Mali

<table>
<thead>
<tr>
<th>Status Index</th>
<th>Management Index</th>
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<tbody>
<tr>
<td>(Democracy: 7.35 / Market economy: 4.86)</td>
<td>6.10</td>
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<tr>
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<tr>
<td>GDP per capita ($, PPP)</td>
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<tr>
<td>Unemployment rate</td>
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<tr>
<td>UN Education Index</td>
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<tr>
<td>Population</td>
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<tr>
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</tr>
<tr>
<td>Women in Parliament</td>
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<tr>
<td>Poverty²</td>
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<td>Gini Index</td>
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A. Executive summary

Mali is a democracy with a relatively strong sense of stateness reinforced by the successful organization of the second nationwide communal elections in May 2004. However, the country’s northern region has remained largely beyond the control of the central state since the peaceful end of the second Tamashek rebellion in 1996. Traditional authorities continue to play an important role in the country’s politics, limiting democratically elected leaders’ scope of action. President Touré continues to rule via a coalition of national consensus with no clear opposition. The concept of separation of powers is weak.

No ethnic groups per se face discrimination and civil liberties are respected in principle. In practice, corruption is rampant at all levels of Malian society, which paralyzes the weak administration’s ability to function and curbs ordinary citizens’ access to their constitutionally guaranteed rights. Despite the ongoing process of decentralization, local administration performs poorly and many citizens are not covered by state services. Families and clans provide the base for social welfare.

The economy fails to deliver sustainable growth, which could reduce poverty (average growth rate 2000-2004: 3.4%). Mali remains at the bottom of the UNDP table (ranked 174th of 177 countries). Despite economic liberalization in the 1990s, 60 percent of the population continues to live in poverty. This is due to external factors such as climate, a crisis in neighboring Côte d’Ivoire, locusts, high dependence on oil and commodity prices, and internal factors such as low productivity, high transaction costs, and the misallocation of state resources.

Whereas gold production and prices developed favorably for Mali, the fall of cotton prices dealt the economy a heavy blow, as the state-run cotton company’s deficits must be covered by the state budget. In order to maintain social stability prior to an upcoming presidential election, President Touré postponed the agreed schedule for privatizing the cotton sector in summer 2004.
External factors beyond the state’s control, such as natural disasters, neighboring countries’ aggression or an HIV/AIDS epidemic, do not severely hinder the government of Mali. Problems such as staggering illiteracy and poverty do curb governance capacity, yet are subject to the state’s actions.

A distinct pattern of short-term interests in social stability and funds acquisition (whether aid or investment) overriding long-term interests persists in Mali. Nevertheless, the Malian government has prevented major unrest by balancing diverse interests and formulating compromises. Whereas the consensus to facilitate democratic structures and market reforms remains largely intact, life for the majority of the population has not improved.

No strategic vision exists for managing the problem of a growing population. Despite statements aimed at combating corruption, the government has failed to make significant progress here, resulting in a waste of state resources. The government exacerbates coordination problems between the high number of ministries and agencies by creating more administrative structures.

Despite economic stagnation, Mali’s government is regarded as a trustworthy actor in the international community and has worked hard toward regional integration in ECOWAS, the AU and NEPAD. Worth noting: Mali refrained from involving itself in the crisis in neighboring Cote d’Ivoire.

In a region beset by political extremism and violence, Mali stands out as a relatively peaceful country. Although incidents of violence such as kidnappings, armed robberies and assaults occur, they are not politically motivated. The potential for extremism lies mostly in the North, where high levels of common ‘criminal’ activities (i.e. contraband, smuggling, drugs) are observed and the spread of arms make it attractive for foreign extremists.

The Malian government lacks both the military means and the political will to control the North, knowing that moves to do so will lead to conflicts with criminal elements. With no viable economic alternative to smuggling, outside intervention could become a self-fulfilling prophecy and further radicalize the region. However, as long as all relevant actors heed this warning, it is unlikely that political extremists will emerge in 2006.

