone unpunished. The government does not have a systematic approach to handling the irregularities pointed out by the Public Auditor. Although the government has committed to overhauling its institutional structures, there have as yet been no overall palpable results. However, improvements have been made within the financial management system. Government efforts have concentrated primarily 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. Decentralization experts have observed an improvement in resource use within some local administrations.

Efficient use of assets

5

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 working groups on governance or agricultural development, a variety of agencies frequently present new proposals without prior coordination. OECD donors, despite being involved in regular coordination activities, often act in parallel and pursue diverging objectives, thus deepening the lack of policy coordination. In particular, conditionalities for financial disbursements to the Malian budget are poorly harmonized, representing inconsistent donor policies. Given the OECD donors' role as strategic veto players in Malian policy-making, they indirectly hinder effective policy coordination within the Malian government. That said, overall coordination efforts have been improved in three areas, namely decentralization, education and electoral assistance. However, new support programs from China and Libya have increased the difficulty of policy coordination. For instance, their successful support

Policy coordination

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of the rice initiative and of infrastructure development has taken place completely outside the scope of OECD activities. Moreover, donor-financed NGO activities further undermine policy coherence. Over the last decade, an “NGO industry” emerged and successfully sought access to international financing. In 2007, the government reacted with a new law to regulate NGO financing by means of a comprehensive reporting system. But this law has had little effect due to the high number of uncoordinated and independent NGOs.

The government of Mali has rhetorically avowed a strong commitment to fighting corruption.

For instance, the Public Auditor (Vérificateur General), an office set up to investigate but not prosecute cases, has been financially and organizationally strengthened. The office’s annual reports received more public attention in 2009 and 2010 than in previous years. The Public Auditor regularly complains about the lack of follow-up prosecution, despite its identification of several cases with detailed evidence showing massive financial losses for the government. Separately from the Public Auditor’s report, some health grants issued by the Global Fund to Fight Aids, Tuberculosis and Malaria were suspended due to massive levels of corruption in 2009. Indeed, 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 threatens 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) Money is embezzled from donor funds. Unless donors themselves are vigilant in tracking fund disbursement, this form of corruption is rarely punished. According to a household survey cited 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 Malian citizens mentioned corruption.

Anti-corruption
policy

5

16 | Consensus-Building

Mali’s main political actors appear to be committed to democracy. Even in times of crisis, there have been no calls whatsoever for a return to any “strong man.” This kind of commitment is more difficult with respect to issues related to market economy development. Consensus must be found between political actors, syndicates and strong civil society associations. 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 key agricultural production sectors, as indicated by the

Consensus on goals

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government's ongoing rice initiative. There is vociferous opposition to liberalization, which often reduces privileges for trade unions or the managers of state-run enterprises. If the current economic system does not deliver palpable benefits to the broader population, there could be a shift in economic and even democratic policy. The intensification of debates over the country's economic direction observed in the run-up to the 2012 elections, as well as debates over the government's program for economic and social growth (PDES), are necessary and are to be expected. These discussions do not undermine the strong consensus on democratic principles; rather, they foster pluralistic discussion and might even lead to a strengthening of a culture of opposition.

There are no actors in Mali that endanger democracy as such, but some groups do slow democratic consolidation. First, Islamic leaders and associations have hindered liberalization by publicly and proactively vetoing the reform of the family law in 2009. Although they have no formal veto powers, their opinions are highly respected and followed by the majority of parliamentarians. Their interventions and public mobilization let President Amadou Toumani Touré refrain from passing the family law. Overall, their power is limited because they are fragmented in small groups and weakly organized. Consequently, and despite being represented in the state-run Higher Islamic Council (Haut Conseil Islamique), they pursue diverging interests. Islamic players are generally committed to democratic practices such as public deliberation, but they oppose some principles of democracy such as equal rights for women. Second, international donors intervene in Malian internal affairs and have de facto veto power in the formulation, budgeting and implementation of policies. In doing so, they indirectly and unintentionally hinder democratization. For instance, by holding the government accountable, they weaken the government's capacity to be accountable to the people.

Anti-democratic
actors

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In general, the threat of strong veto actors who challenge democracy as such is not an issue at the moment, as all groups including the military publicly commit themselves to democracy. The military's behavior does not include antidemocratic activities, but 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 as an automatic threat to democracy, but indicates the presence of insider relations between these actors.

