

**Working Paper 206**

**Results-Orientated Public Expenditure:  
Case Study of Mali**

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# Contents

<b>Acknowledgements</b>	<b>v</b>
<b>Preface</b>	<b>vi</b>
<b>Acronyms</b>	<b>vii</b>
<b>Executive Summary</b>	<b>viii</b>
<b>Chapter 1: General Presentation – the Budget System</b>	<b>1</b>
1.1 Summary of budget preparation and public expenditure management processes.	1
1.2 Summary of the institutional framework of public expenditure management	6
1.3 Rapid assessment of results in terms of budget execution.	9
1.4 Structure and content of budget estimates: are they function or programme-oriented?	10
1.5 Management of HIPC funds	10
<b>Chapter 2: Use of Targets and Performance and Results Indicators</b>	<b>11</b>
2.1 Use of public service performance indicators and targets in budget allocations.	11
2.2 Are the targets realistic? How were they formulated? What methods were used?	13
2.3 Formulating targets and indicators.	16
2.4 To what extent are targets cascaded down to middle and junior management and to the implementing units?	19
2.5 Nature of incentives or penalties aimed at encouraging service providers and administrators to achieve targets	19
<b>Chapter 3: Factors in Success or Failure of Results-oriented Expenditure Management</b>	<b>21</b>
3.1 Process for defining the results to be obtained by results-oriented management	21
3.2 Checking that results are achieved	21
3.3 Role of independent verification of results – by internal audit, external audit (court of auditors, etc.), parliamentary committees or civil society monitoring groups	23
3.5 Is there any evidence of the relative success of results-oriented public expenditure management when programme implementation is devolved within the public sector or outsourced to the private sector or non-governmental bodies?	26
3.6 Is information on results used when performance tables and benchmarks are set and when new performance targets are fixed in terms of input provision, activity levels and intermediate and final outputs/outcomes?	27
3.7 Donors and aid instruments: to what extent have donors promoted and facilitated the setting of realistic targets or, on the contrary, made it more complicated or difficult?	27
3.8 Major factors favouring or undermining the effectiveness of results-oriented practices	28
<b>Chapter 4: General Implications of Mali’s Experience for other Countries and for Donors</b>	<b>30</b>
4.1 How can the results-oriented framework be best adapted to institutional capacity, whilst being relevant for agents at all levels and avoiding an excessive proliferation of targets	30
4.2 How can the ministries’ concern to standardise the means of setting targets and measuring results be combined with the sectoral and local stakeholders’ need for sui generis indicators	30
4.3 How can civil servants, service providers and service users’ credibility and feeling of ownership best be strengthened when setting results-oriented budgets?	31
4.4 How can independent monitoring, performance audits and evaluation best be developed?	31

4.5	How can public service provision targets and indicators be best integrated with the PRSP monitoring indicators?	32
4.6	Which aid instruments are most appropriate for the adoption of durable, credible and effective results-based systems?	32
4.7	How, and at what level of aggregation, can the developing countries best present their public service performance targets to donors in the context of joint performance monitoring?	33
	<b>Bibliography</b>	<b>34</b>
	Annex 1: PRSP Priorities and Targets	<b>35</b>
	Annex 2: PRSP Indicators	<b>36</b>
	Annex 3: Legislative and Regulatory Provisions for Government Budget	<b>38</b>
	Annex 4 : Programme Budget Indicators 2002 (Ministry of Finance)	<b>39</b>
	Annex 5: PRSP Indicators in Figures	<b>42</b>
	Annex 6: Number of Programmes per Ministerial Department	<b>43</b>
	<b>Boxes</b>	
	Box 1: Traditional budgets and programme budgets: comparative features	4
	<b>Tables</b>	
	Table 1: Budget Summary (1999 – 2001) in billions of CFA Francs	9
	Table 2 : PRSP forecasts	15

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## Preface

This paper is one of seven country studies on the practice of results-oriented – or performance-based – public expenditure management in low income developing countries. The studies were commissioned by the Centre for Aid and Public Expenditure at the ODI with a view to comparing and contrasting the experience of countries of broadly similar size and per capita income, and to identifying factors conducive to performance budgeting, the preconditions for its adoption and the benefits that even poor countries can derive from it.

This body of research has been undertaken at a time when there is mounting concern, in both developing countries and in donor countries, to achieve visible, tangible and sustainable development ‘results’.

The sample of countries whose budgeting and performance management practices have been reviewed consists of Bolivia, Burkina Faso, Cambodia, Ghana, Mali, Tanzania and Uganda. These countries were chosen for their, their geographical spread, the diversity of their budget and public expenditure management practices, and the fact that they have drawn up one or more interim or final Poverty Reduction Strategy Papers which lay out their priority development objectives and the means they intend to deploy.

Other reports in the series are: a survey of relevant practice in OECD countries and a synthesis of this and the country studies. These documents are listed inside the front cover of this paper.

## Acronyms

AFROSAI	African Organisation of Supreme Audit Institutions
AGETIER	<i>Agence d'Exécution des Travaux d'Infrastructures et d'Equipements Ruraux</i> : Office for labour-intensive public works programmes
AGETIP	<i>Agence d'Exécution des travaux d'intérêt public contre le sous-emploi</i> Office for urban and rural infrastructure projects
CAFPD	<i>Centre d'Analyse et de Formulation de Politiques de Développement</i> : Development policy research unit, attached to Malian Presidency
CMDT	<i>Compagnie Malienne de Développement des Textiles</i> State owned Malian textile development company
CSCOM	<i>Centre de Santé Communautaire</i> : Community health centre
DHS	Demographic and Health Survey
EMCES	<i>Enquête Malienne de Conjonture Economique et Sociale</i> : Survey of economic and social situation in Mali
GTZ	<i>Gesellschaft für Technische Zusammenarbeit</i> German international development cooperation office
HIPC	Heavily Indebted Poor Country
IFI	International Financial Institution
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
MTEF	Medium Term Expenditure Framework
NGO	Non-Governmental Organisation
ODHD	<i>Observatoire du Développement Humain Durable</i> Monitoring group on sustainable human development
PB	Programme Budget
PRODEC	<i>Programme Décennal de Développement de l'Education</i> Ten-year education development programme
PRODEJ	<i>Programme Décennal de Développement de la Justice</i> Ten-year justice development programme
PRODESS	<i>Programme Décennal de Développement Sanitaire et Social</i> Ten-year health and social development programme
PRSP	Poverty Reduction Strategy Paper
ROM	Results-Oriented Management
SWAP	Sector-wide Approach
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNFPA	United Nations Population Fund
WAEMU	West African Economic and Monetary Union

# Executive Summary

## Budget system and programme budgets

Mali's annual budget is input based. In recent years it has often been revised in-year to reduce expenditure because receipts have been overestimated.

It has recently been underpinned on the expenditure side by a medium term expenditure framework (MTEF) projecting expenditures by spending ministry and agency and by broad programme over three years. The MTEF is subsumed within Mali's PRSP.

Budget preparation begins with a circular to ministries outlining the government's principal policy options on the basis of which bids are sought. The recurrent and capital budgets are processed separately – respectively by the budget directorate and the planning directorate in the Ministry of Finance and Economy.

In 1998 Mali introduced programme budgeting. Programme budgets bring together policy objectives and targets, priority actions to implement them and the resources needed to carry out these actions. Programme budgeting involves three-year rolling expenditure frameworks that are based on long-term strategic plans where these exist. These multi-year programmes are intended to be consistent with the targets and resource flow projections now identified in the PRSP and MTEF. In 2002, 99 distinct programmes were identified, most of them corresponding to the functions of ministries, agencies or departments. The annual Programme Budget – the first year of the three-year programme – is presented to Parliament as an annex to the main state budget. Parliament approves it after examining results achieved by programmes the previous year and after debating the objectives set for the forthcoming year.

Adjustments made during budget preparation to ministries' resource bids are however not properly reflected in the approved Programme Budget, and corresponding adjustments in objectives and targets are not cascaded down to the operational level.

There are ten-year strategic plans on education and health which are broken down into three-year investment programmes and annual operational plans. These provide input into programme budgets for activities in these sectors.

## Expenditure control

Government expenditures are subject, in succession, to commitment authorisation by designated authorising officers, verification of resource availability by financial controllers, and payment authority by public accountants.