B. History and characteristics of transformation

Transformation toward a market-based economy began in the 1980s under the military dictator Traoré, who sought to cooperate with the IMF and liberalize the economy. However, popular resistance to austerity policies and the perceived enrichment of the political elite led to protests culminating in Traoré’s fall in 1991. Remarkably, the head of the military interim government General Touré stepped down and paved the way for free presidential elections.
The newly elected president Konaré concentrated on economic and political reforms. The negotiated settlement ending the second Tamashek rebellion (1992-1996) in the North counts as one of the government’s major political successes. Initially intended to grant the northern part of the country a degree of autonomy, decentralization began in the southern provinces and has since accelerated.

During this period, certain former state enterprises such as electricity and water, textiles, and telecommunications were dismantled and the market freed of state intervention in pricing. The latter proved particularly important for the agricultural sector, where unregulated prices served as an incentive to increase production. The mining sector was also opened to foreign investment, enabling commercial exploitation of Mali’s potential. The government established commercial courts and attempted to facilitate administrative procedures to attract foreign investment.

In the wake of a short domestic political crisis in 1997, President Konaré followed a stipulation in the Mali constitution limiting presidents to two terms and stepped down in 2002. This act strengthened faith in democratic procedures and enhanced Mali’s international credentials. The successor, General Touré, continued the process of economic and political reform.

Having qualified for the IMF’s “Highly Indebted Poor Country Programme” (HIPC) in 1999, Mali qualified for debt relief of roughly $540 million in 2003. According to Mali’s PRSP strategy formulated in 2002, this money was to be invested primarily in education and health. Fifteen years after national and international euphoria over the fall of the military dictator, Mali’s political success contrasts with its failure to bring economic growth with equity.

C. Assessment

1. Democracy

Despite continuing weaknesses in implementing democratic procedures, Mali’s progress toward democracy is strong.

1.1. Stateness

Since independence in 1960 and a short union with Senegal, Mali has enjoyed a much clearer sense of stateness than many of its neighboring countries. Combining the historic empires of the Mandé, Peul and Songhai, Mali has been relatively successful in creating a national identity. However, this identity failed to include the nomadic communities of the Tamashek, Moors and Arabs in the northern provinces, which resulted in two armed rebellions against the central authorities (1963, 1992-1996). Since the end of the second Tamashek rebellion in
1996, large areas of the country (roughly the zone north of the 15th parallel) remain beyond the state’s monopoly on the use of force.

Under the framework of the compromise reached in 1996, all citizens have the same civic rights and Mali’s constitution is not seriously challenged. Yet, a conflict exists between the state’s secular order and the religious reality, in which the state must respect religious and traditional leaders. This limits its scope for action, particularly on sensitive issues such as female genital mutilation and polygamy.

State ministries are weak and regional representatives of state power focus on tax collection and maintaining law and order. Thanks to decentralization, the state infrastructure and its powers are beginning to grow. However, the administration of the recently created communes is unable to provide anything but basic services. A large part of the population thus remains unincorporated by state infrastructure.

1.2. Political participation

General elections are held and accepted in principle as the means of filling leadership positions, albeit with limitations. Following low voter turnout (35%) in the 2002 presidential election, the constitutional court declared a large share of the vote invalid. Electoral processes were strengthened by well-organized nationwide communal elections in May 2004. In contrast to the 2002 elections, there were no boycotts and voter turnout was more than satisfactory (45%).

The power of elected leaders is limited by strong domestic veto groups and actors in the northern provinces as well as large agricultural entities such as the Office du Niger or the state-run cotton company CMDT. Islamic authorities and business interests exercise their influence in Malian government. The armed forces’ interests are also reflected in decision-making processes, as the president is a veteran.

There are no restrictions on the formation of political parties within the basic democratic order and the media exercises freedom of opinion. Given the high illiteracy rates (ca. 80%), television and radio are by far the most influential media forms. One state-run television channel exists and access to foreign channels is unrestricted. With more than 120 private radio stations throughout the nation, Mali ranks high among countries with the highest number of private radio stations expressing a diversity of viewpoints. Mali also has 42 newspapers in various languages.
1.3. Rule of law

While a de jure separation of powers exists, the executive branch in Mali is by far the most powerful. The legislature passes most laws almost unanimously, yet resists violations of its prerogative. As a whole, parliament acts in a way similar to legislations opposed to monarchs in the early days of European democracy. A recent example: the contentious debate over the privatization of the railway line from Bamako to Dakar. Having sealed the deal without consulting parliament and thus violating the constitution, the executive’s actions prompted stark protests and heated debates.