The political leadership frequently appeals to national solidarity in times of crisis, as during the difficult food crisis in 2008 or the AQIM attacks on Malian territory. There is substantial 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. There are three structural conflicts that need particular attention; a regional divide between marginalized northeast and central regions that has manifested first in ongoing

Cleavage /
conflict
management

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tensions with Tuareg groups, and second in the rise of militant AQIM bandits. Third, equity of socioeconomic development remains poor despite economic growth.

AQIM's continuous attacks since 2009 and ongoing tensions with Tuareg leaders in northern Mali have shaken the society's peaceful foundations, and serve as a reminder of the continuing potential for conflict in the country. Mali prides itself on its ability to create and solve conflicts peacefully by building a national consensus, though the AQIM attacks and the periodical resurgence of Tuareg 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 Tuareg rebel groups at the beginning of 2009 was widely appreciated by the political elite and by society at large. In 2006, the government tried to de-escalate the conflict peacefully and rapidly, in hopes of averting another civil war like that experienced in the 1990s. It failed to do so, and in 2009 fell back on military means to guarantee security and social peace. As regards the transnational conflict with AQIM, the Malian government has pursued the same strategy. It first sought a negotiation-based solution, including the release of AQIM fighters from Malian prisons in return for French tourists who were being held hostage by the AQIM in 2009. Only a diplomatic crisis with Algeria and Mauritania caused a shift of the Malian strategy from negotiation-based actions to military actions. Malian military personnel are trained and supported by the U.S. American Trans-Sahara Counterterrorism Initiative to secure Malian borders and fight clandestine activities in the Sahel (human trafficking, smuggling of drugs, tobacco and other goods). Proactive military attacks against AQIM bases have mainly been led by Algeria and Mauritania. Mali plays a rather passive and reactive role, allowing Algerian and Mauritanian military activity on Malian territory instead of itself fighting back proactively against AQIM forces. However, it must be kept in mind that Tuareg rebels and AQIM groups are representative of neither Tuareg nor Arab groups in the north as a whole, and that these conflicts can be traced back to societal socioeconomic cleavages and border problems in the Sahel zone. From 2011 on, military activity will be bolstered by socioeconomic support programs aimed at tackling the conflict's underlying socioeconomic problems and cleavages. With regard to socioeconomic problems, the state's overall efforts have been 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. Those feelings are 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 accommodates the interests of civil society actors. This reflects the participatory nature of many constitutional provisions, which establish the basis for civil society's institutionalized participation in the political system. This includes regular annual hearings featuring actors from civil society, consultation processes at all state levels on specific topics of public interest such as the 2005 agricultural law, and other activities of a similar nature. In particular, donor-dominated processes such as the formulation of a new strategy to fight poverty (2012 – 2016) systematically integrate civil society organizations into their proceedings. But one must carefully analyze whether workshops and hearings allow civil society groups to engage in agenda-setting, deliberation and decision-making, or whether they are only "empty shells" designed to legitimize elite-driven national and international policies. For their part, civil society actors are 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
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A reconciliation process focusing on past injustices, such as abuses of office by dictator Moussa Traoré and the second Tuareg rebellion, has taken place. However, between 2006 and 2009, some old wounds have been reopened by the armed clashes between the government and Tuareg rebels in the north. Most rebel groups have since laid down their weapons and agreed to work toward a lasting peace. But this reconciliation process remains very fragile. First, there is a long tradition of armed Tuareg opposition against the Malian state that could be interpreted as part of the identity of some minor Tuareg clans. Second, lasting peace is likely to threaten the criminal economy flourishing in the Sahel zone. Reconciliation with Algerian-based AQIM groups is very unlikely as long as these do not succeed in recruiting additional members from among the Tuareg and Malian Arabs in the north.