With effect from 2003 a new, more elaborate, expenditure coding system is in operation, which will make it easier to trace expenditures by programme and relevance to poverty reduction.

Expenditure plans, once authorised, are in principle immutable, except by supplementary budget, but ministers may authorise virement between expenditure heads. Actual expenditures are broadly in line with budget estimates.



## **Targets and indicators**

The 2002 Programme Budget identified 1000 indicators – mostly at the activity level – for its 99 programmes. They include those in the PRSP. They are not in the main, however, chosen for their relevance to poverty reduction. PRSP indicators remain provisional.

Sector authorities select the indicators, using sector strategy documents where these exist or based on their intuition about good measures of efficiency and effectiveness. Programme budgeting has heightened awareness of the need to improve public service outreach and quality.

National indicators and targets are set at ministry headquarters level, and remain insufficiently disaggregated by region, or sensitive to differing needs in urban and rural areas. In health and education, however, there is extensive consultation with local authorities and local officials.

Six ministries have programming and statistics units which work with directorates of administration and finance to prepare results-oriented plan, programmes and budgets. These units play a valuable role in the regional workshops organised to prepare programme budget bids. The MTEF has helped spending ministries by projecting the sectoral resource envelopes within which they can elaborate and propose more realistic plans and targets. However, projections are based on over-optimistic forecasts of growth and of budget receipts.

Progress monitoring remains weak. The treatment of it in the PRSP is vague.

Community-based provision of basic education and health services is growing in Mali. It is under-resourced in terms of finance and trained personnel, and has not been helped by the only partial implementation of the decision to decentralise responsibility and resources for primary provision to the communes. The objectives and achievements of this sector, like those of the local authorities, lie outside the national framework of results-based programme budgeting.

## **Incentives**

Public service remunerations and management offer little incentive or reward for personal performance.

Malian officials are concerned that their results-based systems are being used by some donors to sanction below-target performance – as the EC has done in health.

## **Accountability for performance and audit**

Systems for verifying outputs and outcomes remain inadequate. The statistical institute is weak, but recent initiatives are improving the availability of survey-based social and welfare indicators. Ministries' performance information systems are unreliable, producing inconsistent data. There is little systematic performance data analysis.

There is established machinery in government for internal and external audit based on French models, though their respective roles in Mali are somewhat confused. Their concern is with financial conformity and regularity, not performance.

Though Parliament has played a significantly increased role in scrutinising government since 1992 parliamentary enquires' recommendations are not followed through. The press, though critical, has only a limited circulation and impact.

The practice of outsourcing public services and utilities is common at national and local government levels. Concession contracts have monitorable performance targets.

## **Role of donors**

The multiplicity of donors providing project aid complicates results-focused budgeting. The UNDP/DAC aid coordination initiative yielded limited benefits. SWAps have been a major advance, though they fix targets without proper regard to overall budget constraints.

## **Lessons**

- Mali introduced programme budgeting too quickly, without prior piloting and staff training. There are too many ill-chosen indicators. It would have been better to start with a few simple indicators.
- The starting point for results-oriented expenditure management should be the constraint of a firm budget, preferably a multi-year one. Dependence on uncertain aid receipts makes this difficult unless donors give multi-year funding commitments.
- Adjustments to sectors' proposed objectives and targets made during the budget process should be properly notified to implementing agencies and cascaded down.
- Indicators and targets used in programme budgets and the PRSP should be a sub-set of the indicators used routinely at sector level, and sectors should be encouraged to translate them into objectives relevant to programme managers. There need to be an effort to make the latter more focused on poverty reduction.
- Workshops organised in preparation for the 2003 Programme Budget showed that it is perfectly possible to inculcate a sense of 'ownership' and commitment among officials of performance objectives. To sustain this, information on performance targets and on action taken in response to performance results needs to be widely diffused.
- Beneficiary assessment surveys of public services should be more widespread. There should be financing for assessment surveys among the rural poor.
- Major changes are involved in moving from financial to performance audit; staff with different qualifications are required.
- It makes no sense, given expenditure fungibility, to designate certain expenditures as 'HIPC-financed', as is done at present.
- Donors should make multi-year commitments of budget assistance in support of medium term PRS objectives. Donors are right to insist on systems for financial discipline and accountability, but this should not be a fetish, given their fallibility.
- Use of indicators in the donor-recipient partnerships: start with a small number of agreed indicators; never use outcome indicators as a basis for conditionality or financial sanction; focus attention on factors affecting output-outcome linkages; organise regional workshops for officials from recipient countries and from donor agencies to improve understanding on both sides of the causes, measurement and interpretation of outputs and outcomes.

# Chapter 1: General Presentation – the Budget System

## 1.1 Summary of budget preparation and public expenditure management processes.

In Mali, the legislative and regulatory provisions governing budget preparation and public expenditure management are contained in three main texts: Act N° 96 060 on the budget framework law and Act N° 96 061 on the basic government accounting principles, dated 4 November 1996, and Decree N° 97 192/PRM of 9 June 1997 on the general government accounting regulations (see appendix 3).

In this chapter, we examine the presentation of the different budgets, the preparation and implementation of the government budget, and budgetary innovations since 1998 in the form of programme-budgets, the medium-term expenditure framework and the Poverty Reduction Strategy Paper (PRSP).

### *The Government Budget*

As with all systems inspired by the French model, the government budget respects the principles of annuality, universality, unity and speciality. It is an input-based budget, drawn up by administrative unit (or budget centre). For the past few years, a revised or supplementary budget has been voted in the course of the year. When receipts are insufficient or, as is more often the case, when expenditure increases, adjustments are made first by reducing expenditure on investment (particularly for projects that have not yet begun), then on transfers and finally on operating expenses, whilst taking care, as far as possible, not to cut spending on education or health. There is no ‘core of public expenditure’ relating to specific targets.

### **Presenting and voting the budget**

#### *Presentation:*

Draft budget bills are prepared by the Minister of Finance under the authority of the Head of Government. The official texts stipulate that certain documents must be attached to each year’s draft bill:

- Reports on fiscal balance, the outturn of the previous year’s Budget, the outturn in June of the current year’s Budget and future prospects.
- Explanatory annexes:
  - by chapter and by article, the cost of voted services which the government considers essential to the continuation of its programme;
  - a list of the special accounts;
  - investment operations financed by external resources, which are not managed by the Treasury’s own accountants (accounts attached to General Budget);
  - all capital included in the General Budget, the Special Accounts and the Attached Accounts;
  - the month-by-month cash flow forecast, etc.;
  - any other annexes serving to provide information for the National Assembly and enabling them to exercise control.

- The following documents accompany the draft Budget Settlement Law (*Loi de Règlement*), which gives discharge to audited expenditure accounts:
  - explanatory annexes justifying credit overspending and detailing profits and losses;
  - the report by the Public Expenditure Accounts Section of the Supreme Court on the execution of the Budget;
  - the general declaration of compliance issued by the Public Expenditure Accounts Section, regarding the Administrative Account prepared by the expenditure authorising officers and the Management Account produced by the accounting officers.

## **Vote**

Receipts are approved by an overall vote. Expenditure is subject to a single vote for voted services, and a vote by chapter and within a given chapter, by Ministry, for new authorisations.

For special accounts and non-consolidated funds, receipts are voted separately by category of special account/fund and, when appropriate, by chapter.

Members of the National Assembly have the right to propose amendments to draft budget bills if they provide duly substantiated recommendations aimed at cancelling or reducing an item of expenditure, creating or increasing an item of income or monitoring public expenditure.

## **Preparing the budget**

In Mali, the budget is prepared in three phases: a technical phase, a political phase and a legislative phase.

### **The technical phase:**

#### *Sending the budget circular to the delegate authorising officers*

The Minister of Finance sends a letter or budget circular to the delegate authorising officers (Ministers from the other departments, Presidents of State institutions, High Commissioners to the Government, Directors of the various executive agencies, etc.), giving them the main guidelines for preparing the budget. The budget circular underlines the priorities and targets of government action as defined and explained in the Prime Minister's general policy speech.

#### *Drawing up budget proposals in ministerial departments*

Departments in ministries send their budget bids for the National Budget, the Regional Budgets, Special Accounts and Funds, to the Budget Directorate in the Ministry of Finance.