The judiciary in Mali is weak and subordinate to political authorities. Key issues such as corruption and embezzlement of public funds are dealt with by other supposedly independent institutions, hurting public faith in the system. According to an Afrobarometer survey conducted in May 2004, nearly 80% of Mali’s population is convinced that the judiciary gives preferential treatment according to rank and income. Corrupt officeholders are rarely punished unless they either offend other contenders for power, or are exposed in the press. Widespread corruption severely curbs citizens’ access to justice.

Despite these deficiencies, no massive violation of civil rights exists. Previous human rights violations by the former regime (pre –1992), is not a political issue in Mali.

1.4. Stability of democratic institutions

Despite a small population of 12 million, Mali has 27 ministries. Fraught with bureaucratic strife, the resulting friction and waste far exceeds that seen in Western democracies. For instance, the poverty reduction policy adopted in 1992 ostensibly provides all ministries an overriding strategic guideline. In reality, ministries compete fiercely for external projects and funding to be used at their discretion.

The acceptance of democratic actors is limited. Examples include: the plan by the Ministry for the Promotion of Women to combat female genital mutilation has yet to show significant results; traditional clans continue to wield great power in issues of property rights.

1.5. Political and social integration

With 92 registered parties, Mali’s party system is highly fragmented. Currently, there exists a government of “national unity” in which all parties claim support of President Touré, who himself refuses to either join or establish a political party.
Personality rather than policy-driven, parties change allegiances frequently and thus are weak in mediating between state and society.

A network of both economic (trade, agriculture, hunting) and ethnic (community of Lebanese origins, Peul) interest groups negotiate in the event of conflict. A so-called “jocular relationship” between ethnic groups serves to hold the country together.

Currently, protests are limited to labor and education issues and do not fundamentally question the constitutional framework. Protestors underscore democratic values in justifying the act of expressing dissatisfaction peacefully. This could change if democracy is perceived as incapable of delivering equitable economic growth.

Mali boasts a high number of NGOs and other groups. This high number is in part due to the availability of funding from foreign governments and non-governmental donors interested in improving the state’s weak capacity to deliver basic services.

2. Market economy

Although much more market-oriented than ten years ago, Mali’s economy remains unable to show growth with equity. Standing in stark contrast to Mali’s success in political reform, the weak economy could become the country’s Achilles’ heel.

2.1. Level of socioeconomic development

With almost 60% of the population living in extreme poverty (1990-2002: below $1), Mali suffers from a high ratio of social exclusion, exacerbated by the distribution of income. According to the UNDP Human Development Report 2004, the richest 10% of Mali’s population controls 40% of total disposable income, the poorest 20% only 1.8%. While poverty is much worse in rural areas, the high level of subsistence farming allows for living conditions better than figures suggest.

Mali ranks low on both the gender-related and the human development index. Religion and ethnicity per se are not factors of exclusion from society.

2.2. Organization of the market and competition

Despite economic liberalization begun in the late 1990s, the state retains control over the economy’s two major exports: cotton and gold. However, some
privatization measures (e.g. telecommunications) have led to price competition and improved services.

While a de jure institutional framework exists for the economy (e.g. legislation on cartels), its implementation is significantly curbed by corruption. Wholesale prices are often fixed in oligopolistic structures, retail prices are highly competitive and the informal sector is large and vibrant.

As a landlocked nation, regional integration and free trade with neighboring countries selling livestock, cereals and other agricultural products are crucial. The current trading regime within WAEMU (West African Economic and Monetary Union) and ECOWAS (Economic Community of West African States) is essentially favorable to trade. Problems such as poor roads, “fees” demanded at checkpoints and slow border crossings are the primary impediments to improved trade with politically stable areas. Mali benefits from the ACP privileges under the Cotonou Agreement with the EU.

Mali’s banks run small balances; the largest, Banque de Développement du Mali ranked 114 in Africa, according to Ecofinance magazine in 2003. While the banking sector has diversified somewhat, obtaining long-term credits remains difficult as most deposits are short-term. The rural population’s access to credit is made possible by the microfinance sector.