Reconciliation
7

17 | International Cooperation

Mali cooperates closely with bilateral and multilateral international donors from the OECD world. As Mali is among the most aid-dependent states in sub-Saharan Africa, this comes as no surprise. According to the IMF, Mali receives \$75.90 (2008) in transfers per capita, which means that aid dependency has more than doubled since 2000, when the per-capita figure was just \$36. This was the equivalent of 38% of GDP during the 2003 – 2005 period. ODA per capita fell by 0.6% between 2007 and 2008 due to population growth. Relations between Mali

Effective use of support
8

and former colonial power France, one of the country's major donors, worsened in 2010. The Malian government insisted that it would accept the French conditions for development assistance only if France was willing to renegotiate its migration policy with Mali. No solution had been reached at the time of writing. Expanding beyond the OECD, Mali has successfully sought to diversify its international relations through cooperation with China and India in Asia, as well as with Libya in North Africa. In particular, relations with China have progressively deepened throughout the last decade. China's support is composed mainly of unconditional concessionary loans and infrastructure aid. For example, China is financing the construction of a third bridge in Bamako, which is vital for the country's economy. Additionally, it approved \$210 million in grants in 2010. Regarding technical assistance, China continues to provide successful technical advice in the field of rice production. Data on financial flows is not available. In turn, trade statistics also demonstrate the intensification of Sino-Malian relations. According to *The Economist*, the share of Mali's exports bound to China increased by five times between 2008 and 2009 (from 4.5% of total exports in 2008 to 21.3% in 2009). South Africa, Iran and Egypt are among other states that formally agreed to intensify ties and economic cooperation with Mali in the 2009 – 2010 period.

The effectiveness of international support is limited, however. Problems with implementing a long-term strategy have emerged due to rent-seeking and policy inconsistencies in the Malian administration. Donors contribute to this limited effectiveness through 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 provided by OECD countries. 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 has helped to overcome technical problems, yet is limited when entrenched domestic interests are at stake. This applies to the privatization programs. The government has not yet fully tapped 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 retained 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

Credibility

9

(TSCTI). The Bush administration rewarded Mali's participation with additional support through the Millennium Challenge Account, a bilateral development fund. Mali's high levels of credibility have been underscored by an increase in general cooperation with donors and of official development assistance.

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 and the final report was officially launched in autumn 2010. Moreover, considerable importance is given to international peacekeeping missions. Mali has contributed troops to peacekeeping missions in Burundi, Rwanda, Haiti, Darfur (Sudan) and the Central African Republic. The crisis in Côte d'Ivoire poses a continuing 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 3 million Malian citizens reside in Côte d'Ivoire. Following the resurgence of violence in the north, relationships with its neighbors in the Maghreb, Algeria, Libya and Mauritania, have been strained. Overall, the government pursues a nonconfrontational policy toward its more powerful northern neighbors, even at the risk of domestic controversy. Mali's opposition to the Algerian and Mauritanian military strategy in combating AQIM in the Sahel zone led to a severe diplomatic crisis between these countries. However, political negotiations and dialogue improved relations in September 2010. The three countries agreed on an intensified regional cooperation in the Sahel, including the creation of a joint military task force based in Algiers, Algeria. A joint operational unit was created in the southern Algerian city of Tamanrasset. In general, Mali promotes its democratic transformation as a role model for others in sub-Saharan Africa.

Regional
cooperation
9

Strategic Outlook

Mali has continued its process of democratic transformation, but economic progress remains weak due to major structural constraints. External factors, such as the country's high dependency on foreign assistance and vulnerability to weather conditions, hamper socioeconomic growth. Internally, rent-seeking within the administration, relatively minimal levels of undiversified production and strong population growth constitute major challenges to economic transformation. Democratic transformation will face a critical phase in the near future. Although all relevant actors and population groups by and large appear to be committed to democracy, democratic institutional reforms, especially with regard to the judiciary, have been unsuccessful to date. At the same time, the sustainability of political leadership has come into question. President Touré is not eligible for a third term after 2012; thus, political debate has come to be dominated by negotiations over reconfigured power constellations and the search for presidential candidates. As of spring 2001, the political establishment had been unsuccessful in finding a successor. 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 has made it difficult to find strong and widely accepted successor candidates. Moreover, a lack of young leaders in Malian politics exacerbates this situation. Solidifying democratic practices and attitudes and strengthening the judiciary remain tasks for the future. If citizens start to hold the state accountable for its socioeconomic performance (as during the food protests in 2008) and continue to experience the frustrations of poverty rather than the economic benefits of democracy, their degree of approval for this political regime is likely to plummet in the long run.

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: stabilizing the political leadership, strengthening the party system and the democratic constitution, ending conflict and minimizing criminal activity in the Sahel zone, and improving the efficiency of the international (OECD) donor community's actions.