#### *Preparing the Draft Government Budget*

The Budget Directorate collates the different proposals for receipts and expenditure and prepares the draft budget. The Minister of Finance then undertakes a series of meetings, contacts and interviews to try to persuade his colleagues to reduce the proposed expenditure in line with the level of receipts. If difficulties still persist despite these efforts, the Prime Minister is called on to arbitrate at tripartite meetings. Provisional expenditure ceilings are then set.

### **The political phase:**

The Ministry of Economy and Finance presents the draft budget to the Cabinet for approval. Following discussion and approval, this document becomes the draft budget bill, which is then submitted to the National Assembly.

### **The legislative phase:**

The draft budget bill is examined and approved by the National Assembly as follows:

- Recommendations are collected from the Commissions
- The project is examined and discussed by the Finance Commission.
- Voting takes place in plenary session in compliance with articles 48 and 49 of Act 96-060.

Once approved, the draft becomes the Budget Law and is sent to the President of the Republic for promulgation.

Recurrent budgets are managed in quarterly tranches, capital budgets in six-monthly tranches. If sufficient funds are not available, cuts are made in tranches that have not yet been opened. The Budget Directorate is considering adopting the French system of freezing 10% of allocations for the first three quarters of the year and only releasing them in the last quarter if there are sufficient receipts.

The annual capital budget covers public investment expenditure programmed for the first year of the three-year investment programme. It gives the following information for each programme: costs, breakdown of financing by source, duration, location and progress. It includes investments programmed in the national budget and those financed by the development partners.

### *The Programme budget*

The Programme Budget (PB) is attached to the Government Budget, forming part of the documentation accompanying the Finance Act. It is the result of a parliamentary initiative in 1997, supported by Canada. The first PB was drawn up in 1998. The PB includes three main sectors, economic, social and institutional. The economic sector includes ministerial departments such as Finance, Equipment, National and Regional Development, Mines, etc. The social sector concerns departments such as Employment, Culture and Communication, Sports, Education and Health. Finally, the institutional sector includes the President's and Prime Minister's offices, the Supreme Court and the Constitutional Court, plus the Ministries for Territorial Administration, Foreign Affairs and Justice.

In principle, the programmes are designed on the basis of the mission statements described in the government decree setting out the attributions of each ministry and each department's current year requirements to meet its short and medium-term priorities. In the PB presentation, each ministry's programmes are grouped into two main categories: support programmes (general administration) and operational programmes.

The Programme Budget links the allocation of budget resources to the government's targets and priorities, in the framework of a multi-year rolling plan. The indicators, the resources to be used and the expected results are defined for each programme, with supporting figures.

A PB is prepared in three distinct phases:

- **Planning:** Based on a study of its situation, the department or body defines the targets that it intends to set or pursue, with the policies to be implemented to that end. This stage is finalised by the presentation of long-term strategic plans.
- **Programming:** The long-term strategic plans are implemented through multi-year programmes set up by each department. In the case of Mali, the programmes are three-yearly, hence the name three-year investment programme.
- **Budgeting:** This is the first annual tranche of the three-year investment programme which serves as a basis for drawing up the programme budget for the coming year.

For each entity, the Programme Budget contains:

- The goals
- The structure of the programmes
- Previous year's achievements
- The targets for the current year and achievements after six months
- The targets and results forecast for the following year
- Costs over three years, by type of expenditure (personnel, other recurrent, capital) and the staff allocated to each programme, by category.
- The indicators used to measure results are given for each programme.

### **Box 1: Traditional budgets and programme budgets: comparative features**

Both budgets are consistent with government policy and should be honest and realistic. Bids for the Government Budget and programme-based budgets are both subject to preliminary adjustment, but this is carried out at different levels and times. Hearings for the Programme Budget comes first, through the annual capital budget, and are conducted by the Planning Directorate and the Statistics and Data Processing Directorate. Hearings for the main Government Budget are carried out by the Budget Directorate and cover all receipts and expenditures. Once preliminary hearings have taken place, the Minister of Finance communicates the results to the ministers concerned.

The Government Budget, or traditional budget, is less flexible and follows the principles of i) non-hypothecation of receipts to expenses (all receipts are available to meet all expenses without limitation or earmarking); ii) universality and iii) speciality. Adjustments can only be made via supplementary budgets, which are in principle exceptions, although one has been voted every year in recent years. Budgets are managed by periodic releases (e.g. three-monthly for recurrent supplies and six-monthly for capital).

The PB links the allocation of budget resources directly to the government's targets and priorities. It can be distinguished from the other forms of budget by its focus on results. In addition to answering the questions 'who is spending?' and 'how much does it cost?', the PB helps answer the question 'what for?'. The main difficulty resides in monitoring and evaluating this budget although, thanks to the different measures taken in 2002, problems should be mitigated for the preparation of the 2003 budget.

### *The Three-Year Investment Programme and the Annual Capital Budget*

In the past, there have been a number of problems in drawing up the three-year investment programmes and annual capital budgets in Mali. This is why new procedures were adopted in 2002.

The 2003-2005 three-year investment programme was drawn up in the following stages:

- May 2002 The Ministry of Finances sent out the circular letter<sup>1</sup> on the preparation of the 2003 Budget, including the annual capital budget, to all the ministries.
- Mid-May 2002 The instructions for the 2003-2005 investment programme and the 2003 annual capital budget were sent to all Ministers, administrative and financial directors and the planning and statistical units, together with the draft documents and timetables for consultations and allocation decisions. This letter<sup>2</sup> laid down the methodological framework in which the programmes for 2002 were to be reviewed<sup>3</sup>.
- June 2002 Ministries' Administration and Finance Directorates collected information on the outturns of spending institutions' programmes and needs, and set out the timetable for budget preparation.
- July 2002 The Ministry of Finance's Planning Directorate chaired the consultation meetings to:
  - checking and adjusting programme bids
  - validate the information gathered and pre-selecting projects for inclusion in the programme
  - establish a final report on the execution of the annual capital budget for the year 2001 and an estimated outturn for 2003
  - make preliminary allocations of the annual capital budget for 2003. This involves assessing the cost of financing the local counterpart funds for projects financed by external resources and the government commitments for priority projects financed exclusively by the national budget.

The preliminary annual capital budget was then submitted for decision to the Minister of Economy and Finance and responsible Ministers. There followed the final selection of projects, the programme of expenditure for 2003 being revised/ adjusted accordingly. The draft three-year investment programme was then finalised. The three-year programme and annual capital budget were then sent to the World Bank.

## Sectoral programmes

The Programme Budget covers an annual tranche of ministries' and agencies' spending programmes.

Since 1997, there have been two major ten-year programmes, PRODEC and PRODESS, for the education and health sectors, and another, PRODEJ, in the justice sector. PRODESS and PRODEC are managed on a target-oriented basis. Each year, a business plan is prepared for the PRODESS programme, describing all the activities and sources of financing, including those from development partners and NGOs. The business plan is constructed from the 'circle' level upward.<sup>4</sup>

However, these are not budgetary programmes, as the sources of financing are not pooled and each institution retains its own specific procedures.

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<sup>1</sup> (n°1097/MEF-SG of 20/05/02)

<sup>2</sup> (0017/MEF-DNB/05/02)

<sup>3</sup> **1. Topics:** a) Traditional budget process; b) Guide to preparing the Programme Budget and national experience; c) the elements of the PRSP relating to the department's or institution's missions; d) outturns for PB 2001; e) assessment of PB 2002 at mid-year; f) forecasts for 2003 and prospects for 2004-2005.

**2. Methodology:** Phase 1, the Administrative and Financial Directors are responsible for handling points a to f above; Phase 2: **the Cabinet is responsible** for examining the results of the previous phase, in order **to involve the highest-ranking officials in achieving the targets**

<sup>4</sup> In Mali, the regions are subdivided into circles, and the circles into communes. The State's supervision of the communes (control aimed at safeguarding the general interest and legality) is exercised at the regional level. The coherence of local and national economic and social development programmes is ensured at the regional level.

## **The PRSP**

The PRSP is the most recent document prepared by the Malian authorities (Dante et al, ii, 2002). Started in September 2000 (following the adoption of an interim PRSP), it was agreed by the Cabinet on 29 May 2002. It was prepared on the basis of work done by 11 theme-based groups, followed by regional consultations, in close collaboration with the development partners.