2.3. Currency and price stability

As a member of the CFA (Franc Communautaire d’Afrique), which is guaranteed by the French treasury, Mali does not control its own monetary policy. The central bank BCEAO (Banque Centrale des Etats de l’Afrique de L’Ouest) has authority over all major decisions and has maintained consistently low inflation rates in Mali. Sudden currency devaluations, such as 1994’s 50%, pose the greatest risk to the economy. Worries about devaluation lead to capital transfers abroad or into non-monetary assets within Mali.

The government of Mali works closely with the IMF and the World Bank to maintain macroeconomic stability by planning for fiscal discipline and making changes to budget allocations. However, delays in privatizing the state-run cotton company CMDT mar restructuring goals. The CMDT’s significant losses severely curb the government’s ability to implement sound fiscal policy.

2.4. Private property

In principle, property rights are well defined. However, in the important sector of land rights, three major factors block implementation: (1) much of the land remains uncovered by allotment; (2) ubiquitous corruption results in high
additional transaction costs for anyone seeking a legal title; (3) divergent concepts of property and customary rights to access, particularly between nomads and the sedentary population, result in frequent clashes in the countryside.

Private companies form the backbone of the economy, be it in the form of small and medium-sized enterprises or monopolistic/oligopolistic structures. The largest exceptions are the cotton company CMDT and the state-run telecommunications company Sotelma.

2.5. Welfare regime

The weakness of the state’s social welfare system contrasts with the strength of private social networks provided by families. Families generally provide support in the event of problems and form the backbone of a safety net. Yet widespread poverty prevents many families from affording basic services such as medical consultation.

There are several barriers to the equality of opportunity in Mali. Malian society is based on personal connections, thus social differences play an enormous role and shape the prospect of economic success. While women’s access to education is significantly lower than men’s access, a very high percentage of women occupy ministerial posts (33%). The state shows great effort in trying to improve women’s opportunities in health and education.

2.6. Economic performance

Economic performance in Mali is weak. According to the Human Development Report 2004, GDP per capita fell by 0.2% between 1975 and 2002 and grew only 1.7% 1990-2002. Mali’s national poverty reduction strategy calls for annual economic growth rates of ca. 6%. Preliminary figures for 2004 fall short at 1.5%. Given the population growth rate of 2.6%, these figures are far from encouraging.

Low growth rate is attributed to exogenous (climate, crisis in neighboring Cote d’Ivoire, locusts, high dependence on oil and commodity prices) and endogenous (low productivity, high transactions costs, misallocation of state resources) factors. Two large river systems, the Niger and Senegal, could serve to increase growth by providing irrigation opportunities and thus boosts in agricultural production. Foreign-bought permits to search for oil and gas in the northern provinces could also lead to growth.

Unemployment figures are difficult to obtain; the CIA Factbook estimates Mali’s unemployment rate at 14.6% in urban areas and 5.3% in rural areas (2001). Mali’s trade balance continues to be negative. According to IMF estimates, 2003 export earnings dropped by 11% while imports increased by ca. 13%. Given Mali’s low
economic diversification, the economy will remain unstable. The government continues to run a deficit, which, according to the IMF, ran at 5.7% of the GDP in 2003.

Foreign debt makes up nearly 90% of GDP. Due to the HIPC initiative, the debt service ratio is reduced from roughly 10 to 6% of exports annually.

2.7. Sustainability

Ecological sustainability plays no role in economic planning, which is understandable given Mali’s poverty levels. Often financed by foreign experts, environmental plans are written but not implemented. No sustainable use of resources such as firewood exists; deforestation and desertification pose significant problems.

As part of its poverty reduction strategy, Mali has increased spending on education. However, while input indicators (e.g. school construction) show improvement, impact indicators (e.g. literacy rates) have yet to improve significantly. Despite strong donor-community involvement in the Prodec program, qualitative performance remains lacking.

Mali has no significant research and technology sector. Of 25 countries examined by the World Economic Forum’s Growth Competitive Index of 2003, Mali ranks 23rd in technological capacity.

3. Management

Governance in Mali performs much better than many of its neighbors. Yet, there is a distinctive pattern of short-term interests overriding long-term interests. Resource allocation is not driven primarily by the goal of alleviating poverty.

3.1. Level of difficulty

Mali’s governance capacity is limited by several factors. Some lie beyond the control of the government, i.e. natural disasters, long-standing ethnic conflicts, neighbors’ aggression, HIV/AIDS, others are susceptible to state intervention.