First, the stability of political leadership as well as the potential of the newly created Party for Economic Development and Solidarity (PDES) must be clarified. Mali's system of political parties is today dysfunctional because parties play only a marginally intermediary role, fail to aggregate popular interests and lack programmatic views. National and international debates about the role of the independent Citizens' Movement (Mouvements Citoyens, MC) ended at the beginning of 2010, shortly before the creation of the PDES. Although very young and small, the PDES has important and strong supporters. Business men known as members of the MC also joined the PDES, with President Touré himself being the most prominent supporter. It is no coincidence that the "PDES" name is identical to that of President Touré's well-known and widely popularized socioeconomic development program. This might be a strategic advantage for the institutionalization of the party, but also for developing programmatic strength. At the

same time, the party's association with the figure of President Touré might challenge the democratic order if the current "Russian model" serves as an example (prolongation of influence by changing roles from president to prime minister). The future will show whether President Touré will use the new party to consolidate his own power base and indirectly influence Malian politics from behind the scene. Moreover, President Touré is planning a constitutional reform referendum for the first half of 2011. If the population endorses this reform, any new political leader after the presidential elections in 2012 will face the major challenge of implementing these reforms.

Second, reducing threats to stability in the northern regions will require a number of measures. Tensions with militant Tuareg groups must be diminished and AQIM attacks in the Sahel region ended, central state resources should be decentralized, the disarmament and integration programs of the 1990s should be reevaluated, Tuareg leader Bahanga must be successfully integrated into the peace process, and regional cooperation must be improved. AQIM's sporadic but continuous attacks against Malian military bases in the Sahel border region, the group's kidnapping of tourists and aid workers, and the bombing of the French embassy in Bamako all have threatened the Malian state's monopoly on the use of force. Although Mali is not AQIM's main target, the country is suffering from the effects of the group's attacks, which in the short term can only be addressed through military means. Given the weakness of the Malian military and the general reluctance of the country to resort to military force, the Malian government must rely on external support and work to improve regional cooperation further, in particular with Algeria and Mauritania. The joint task force and military bases created in autumn 2010 represent an important step in that direction. Most importantly, Mali should analyze existing ties between AQIM and Tuareg rebel groups and seek to prevent further entanglement of these partially criminal groups. In doing so, the joint interests of AQIM and some Tuaregs in securing criminal structures and activities in the Sahel should not be underestimated. Although the incidence of Tuareg attacks has substantially diminished, and Tuaregs laid down their weapons and agreed to pursue a peace settlement between 2009 and 2010, the structural conflict still remains. In the short run, a peace agreement with Bahanga, one of the most important Tuareg leaders, is necessary if the resurgence of open conflict is to be avoided. Bahanga announced that he wants to come back to Mali from his Libyan exile at the beginning of 2011. However, up to February 2011 he had refused to negotiate with Malian authorities. In the long run, future Tuareg attacks can only be avoided if the state is committed to implementing the peace agreements of 1996 and 2006, successfully integrating the Tuareg regions into state and society. To date, however, poverty rates remain very high in the northern regions, and many Tuareg earn a living by means of smuggling or involvement in trafficking in the Sahel zone. Moreover, poverty might make individuals susceptible to the recruiting efforts of AQIM militants. Thus, the creation of alternative resources for their livelihood, such as employment and stronger support for economic development programs as initiated in a joint program by the Malian government and the European Union, is to be welcomed. Nevertheless, both parties should study the lessons derived from the successes and failures of the disarmament and integration programs of the late 1990s.

Third, in order to facilitate socioeconomic development, 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. First, as long as population growth continues unabated, even significant economic growth will not translate into palpable poverty reduction. Second, agricultural production still remains low, although productivity increased substantially in 2010. These growth rates should be maintained, but are heavily dependent on external influences such as weather conditions. Third, the illiteracy rate of more than 80% reflects a crippling lack of education. Fourth, 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. In particular, the formulation of the future PRSP (2012 – 2016) should not drop the education sector as one of the top-priority areas for the Malian development strategy. President Touré's PDES program offers additional potentially successful agricultural strategies. The formulation and implementation of long-term policy priorities constitutes a challenge to the ruling authorities and the international donor community alike.

Finally, foreign actors have 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. Powerful OECD donors could contribute in a positive way to development by openly acknowledging the problems of poor governance. There are enough forces in the country that desire change.