This document is (in principle) designed to serve as the sole reference for government policy and for the development partners' actions. It will only be implemented as of 2003. The IMF indicated that the PRSP would be its only reference framework as of end 2002, but after being 'operationalised'.

The PRSP includes the first Medium-Term Expenditure Framework (MTEF) for Mali, drawn up with the assistance of the GTZ. Great efforts were made in it to spell out in detail of the multi-year budgets voted for the different ministries, although the links to targets remain rather loose.

## **1.2 Summary of the institutional framework of public expenditure management**

### *Budget execution:*

Used for both forecasting and authorisation, the Budget Law authorises Government receipts and expenditure. Execution of the budget is based on the fundamental principle that the powers of authorising officers and accountants must be separate. This principle means that the execution of the budget is separated into two phases: the administrative phase and the accounting phase.

### *Control of budget execution:*

Until now, budgets were voted by expenditure type, with a control for procedural conformity but no control of effectiveness in terms of the targets to be met. All items of expenditure were subject to triple, or 'concomitant' controls before being executed. Statements called administrative accounts or financial accounts must also be prepared at the end of each financial year, to be sent to the local and national assemblies and checked by the public expenditure accounts section of the Supreme Court. The national and regional budgets, the special accounts and funds, the budgets for the communes and for the executive agencies are also subject to the same procedures.

### *Concomitant control of expenditure:*

This is exercised by the authorising officers and the accountants. It is designed to ensure strict respect for the budget approved by the National Assembly and also covers the exact allocation of funds and their availability.

### *Authorising officers*

Before making expenditure commitments, the authorising officer must submit his projects to the financial controller. The Minister of Finance is the only principle authorising officer for the government budget in Mali, but he is authorised to delegate his powers. The delegate authorising



officers can be ministers, heads of public bodies and High Commissioners<sup>5</sup>, with responsibility for the budgets allocated to them.

### ***Financial controllers***

The financial controllers who work with the delegate authorising officers must approve the commitments and payment orders signed by the latter. They control the availability of credits and the programme authorisations. This entails an *a priori* control on the administrative execution of the expenditures.

The financial controllers thus ensure that the budget resources allocated to an activity or a project are not over-spent. In terms of results-oriented management, this control will be all the more effective if expenditure is classified as far as possible by the results sought.

The national budget, the regional budgets, the special accounts and funds, the communal budgets and the executive agencies are all subject to this control.

### ***Accountants***

Accountants ensure the conformity with budget estimates of expenditures ordered by the authorising officers.

Appointed by the Minister of Finance, the public accountants are the only people authorised to handle public money<sup>6</sup>. They handle receipts, expenditures and financial assets. They are answerable to courts of audit, to which they must present their accounts before the 31 March following the end of each financial year. They can be held responsible by a financial judge, who can fine them or make them liable for the sums wrongfully received or spent.

The accountants thus ensure that the budget resources allocated to an activity or a project are not over-spent. In terms of results-oriented management, this control will be all the more effective if the budget nomenclatures and those used for the results are as close as possible.

The network of public accountants works relatively well in Mali. It operates a control on expenditure at the payment stage, and ensures the quality of the public accounts by ensuring that payments are correctly recorded. However, there are still two weaknesses in the system:

- The officers do not take the oath and do not offer the guarantees stipulated by law<sup>7</sup>.
- Their independent control over expenditure is ineffective as they do not generally dare to go against the word of authorising officers. The financial justice system is in no position to discipline derelictions of duty.

Instruments implementing laws on government accounting have not been ratified. This leads to a loss of motivation on the part of the accounting officers.

### ***End of year accounts.***

Authorising officers and public accountants are required to draw up detailed annual accounts, based on their records of receipts and expenditures, for the Court of Auditors. These are the basis for

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<sup>5</sup> State's representatives in the Regions

<sup>6</sup> (Act 96-61, art.12)

<sup>7</sup> (Act n° 96-61, art.18)

comparing authorised expenditures with budget estimates. The procedures are described in Annex 7.

### **Classification**

At present, there are different two systems for coding expenditures and receipts, one for end-year accounts and the second for budgets. However, the Treasury and Budget departments do meet periodically (usually once a month) to compare their figures on the basis of summary expenditure sheets, and pinpoint differences between the two sets of accounts, and thus between, management and administrative accounts. Further details are at Annex 7.

A new coding system has been drawn up with help from the IMF, which is due to come into force in 2003. In particular, it will provide better information in the Budget on expenditures for poverty reduction, particularly HIPC expenditure (at present, only two lines are used, one for operating expenses and the other for investments). The current budget does not provide any means of measuring the efforts made to reduce poverty, although this information is vital for the expenditure monitoring.

The nomenclature for the 2003 Budget comprises a 14-figure code, replacing the current 12-figure one. To establish a link between expenditure accounts and the budget, 3 additional characters have been added. A 'Financing' code will now be used and the ministerial departments will be replaced by programmes (which amounts to fragmenting the departments since, as we have seen, each programme corresponds to a directorate or a department).

The new nomenclature is not only designed to meet internal requirements. It is largely the result of pressure from the donors to find out precisely what percentage of budgetary expenditure is allocated to the fight against poverty (the Malian position on this point is that more or less all spending favours poverty reduction either directly or indirectly). It was difficult to provide this information with the old nomenclature, which only managed to establish the shares of the Ministry of Education and the Ministry of Health. With the new nomenclature it will be possible to take into account previously unaccounted for expenditure, such as the military corps of engineers' spending on rural water supply, for instance. It is hoped that the apparent percentage of government expenditure devoted to poverty reduction can thus be increased from the current level of 27% (too low a figure according to the IMF) to approximately 40%.

### **Lack of flexibility in budget management**

Current budget management is singularly lacking in flexibility. In particular, the principle of annuality means that it is impossible to carry forward to the following year any operating expenses that have not been used during a given financial year. Only budgets for investments can be carried forward.

Budget allocations are annual and set at the beginning of the year. The only way to change them is to vote a supplementary budget law. However it is possible to make internal transfers from one article to another with prior authorisation from the Minister acting as authorising officer.

Personnel management is centralised in the Ministry of Civil Service Affairs. Sectoral ministries are not allowed to change their staff numbers during the course of the year.

### 1.3 Rapid assessment of results in terms of budget execution.

The administrative accounts serve to compare the budget outturns with the budget forecasts, in the regulatory nomenclature by type. As they have not been validated by the public expenditure accounts section, it has not been possible to submit them officially to the Parliament, and the budget settlement laws have not been voted (cf. infra). However, since 1997, with programme budgets, the National Assembly examines the outturns of the previous year's budget before adopting the budget for the following year. This takes the form of a report on the achievement of targets (but with no figures), by programme, with a list of expenditures split into 10 items for each programme.

Only the Budget Summary presents a (non-accounting) statement of the actual expenditures, but it provides very few details (in particular, the expenditures are not presented by department or by programme). Also, the Budget Summary mixes lines of expenditure by type and lines of expenditure by programme or target.

Table 1 presents estimate receipts and expenditures for 1999, 2000 and 2001 as they appear in the Malian Budget Summaries at different stages in the budget process (before, during and after the financial year), to help us appreciate the differences between estimates and actual performance (estimates usually use figures from the budget law, if it is already available).