Exogenous factors: Mali has not suffered any major natural disasters since massive drought in the Sahel in the 1980s. Mali’s primarily agricultural economy is highly dependent upon favorable weather; luckily, rains in recent years have been sufficient. Often forgotten: Mali was nearly self-sufficient in terms of food production until the 1960s.
A locust infestation during summer 2004 does not classify as a natural disaster as the Malian government had been adequately warned by international organizations such as the FAO (Food and Agricultural Organization).

Domestic peace has been maintained since the end of the Tamashek rebellion and despite a volatile regional situation, there are no serious military threats from neighboring countries limiting government capacity. There are ca. 10,000 refugees in Mali from neighboring countries and no domestically displaced peoples.

Mali’s HIV/AIDS rate, 1.9%, is much lower than most other Sub-Sahara African countries.

Endogenous factors: Mali suffers from an uneducated labor force. Despite substantial funding, Mali has failed to improve its illiteracy rate (81%) in the last 15 years (81.2%). Many civil servants are internationally trained.

Where other poor countries have managed growth, Mali’s high rate of poverty (58.3%) and an unequal distribution of income (see 2.1) continue to encumber the country.

The overthrow of the dictator Traoré was made possible by the courage of civil society; moderate traditions of civil society have been established since. However, urban areas contrast starkly with rural regions, where traditional hierarchies are powerful.

Profile of the Political System

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<tr>
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<td>Number of ministries: 28</td>
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Source: BTI team, based upon information by country analysts, situation in July 2005. Constraints to executive authority (1-6 max.) measures the institutional constraints posed by a federal or decentralized state, a second parliamentary chamber, referenda, constitutional and judicial review and the rigidity of the constitution. Effective number of parties denotes the number of parties represented in the legislature, taking into consideration their relative weight (Lankso/Taagepera index = 1/ \( \sum p_i^2 \); p, is the share of parliamentary mandates controlled by party i. Number of ministries/ ministers denotes the situation on 1 January 2005.
3.2. Steering capability

There is disjuncture between the strategic aims of Mali’s government and those of the donor-driven poverty reduction process. Examples include: Whereas the international donor community emphasizes synergistic and effective aid use, the government focuses on obtaining a maximum of foreign aid. Whereas the international community stresses multilevel measures in response to food crises resulting from locust infestation, the government relies on traditional emergency response methods by distributing grains to all citizens in affected areas. Whereas international donors accentuate the need to privatize the state-run cotton sector—whose deficits weigh heavily on public finance—the government delays reform for fear of social unrest.

Although caution must be exercised in judging Mali’s government solely in terms of its commitments to the international community, the government repeatedly gives preference to short-term over long-term interests.

Due to the continued need for foreign funds and technological support, foreign actors play an important role in Mali’s policy-making process. To wit: the IMF and World Bank continue to oversee liberalization in Mali. Although the government has succeeded in avoiding unrest by balancing diverse interests and managing compromises, large sectors of the population have yet to experience economic growth. To be sure, government policies are not intended to undermine moves toward a market-based democracy. The problem lies in a lack of sustainability; measures to improve housing, medical care, food aid are punctuated rather than part of a consistent vision.

No long-term strategies confronting problems such as population growth or adaptation to climate change exist.

There are no immediate democratic reforms on the map; the government’s priority lies in economic reforms, with mixed results. While the Bamako-Dakar railway has been privatized and efforts are underway with the state-run seed-oil company Huicoma, the cotton sector remains state-run. The privatization of water and electricity—a process inherited from former President Konaré, continues to trouble all involved. Whereas the state blames the private utility firm for overpriced electricity and a lack of infrastructural investment, the French-dominated enterprise complains of unilateral tariff reductions by the state. Continuing negotiations reflect well upon government attempts to resolve the crisis. Begun under President Konaré, privatization today lacks innovative effort. Had the government reformed the cotton sector as planned, it would have been granted increased World Bank funding. However, the government has recently risked irritating cotton producers by agreeing in January 2005 to fix the purchasing price of cotton.
The institutional balance sheet is less ambiguous: coordination problems are tackled by creating new institutions rather than reducing the number of state actors. Two examples: in 2004, the government created a national commission for food security and a committee to follow up on a U.N. sponsored conference on implementing poverty reduction strategies.