**Table 1: Budget Summary (1999-2001) in billions of CFA Francs**

	1999 Programme 1998	1999 Actual 17/02/01	2000 Programme 17/02/01	2000 Actual 17/02/01	2001 Programme 17/02/01	2001 Revised 17/02/01	2001 Actual 08/06/02
Date of document							
Receipts	277,1	272,6	290,3	269,9	320	314,3	320,1
Budgetary	259,2	247,8	265,4	245,5	294	288,3	292,6
Fiscal	248,5	235,3	252,2	233,3	278,7	277,2	281,6
Non fiscal	10,7	12,6	13,1	12,2	15,2	11,1	11
Special funds and annexes	17,9	24,8	25	24,4	26	26	27,5
Project grants	66	68,8	71,8	69	72,8	72,8	72,8
Budget support grants		14,6	3	32,2			27,5
Budget expenditure	373,4	395	423,6	418,3	445,6	503,1	496,4
Current	171,4	193,2	202	200,3	215,6	242,9	260,5
wages	60,3	65,3	73,1	73,1	78,2	82	81,9
equipment		26,7	29	28,5	31	31	
grants	4,3	6,2	6,2	6,2	5,6	5,6	
communications-energy		12,3	12,3	11,5	13,1	13,1	
travel, maintenance and fuel		16,2	16,5	17,4	17,4	17	
interest payable	18	14	18,4	15,9	18,7	19,2	15,4
other	88,8	52,5	46,5	47,7	51	75	
Development	196,5	201,7	221,6	218	230	260,2	235,9
Increase/decrease in arrears	-9,3	-9,3	0	0	0	0	0,5
Deficit (cash basis)	-53	-59,1	-92,2	-67,5	-74,9	-128,6	-111,7
Net external financing	58,8	60,3	62,6	67	73,3	96,6	106,1
Net internal financing	-17,2	-1,2	7,5	-2,2	-5	-2,5	5,6

	1999 Programme	1999 Actual	2000 Programme	2000 Actual	2001 Programme	2001 Revised	2001 Actual
Receipts from privatisation	1	10,4	6,9	20,3	0	0	0
Errors and omissions/gap	16,3	0	22,1	2,7	6,6	34,5	0

2001 is a good example of some of the difficulties encountered. Compared with the initial estimates, the crisis in the cotton sector led to an increase in expenditure of approximately 50 billion CFA F (State subsidy to the CMDT). In contrast, total receipts came very close to the estimates, which is surprising given the prevailing economic context. Interest paid is lower than the estimates, which can probably be explained by the fact that the debt relief under the HIPC initiative was only announced gradually by the creditors (but it may also be due to exchange rate variations). The result is a significant increase in the deficit, financed by external sources.

Budgeted expenditures seem to be executed with no major problems, even when this is done by decentralised bodies outside Bamako (although the lack of a banking network in the secondary towns and villages does cause technical problems).

#### **1.4 Structure and content of budget estimates: are they function or programme-oriented?**

Both presentations exist (i.e. budgets and programme budgets). Initially, it was practically impossible to make them consistent one with the other: total expenditure listed in the Programme Budget exceeded total expenditure estimated in the Government Budget by at least 30%. This problem has been solved in formal terms. However, the notion of programme is still not very operational. The term 'programme' is generally used to describe the activities of a body (an administrative department or a group of departments). No programmes are executed by departments from several ministries at once.

#### **1.5 Management of HIPC funds**

In a view to monitoring the use of HIPC funds, the International Financial Institutions have requested that any expenditures scheduled under the scheme should be identified in the budget. Special codes have therefore been attributed to HIPC expenditure. This makes the Budget less transparent, in that it is no longer possible to follow expenditure by type (person, equipment, etc.). The new nomenclature adopted as of 2003 should make things easier in this respect.

This demand from the IFIs is nonetheless debatable, given the fungibility of public resources (the principle of non-hypothecation). In addition, it seems that excessive attention is being paid to expenditure which only represents around 5% of the total sums involved.

## Chapter 2: Use of Targets and Performance and Results Indicators

### 2.1 Use of public service performance indicators and targets in budget allocations.

Performance indicators were introduced first in certain projects and then, more systematically, in the budget programmes (1998). They are also used in the SWAPs (PRODESS and PRODEC). They are not used, on the contrary, in the preparation of the annual capital budget, or for the Government Budget in general.

#### *Allocation decisions in the Government Budget*

Budget expenditure allocations are not based on performance indicators. The Budget Directorate has to bear in mind international commitments, e.g. on the share of total expenditure to be devoted to education and health. Spending ministries that have spent the previous year's allocations have a strong claim on future allocations. However, final decisions seem to depend more on political clout. It is always easier to reduce estimates for investment expenditure because projects are implemented very slowly, and some may never start.

However, things have begun to change. In the Health sector, for example, budget allocations in the past two years have systematically been in favour of departments that have performed well. This gives the people in charge an incentive to present results that justify increased budget allocations.

This year, however, the programme review was carried out before the allocation process, in the presence of sectoral officials and people in charge of regional structures. This helped identify the problems (particularly in the case of non-implemented programmes) and look for solutions.

Accommodating bids was made easier this year by debt relief, larger disbursements by donors and higher tax revenues.

#### **Allocation of the Annual Capital Budget**

The Annual Capital Budget is drawn up within a well-defined set of procedures (see Section 1.1). Apart from a circular from the Ministry of Economy and Finances giving the priorities, there are no real guidelines. Ministries' projects in theory are presented to the Planning Directorate and analysed one after the other (it should be remembered that these projects are not only for investment purposes). In practice, only the projects that require local counterpart funds are included, all the others are omitted, remaining unknown to the Directorate. Local counterpart funding needs are generally inflated, to allow room for discussion with the Planning Directorate. There are no precise criteria for the allocations made. This probably leads to misallocation, as internal financing is usually spent in full, even when related external financing is not. This lack of assessment criteria is partly due to the fact that the Planning Directorate is unable to monitor operations in the field. To obtain information on the projects' progress and implementation, the Planning Directorate sends out forms to the project managers (at least for those projects that have been identified). The response rate is very low, about 30%. In recent years, and particularly this year, the problem has become even more acute due to the rapid growth in capital expenditures included in the Government Budget. At first, it was impossible to find enough applications for the voted funds. This is not a new problem, but it has been aggravated by the policy designed to reduce government intervention in the

economy. For instance, rural development projects have been reduced because the State is not supposed to do more than offer support to producers' organisations.

### **Programme Budget indicators**

The 2002 Programme Budget presents 99 programmes (see Annex 6), comprising about 1,000 indicators, all unquantified. They are mainly indicators of activity, which can usually be drawn up by the departments concerned. Annex 4 presents, by way of example, the indicators used in the 2002 Programme Budget for the Ministry of Economy and Finance. Given the very large number of indicators in the Programme Budget, all the indicators used by the PRSP are probably also the Programme Budget indicators (this is true, for example, for the school enrolment rate). However, the indicators used by the Programme Budget are not generally poverty-focused. They are more like activity level indicators for the departments, or even simply indicators of inputs. For instance, in the area of auditing, the 'Supreme Court' programme merely states 'the smooth-running of the Public Expenditure Accounts Section' as its target, with no mention of the activities or results aimed at. The Ministry for social development, solidarity and the elderly includes a programme called 'fight against poverty', but only four indicators are given at this level: number of income-generating activities implemented; number of social infrastructure projects completed; rate of reduction of the incidence of poverty and the number of savings and credit institutions created (this last point does not seem to fall within the remit of the Ministry for Social Development).

A study on appropriate indicators was carried out for the National Poverty Reduction Strategy (Lok Dessallien & alii, 2001). Several missions were organised as a result of this, one of which worked with the Observatory on Sustainable Human Development (ODHD) and proposed a (very) large number of indicators.

The PRSP for Mali, adopted by the Cabinet on 29 May 2002, contains 4 major targets: i) Increasing the professionalisation of the different stakeholders; ii) facilitating access to financing; iii) facilitating access to information; iv) promoting promising sectors of activity. However, the vague wording and the lack of quantitative indicators of results and of intended policy measures for poverty reduction make the targets more like a list of headings than scientific measurement variables of policy costs and results. In addition, the text has not been passed by the National Assembly.

Various indicators were defined for the PRSP. They are divided into two lists (see Annex 2.). Only the indicators in the first list are quantified and have targets for the end of the programme (2006). For the first time at the national level, a distinction has been made between indicators of inputs, activities, outputs and outcomes. The indicators have very little relation to the national targets for poverty reduction, but are more like traditional indicators for the health and education sectors. They are aggregated on a national level. The PRSP does not give a clear definition of the monitoring system. The list of indicators itself has been criticised (see Annex 1) and remains provisional. In fact, the PRSP is seen as a document that will evolve over time, particularly as far as monitoring is concerned.

Four studies are currently underway to improve the monitoring system and the indicators: one by a team led by the CAFPD, the Malian development policy research unit (with support from the Canadian agency FOCUS), a second financed by the Swedish development cooperation department, a third by the Canadian development cooperation agency and the fourth by the European Union (Eurostat).

The lack of coordination between these studies is obviously unfortunate. The PRSP Unit planned to organise a workshop to take stock of the situation in September 2002.

It is also quite regrettable that the discussions seem to focus so strongly on defining indicators, whereas the monitoring system as such receives far less attention. And yet, many questions remain unsolved at this level (who is responsible for collecting and processing information? how much does the system cost? how will the results be interpreted? etc.).