3.3. Resource efficiency

Mali’s resource efficiency is unsatisfactory. Twenty-seven ministries for a country of 12 million does not indicate frugal management of limited state resources. The ministries suffer from high absenteeism and Mali’s consensus politics, which shuns public “punishment” for underperforming civil servants.

Auditing is a major problem in Malian ministries. Several foreign donors were forced to reduce their budgetary support for Mali in 2004 due to a lack of transparent figures provided by the respective ministries. There is no transparency of leaders’ or civil servants’ personal incomes. However, in cooperation with certain international donors, the Ministry of Finance has continued its efforts to improve transparency in its planning and payment procedures.

Although the government has committed to a coherent poverty reduction policy, its implementation and evaluation structures (Cellule de Suivi) have neither the staff nor authority to perform adequately. Again, the failure to reform the cotton sector drains public resources desperately needed in education and health.

Despite numerous announcements to fight corruption, it remains endemic at all levels of society. There are three levels of corruption: (1) Small bribes exerted by public officials in everyday life, which feeds resentment and threatens political stability. (2) Corrupting economic stakeholders to acquire contested public offers. Because this kind of corruption often entails a Malian “loser,” it occasionally becomes public and the guilty party punished. This form of corruption is increasingly an issue in public procurement procedures. (3) The embezzlement of funds from donors. Unless donors themselves are vigilant, this is rarely prosecuted.

Parliament does not supervise state spending unless gross offenses are committed, as alleged in the case of the Mali Football Federation in 2004. Parties obtain subsidies from the state budget based on their respective seats in parliament. Moves in 2004 to base subsidies exclusively on seat numbers met with protests by the parties.

Citizens, primarily the urban educated, demand a great deal of transparency from the government and economic actors in disclosing income, public procurement procedures and officeholders’ accountability. Hopes for introducing more
transparency at the communal level rely on decentralization and devolution of power, which are still in their infancy.

3.4. Consensus-building

Mali’s current political system prides itself on the ability to create consensus and solve conflicts peacefully via “political consensus”—which reaches all levels of society. There is broad agreement among political actors to adhere at least nominally to the principles of an open democracy.

Discussions about the market are more controversial as there is a small, but vociferous opposition to liberalization. In the case of the Bamako-Dakar railway, opposition was based on social considerations such as planned workforce reductions and the erasure of stops in small towns, and fundamental opposition to the sale of state assets to foreigners. Similar opposition exists to the privatization of water and electricity utilities and the cotton sector, which, as a state-run company, provides social services.

Dependent upon foreign aid, Mali can hardly stop the trend toward market liberalization and democracy. However, if democracy fails to deliver growth with some equity, this could lead to social unrest and strengthen the might of the military or religious extremists. Exclusion of the poor remains the largest danger to the current successful management of political cleavages. As stated under 1.1 the northern provinces are not under the control of the central government and thus are not assessed here. The government frequently evokes solidarity in times of crisis elsewhere in the country. A recent example: the call for government funding to handle crises resulting from the locust infestation of 2004. Several individuals, companies and public institutions (note: parliament “contributed” to the efforts from its budget—demonstrating its perception of its own funds) and Malians from abroad contributed. Such positive examples of solidarity contrast with the state’s inability to curb corruption and increase transparency in state spending. This in turn feeds individuals’ desire to limit their solidarity to the extended family.

While Mali’s representatives of civil society can make their views heard in the media, there is no clear separation of state and civil society; many members of the government also run their own NGOs. Reconciliation of past injustices was completed prior to 2003.

3.5. International cooperation

Mali’s government continues to cooperate closely with international donors. Most bilateral donors have policy advisors linked with various Malian ministries and agencies; the IMF and World Bank play a crucial role in the economic reform
process. This cooperation helps improve technical processes, yet is limited where entrenched interests are at stake. Examples of the former include the organization of the 2004 communal elections with three foreign advisors assisting and the World Bank’s facilitation of negotiations between Mali’s government and the private utility company. The latter is illustrated by the slow reform process in customs administration, where transparency will hinder embezzlement.

Mali is generally regarded by the international political community as a reliable partner. This economic community looks less favorably upon Mali. According to the World Economic Forum’s 2003 World Competitiveness Report, Mali ranked 17th of 25 in the category of public institutions.

Mali’s government actively promotes regional integration and is committed to the United Nations, the African Union (former President Konaré is head of the AU), NEPAD (Mali will subject itself to peer review) and ECOWAS. Mali has contributed to the ECOWAS peacekeeping mission in Liberia and refrained from involvement in domestic problems in neighboring Mauritania, Guinea and Algeria.

The crisis in Côte d’Ivoire—at the brink of civil war by the end of 2004—poses a significant challenge to Mali’s foreign policy. With three million Malians living predominantly in the north of Côte d’Ivoire, violent outbreaks are bound to show repercussions in Mali. Nevertheless, Mali—unlike Burkina Faso—has successfully avoided the conflict.

4. Trend of development

4.1. Democratic development

The peaceful transition from President Konaré—who had ruled for a decade—to President Touré in 2002 strengthened Mali’s image as a democracy. The very fact of elections and their peaceful result is remarkable by regional standards. However, the election was marred by massive irregularities and the constitutional court’s decision to declare a substantial part of the vote invalid. Rumors that the election was fixed in advance still abound in Mali.

The communal elections in 2004 marked a clear step forward. Allegations of irregularities were significantly lower and voter turnout much higher than elections in 2002. Mali’s citizens can participate in the political life of their country by joining political parties, establishing them or challenging decisions made by authorities. By virtue of their continued existence, democratic structures in Mali have consolidated further.
The separation of power remains rudimentary although parliament occasionally limits the scope of the executive’s action. Rule of law remains severely compromised by widespread corruption.

### 4.2. Market economy development

Mali’s index of human development has improved slightly between 1995 and 2002 (latest available figure). Continued privatization and liberalization have freed certain sectors of the economy from direct state intervention. One important sector, industrial mining, remains foreign-controlled. Thus, technological and financial spillover effects from this sector are minimal.

With an average growth rate of 3.4% in the last five years, Mali’s overall economic development shows improvement. However, the Malian PRSP requires annual growth rates of ca. 6% to effectively reduce poverty. Mali’s economy suffers from uneven development and continues to be highly dependent on commodity prices and the Dollar/Euro exchange rate, as the local currency (CFA) is fixed to the latter. Diversifying the economy to include food processing, manufacturing, agriculture and tourism is needed if Mali’s economy is to show greater performance.

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<tr>
<th>Table: Development of macroeconomic fundamentals (2000-2004)</th>
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<td>Growth of GDP in %</td>
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<td>Budget deficit in % of GDP</td>
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<td>Current account balance in million $</td>
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*Source: World Bank, IMF, CIA World Factbook*
D. Strategic perspective

Mali’s economic figures do not evoke optimism for the future. Certainly, these figures mask much of Mali’s subsistence economy. Nonetheless, high population growth coupled with shaky economic performance indicates continued poverty. Mali’s government openly acknowledges that many of the millennium development goals will not be met. Weighing the massive influx of foreign aid for basic needs such as health and education against incremental improvements gives rise to even greater pessimism.

Hopes for sudden change rest with the prospects for commercial development of oil and gas in the northern part of the country. However, there are no indications that Mali would escape the fate of many other African countries, where the benefits of oil or other natural resources have been unfairly distributed and exacerbate conflicts.

Mali’s greatest strengths include a strong sense of pluralism, a peaceful domestic environment, the relative freedom to express opinions and the population’s economic instincts.

It is unclear how long the country’s pluralistic and democratic structures can cope with the absence of equitable growth. Sustainable growth cannot be induced exogenously; it must be initiated by domestic actors. If aid should do at worst no harm, one must ask whether the high level of foreign assistance has redirected entrepreneurial skills into a rent-seeking economy. This is not to suggest the international community should abandon Mali; but rather to avoid the pitfalls of multiplying factor inputs to reach specific goals without full consideration of Mali’s absorption capacity, leaders’ political will and efficiency. Remaining within the Copenhagen Consensus indicators (focus on health and infrastructure) is more realistic and feasible.

Social stability depends not only on the actual development of basic indicators, but also on the gap between expectations and perceived reality. Foreign actors should avoid raising expectations to unrealistic standards, which feeds discontent and instability and threatens to erode the political freedoms gained in the last decade.