Government departments believe that certain indicators are reliable indices for their activities. This is the case, for example, for collection rates for the various departments concerned (Customs, Tax and Treasury). This poses the problem that comparisons are made on the basis of the departments' own targets, which can be manipulated. For instance, the recovery rate for the Customs Department for the first half of 2002 was estimated at 110%. Moreover, most indicators in the Programme Budget are indicators of process.

Currently, the definition of the results to be obtained from results-oriented expenditure management takes place, for the administration as a whole, in the framework of the Programme Budgets and, for certain departments, that of sector programmes. In the first case, the process is incomplete because only national resources are taken into account, although external financing plays a major role in certain areas.

The Programme Budget process undoubtedly leads to improvements in programming in the spending ministries, such as the Ministry of Health. For example, in the programme 'Extending cover and improving the quality of health services', the results for 2000 included 7 indicators of output in access to healthcare (systematically compared to estimates), the statement in mid-2001 included 6 indicators of illness, 8 of access to healthcare and 5 for equipment and medicines. The same document presents the targets for 2002 (they were not included in previous years) and fixes 14 indicators of results including six with quantified targets. For 2003-2004, it fixes 15 expected results and 16 indicators. We are still at the beginning of the process, which should be adapted following practical experience. But the approach has already helped to determine the costs of the programme, by type of expenditure and for each of the three years of the Programme Budget.

However the information system's coverage is not complete as it excludes hospitals, even though they are public establishments; it also does not include private and denominational structures that will require special surveys.

## **2.2 Are the targets realistic? How were they formulated? What methods were used?**

The methods used to formulate the targets differ greatly from one sector to another. The definition and updating of performance indicators in the ministries of education and health, the technical ministries we visited, relies extensively on the ministries' management information systems, although the health ministry also uses Demographic and Health Surveys.

Each of these ministries has a planning and statistical unit which collects and processes the statistical data required for economic forecasting, planning and programming. These units work with the Administration and Finance Directorates to prepare the plans, programmes and budgets. The targets are decided by the planning and statistical units and transmitted to the Administration and Finance Directorates which put together the quantified programme based on cost estimates. The targets taken into account are mainly indicators of results (school enrolment rate, for example), and seldom indicators of outcomes. The relationships between the planning and statistical units and the Administration and Finance Directorates should improve with time, but they still suffer from the lack of harmonised nomenclatures for targets and inputs.

Moreover, only six ministries have planning and statistical units at present (Health, Education, Public Works, Mines, Rural Development and, more recently, Transport). There are therefore major difficulties in the other ministries when it comes to programming activities and defining the targets. However, it should be noted that some ministries that do have such units were unable, or unwilling, to provide in due time the figures for the indicators selected in the PRSP.

The Education sector appears to be the most advanced. The Ministry's Administration and Finance Directorates used several models (including those of UNICEF, the World Bank, etc.) to draw up estimates of the inputs required and the projected expenditure to match the targets set. There is a plan to decentralise the models to the level of the education authorities. The Health department also uses a model-based approach, in particular to calculate indicators relating to proximity to health centres (the methodology is explained in the PRSP). In the other ministries, there is little or no formal system for formulating targets.

In the education and health sectors, costings are based on bid prices. The standard cost models designed by the technical departments (CEPRIS, infrastructures division, Education project) serve as a reference in choosing suppliers. In fact, the estimates are confidential, serving as a benchmark for the Administration and Finance Directorates, and are not made known to the bidders.

This is the case, for example, in a road construction project on the route from Bamako to Kayes via Djidjéni, where the preliminary estimate (over 7 billion CFA francs) was over one and a half billion CFA francs lower than the actual estimate. The result is that the road construction company which won the contract with such a large discrepancy is now in a legal dispute with the authorities, claiming an extra two billion CFA francs.

In this way, the Administration and Finance Directorates draw up draft expenditure estimates for annual budgets. Budget allocation decisions are based on different criteria, such as respect for commitments (for example, to devote a given percentage of the budget to education, elementary schooling, primary healthcare, etc.).<sup>8</sup> Bids are adjusted, usually downwards. The process generally stops there, without returning to the planning and statistical unit so that the targets can be readjusted to fit the budgetary constraints. This means that, in many cases, the amounts allocated are not sufficient to reach the targets set.

The preparation of a Medium-Term Expenditure Framework (MTEF) should change the way things work, as it fixes sectoral budgets before fixing the targets. Mali presented its first MTEF for the PRSP. It was drawn up on the basis of estimated receipts, calculated in broad aggregates from estimates about growth, tax rates and buoyancy. This estimate of receipts, to which is added an 'acceptable' gap, gives the maximum amount of expenditure. Expenditures are then allocated to different departments in ministries, mainly taking into account prior commitments made by the authorities, particularly in the context of sector programmes (for example, share of elementary education and health in total expenditures). At present, these allocations do not take into account the targets at all. Departments are then invited to formulate their programmes within these multi-year budget ceilings (currently 2002-2005). Ministers have little scope for raising ceilings.

The World Bank, in an attempt to fine-tune the approach, financed the preparation of two medium-term expenditure frameworks based on results in the education and health sectors. In practice, the exercise seems very close to that already carried out for medium-term programmes.

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<sup>8</sup> These commitments are often taken as part of a sectoral programme, often with the World Bank. We note in passing that the 20/20 initiative is not subject to any particular monitoring.



Expenditure estimates are likely to be unrealistic, for several reasons. First, the estimates for receipts appear somewhat optimistic (see Table 2). The growth rates used in the basic scenario of the PRSP (under pressure from the IMF team from Washington) are optimistic, and the justification for the break from previous trends is not convincing. The lower growth scenarios presented in the PRSP are more realistic (tests 1 to 3, based on lower forecasts for farm production, mining production and prices).

**Table 2 : PRSP forecasts**

	2000	2001	2002	2003	2004	2005	2006
GDP volume (1987 prices)	965	979.6	1070.2	1149.1	1216.9	1285.2	1353.9
		1.5%	9.2%	7.4%	5.9%	5.6%	5.3%
GDP value	1741.5	1927	2131.1	2346.6	2549.1	2742.8	2913.3
		10.7%	10.6%	10.1%	8.6%	7.6%	6.2%
<b>Budget Summary</b>							
Total receipts	269.9	320.1	385.1	421.4	466.3	516.1	577.8
Tax receipts	233.3	281.6	331	366.7	410.6	458.9	519.1
Tax ratio	13.4%	14.6%	15.5%	15.6%	16.1%	16.7%	17.8%
Budget expenditures	417.3	497.4	546.9	602.8	641.2	691.5	763.9
Current expenditures	199.3	243.6	284.8	287	305.3	326.6	345.4
Capital expenditure	217.1	235.9	252.1	305.8	325.9	354.9	408.5
HIPC expenditure	0.9	16.8	31.8	23.0	24.3	24.5	24.7
Net external financing	64.4	106.1	104.6	92.2	92.8	89.6	90.7
Net internal financing	3	6.1	-8.5	-6	-15	-18.8	-16.6
Gap			45.1	64.6	66.8	74	81
MTEF expenditures			653.5	699.9	739.3	796.6	
Inc: Elementary education			50.6	56.3	61	64.7	
% of total expenditure			7.7%	8.0%	8.3%	8.1%	
Health			39.7	43.5	46.6	50.2	
% of total expenditure			6.1%	6.2%	6.3%	6.3%	
<b>GDP growth rate in vol.</b>							
Basic scenario		1.5%	9.2%	7.4%	5.9%	5.6%	5.3%
Test 1		1.5%	9.2%	5.8%	5.3%	4.9%	4.5%
Test 2		1.5%	9.2%	2.3%	4.4%	3.6%	6.0%
Test 3		1.5%	10.1%	0.7%	3.8%	2.8%	5.1%
<b>Financing gap</b>							
Basic scenario		0	45.1	64.6	66.8	74	81
Test 1		0	45.1	68.8	74.3	85.5	94.4
Test 2		0	45.1	82.9	91.8	110	117.9
Test 3		0	45.1	87.5	99.1	120.6	133.6

Source: PRSP May 2002

The same applies to total tax revenues, which are based on a forecast of rapid growth, particularly at the end of the period (2006). The Planning Directorate pointed out that there has been very rapid growth in total tax revenues in recent years. This is true, but it mainly appears to be due to the opening of new gold mines.

Even in the base scenario, and despite these optimistic hypotheses, the forecast results in a large financing gap in the budget summary (approximately 11% of expenditures). This gap is obviously

even greater for the other scenarios (tests 1 to 3) where it represents between 25 and 30% of expenditures.

### **2.3 Formulating targets and indicators.**

Generally speaking, there are no 'bottom-up' decision-making processes. However, this type of approach was introduced for formulating sector programme targets and indicators (for PRODEC and PRODESS). Sector annual activity plans are compiled in this way. Costed expenditure programmes are drawn up first at the circle level, but these are often unusable and have to be modified at a higher level. The costs are often grossly overestimated, and the activities hardly realistic (number of days training equal to number of working days, for example).

To our knowledge, no indicators have been formulated starting at the grass roots through participatory processes. Yet, the participatory fora organised in January and February 2002 in preparation for the PRSP heard the opinions of regional workshops on this point. These workshops made many demands, but they have not materialised in the form of regionalised indicators.

Apart from these sector programmes, the process for formulating targets and indicators takes place in ministry/agency hierarchies, though this is changing with decentralisation.

At present, the indicators chosen by the PRSP are still provisional, and they have little relationship with the fight against poverty. They are essentially aggregate indicators, although poverty in Mali (and particularly extreme poverty) is overwhelmingly a rural phenomenon. It would therefore be logical to develop indicators that focus on the rural areas, or at least make it possible to monitor inequality between towns and rural areas. In practice, the target of poverty reduction is not taken into account as such. For example, in education sector planning for universal primary education priority is given to regions with lower enrolment rates, but these are not necessarily the poorest regions (unless the lack of education supply is considered in itself as an indicator of poverty).

#### *The central authorities*

At the State level, administrative management is very much centralised on the Minister of Finances, who is the only authorising officer for the Government Budget. Senior civil servants and directors of ministries share this power and play a leading role in the process, particularly in the Administration and Finances Directorates and the planning and statistical units. Their motivation in these matters results from their sound training and their desire to serve their country and contribute to its development, rather than to attractive remunerations. Apart from these professional State servants, the more junior civil servants are badly paid, have no responsibilities and do not get very involved in their work.

#### *The local authorities*

Outside the capital, we must make a distinction between several modes of service provision, involving: deconcentration, decentralisation and outsourcing of public services and outright privatisation.

Whether we look at deconcentration of public services or decentralisation to local authorities, lower level local managers are mobilised in the preparatory phase of programming and budgeting. For the ten-year development plans (PRODEC and PRODESS), for the three-year programme budgets, the three-year activity budgets and even the annual budgets, the people in charge at the local level are consulted extensively and national budget bids are drawn up on the basis of their demands, after

adjustment by a budget committee. This gives them the opportunity to obtain their share of the budget. However, it is unfortunate that there is a lack of feedback and that local demands are often thrown off balance by blind cuts.

### **Local State departments**

Local officials play a significant role in budget execution. They are authorised to conclude contracts of up to 50 million francs and to commit and authorise payment of recurrent expenditure. They also monitor activities in their sector – health, education, rural and hydraulic infrastructures, water, etc. – and provide the central State departments with the management information required by the monitoring committees.

They have sufficient leeway to manage the resources allocated to them. For health-related operations, the Regional Director for Health, Social Development and Economic Solidarity is the authorising officer for expenditure, paid out by the regional paymaster.

Nonetheless, in the context of the poverty prevailing in rural Mali,<sup>9</sup> this freedom is limited by the scarcity of available resources.

One solution would be to reinforce the role of High Commissioners, the State's representatives in the regions. They could provide logistical assistance to the central administration's regional departments and help strengthen the local authorities. However, although the High Commissioners are authorising officers, they do not actually authorise any expenditure, as this is done by the regional budget directors.

### **Local authorities**

The local authorities, regions, circles and communes manage their own affairs under the terms of the Constitution of the Third Republic. As they are close to the local populations, they are increasingly involved in elementary education, community health, environmental protection and rural infrastructures. The authorities are widely consulted about needs. However, due to the extreme scarcity of resources and the narrow local tax base the State should provide resources to enable them to develop their new responsibilities, for example as block grants. As yet, this is not contemplated.

It should also be noted that the local authorities' general secretaries, who are paid by the State, rarely have the skills required to accomplish their tasks. An ambitious training programme must be undertaken if decentralisation reforms are to succeed.

The communes often do not have decent premises at their disposal and are obliged to rent them, making working conditions very difficult. Nevertheless, their involvement in formulating the needs and in coordinating NGOs can only increase.

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<sup>9</sup> In 1999, the human development index for Mali's 7 regions varied from 0.26 to 0.34, whereas it stood at 0.57 for Bamako. (Source: National Human Development Report 2000, UNPD, Bamako).

### *Outsourced public services*

It is relatively common for the State or a public authority to contract operations such as water distribution or land development out to the private sector. The private operators pay a fee to the licensing authority, and earn income from commercial operations. The contract fixes the tariffs to be applied. The operator is, of course, required to provide a detailed annual operating report, containing financial and physical data.

Several agencies (AGETIP, AGETIER)<sup>10</sup> execute public works programmes on behalf of local authorities, with a high level of professionalism. However, these agencies are often financed directly, reducing the authorities' sense of responsibility for the programmes.

### *Civil society*

Since 1989, civil society has set up a series of dynamic organisations based on village communities, centred around maternity clinics and community health centres (CSCOM)<sup>11</sup> for the health sector, elementary and community schools for the education sector, and producers' cooperatives and trade unions in the economic sector, with the professional organisations. The decentralisation process can build on these experiences. However actual transfer of competencies and resources to the communes was planned for end 1995 or beginning 1996, but is still only partially in place. It is too early to make rural mayors responsible for delivering targets and results indicators as some of them are illiterate and have no competent general secretaries to help them.

However, the transfer of public service activities to the private sector, whether community-based or for-profit does not advance the cause of results-oriented management. For example, the NGOs are very reluctant to fill in forms and to report on their results. Privatisation is a handicap in measuring results in terms of poverty reduction that has to be compensated by increasing the number of official statistical surveys.

The community health centres are a real success as more and more people are going to them for healthcare. They perform well in that they are usually able to provide solutions to the different health problems encountered by the population (except perhaps for the poorest amongst them), in taking care of sick people and in supplying generic medicines. The cost of treatment is generally fairly low (between 300 and 1,000 CFA Francs per consultation) and, in most cases, the medicines are available on the spot. The centres are usually managed by a management committee comprised of consumers and notables from the commune. The State does not set their targets, but the managers are directly under the population's control, through their management committee. The State usually limits its intervention to providing an initial stock of medicines and making a contribution towards the building costs. In the least-favoured regions where contributions from the population are not sufficient to keep the centres going, the State can also pay part of the personnel costs (doctor or charge nurse, for instance). Other contributions can also be made by NGOs, decentralised development cooperation bodies, etc.

The same phenomenon is to be found in the education sector, with the growing number of elementary schools where the only costs of sending children to school are parental contributions of 2,500 to 5,000 CFA Francs per year. These schools benefit from subsidies from the State and other

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<sup>10</sup> AGETIP (Agence d'Exécution des travaux d'intérêt public contre le sous-emploi) and AGETIER (Agence d'Exécution des Travaux d'Infrastructures et d'Equipements Ruraux) are non-profit NGOs which execute labour-intensive public works programmes and urban and rural infrastructure projects. They were initially financed by the World Bank to mitigate the adverse effects of structural adjustment.

<sup>11</sup> The *Centres de Santé Communautaire* are the base of the public health system pyramid and are generated by associations.

decentralised authorities. Nonetheless, they often find it hard to retain their teaching staff due to the low wages.

Generally speaking, the officials in charge of these facilities understand the missions assigned to them and the targets to be met. The major problem is limited budget resources. For example, in 2001, the government had recruited health workers for the primary and referral health centres on local contracts. However, a competitive exam was then held by the civil service and most of them left their jobs to become civil servants, attracted by the higher wages and job security. There is a risk that this problem will not be solved by the PRSP, which adopts the policy imposed by the international organisations (despite demands to the contrary expressed during local consultations) which consists in offering low wages to personnel recruited and supplied to local authorities, apart from civil servants.

## **2.4 To what extent are targets cascaded down to middle and junior management and to the implementing units?**

The circulation of information on budgets is often sorely lacking. A large number of budget managers seem to be unaware of the size of the budgets that they are supposed to be managing.

In addition, the rigidity of treasury controls, however necessary, deprives the managers of any flexibility, as they are obliged to respect expenditure allocations to the letter.

As mentioned above, the Malian administration has no tradition of delegation; it often comes to a standstill when a manager has to go away. Consequently, the very idea that middle or junior managers can be judged on their personal performances seems remote from the Malian administrative culture.

## **2.5 Nature of incentives or penalties aimed at encouraging service providers and administrators to achieve targets**

The system of remuneration for State officials offers little incentive. Wages are excessively low, increasing the temptation of corruption, and the wage scale is too compressed. The numerous productivity bonuses are small and based on obscure criteria, and promotions are practically automatic. There are few rewards for productivity or commitment to the job. League tables are not used in French-speaking Africa where the competitive culture has not developed.

On the other hand, the absence of bonuses in the public expenditure accounts section of the Supreme Court, plus the lack of esteem enjoyed by its members, is a powerful factor of demotivation. Its members are not eligible for the *prime de judicature* contrary to their colleagues from the judicial section who share the same premises. This leads to a feeling of injustice, or even persecution.

Programme managers are identifiable in programme budgets, but their performance does not seem to be evaluated or be systematically reflected in their pay or promotion prospects. However, performance is sometimes taken into account informally (along with other criteria) when people are promoted. Also, good performance can give access to jobs in international organisations or in the development partners' local offices.

The Ambassador of Canada drew our attention to the fact that there is no results-oriented system of remuneration in the Canadian administration either, and that it would be considered counter-productive to introduce a system of this sort.

On several occasions, officials from the Malian administration mentioned their fear that result-oriented systems would be used by the donors and international institutions to impose sanctions on the Malian government. An unfortunate experience of this sort has already happened with the European Union, which reduced financing in the health sector because the agreed targets had not been met. This made the Malian officials very distrustful and slowed down the process. They are seeking assurances that in future indicators will not be used as evidence against them, or against the Mali government.

The move from project-based to programme-based external aid is undoubtedly a significant improvement. However, it can have a detrimental effect on the managers' motivation, since the position of project manager tends to offer a large number of direct and indirect advantages. They are rewarded for the success of projects they have implemented. However, in the case of programmes, it is unsung Malian government officials who are made responsible for success. This has undoubted advantages for sustainability, but it is much less rewarding for individual managers, even though workloads have often increased quite considerably.

## **Chapter 3: Factors in Success or Failure of Results-oriented Expenditure Management**

In Mali, public expenditure accountability is still mainly financial rather than for performance. The latter only gaining ground very slowly. Financial discipline is mainly exercised through multiple controls, carried out *a priori* or *a posteriori*. A great number of problems could be avoided if administrative practice were changed. In particular, the fact that the Administration and Finance Directors for each ministry are appointed by the minister (without a competitive examination) and do not come under the authority of the Ministry of Economy and Finance is a serious shortcoming. Being dependent in this way, they have no other option but to agree to anything the minister decides, however questionable it may be.

### **3.1 Process for defining the results to be obtained by results-oriented management**

The programme budget process has been used for a long time in Mali, but it is still far from being mastered at all the levels of public administration. A solution to this state of affairs has been found, since 2001, by preparing the programme budget in workshops, which bring together the senior staff from the different departments. Facilitators are also present, whose role notably consists in explaining the basic concepts such as targets, results, inputs, etc. The workshop examines the previous year's performance and the actual position in the middle of the current year. The targets for the following year are then discussed on this basis.

Ministries' planning and statistical units play a key role in the programme budget workshops, usually by providing sets of indicators. However, these indicators often remain extremely general. Despite the new guidelines, they do not focus on poverty and do not take into account differences between rural and urban areas, or gender.

### **3.2 Checking that results are achieved**

At present, there are very few systems for monitoring outputs and even less the outcomes, apart from the indicators produced by the departments themselves and the rare surveys carried out.

Obviously, these indicators can be manipulated by the departments that produce them, and this is all the easier as no independent controls are made on the results. Managers have to be taken at their word.

#### *Verification of results: expenditure review*

Up until now, as budgets were voted by economic category, only financial audits could be carried out. The only institution authorised to examine the effectiveness of the expenditure and the quality of public management is the public expenditure accounts section of the Supreme Court, which does not have the material or human resources required to perform these duties.

*Verification of outcomes: surveys and participatory evaluation.*

Three household consumption surveys were carried out before 2001 (Lok Dessallien 2001, DIAL 2001):

- The household budget survey 1988/89
- The 1994 survey (Bamako only)
- The survey of the economic and social situation in Mali (EMCES) 1994

The surveys used different methods and were carried out for different reasons (improving the national accounts for the household budget survey, harmonising the price index in 1994, assessing poverty in 1994). This means that the results are difficult to compare (DIAL 2000), and remain very controversial, in terms of both interpretation and statistical validity. Moreover, these surveys were in no way designed to guide public expenditure or to assess its effectiveness.

On the other hand, the new survey carried out in 2001 did reflect this concern (using the special module QUID for rapid processing of the results) and should be able to serve as a basis for future comparisons.

Demographic and Health Surveys (DHS) were also carried out in 1987 and 1995. They provide interesting data, but not on the income-related aspects of poverty.

AFRISTAT undertook an evaluation of arrangements for surveys in Mali (2002). It underlines the weaknesses of the Institute of Statistics, due 'at least partly to the pay conditions in the civil service.' The report also stresses that the weakness is particularly clear with respect to the analysis of the surveys' results.

There is a programme to reinforce the statistical systems in the countries in the sub-region (PARSTAT). It is coordinated by AFRISTAT, a multi-country body based in Bamako. This programme has started to produce 1-2-3 surveys (a method designed by DIAL). The results should make it possible to monitor the population's opinions (in the capital only) on a certain number of questions, such as corruption or the level of satisfaction with public services (the latter indicator is explicitly mentioned in the PRSP but with no indication of how it is to be measured).

It is difficult to give an opinion on the quality of the data collected by the ministries' planning and statistical units (this is probably why the indicators in appendix 2 are widely based on the DHS surveys, which are not Malian government internal systems). Nonetheless, different sources quite frequently produce different data on the same indicators.

The Ministry of Health's information system produces data which the director of the planning and statistical unit considers relatively reliable, except for the information system on hospitals. There has been a master plan on information in this ministry since 1998. However, the way the hospital registers are kept varies from one place to another and is largely dependent on the person in charge. On the other hand, the local information system is considered reliable (particularly the epidemiological alert system).

The weakest point is probably data interpretation. Very few studies are available on the evolution of the indicators. This deficiency was noted, in a more general manner, in the case of the Statistics Directorate (Afristat 2002). No analytical instruments (models, econometric tools) are commonly used by the Malian administration to carry out this kind of analysis. As we have already mentioned, there still does not seem to have been any clear thinking on the steps to be taken in this area, even as far as the PRSP is concerned



### **3.3 Role of independent verification of results – by internal audit, external audit (court of auditors, etc.), parliamentary committees or civil society monitoring groups**

The law<sup>12</sup> stipulates that the budget implementation is subject to a triple control: administrative, by the Court of Auditors and parliamentary. The authorising officers and the accountants are subject to these controls.

#### *Internal audit*

The internal audit function, following the financial law of Latin countries, is carried out by teams of general and specialised auditors, made up of civil servants. This internal audit, known as the administrative control, is therefore carried out by civil servants who intervene *a priori* or during the execution of the budget. Each ministry has its own staff inspectorate, at the minister's disposal to ensure that his departments are managed correctly.

The Inspectorate-General for Finance has wider powers. Its 32 inspector-generals can check on movements of public funds everywhere they wish.

Mali also has a public administration inspectorate, reporting to the Prime Minister (previously reporting to the President of the Republic, under the name of general government inspectorate). It intervenes on specific issues assigned by the Prime Minister, who also appoints its members. It is obviously not independent, and does not aim to be, but the assistance it provides to the government makes it a vital link in executive power. It is comparatively well funded. Its reports are not published, hardly a sign of independence. The public administration inspectorate currently has 27 auditors. Their annual work programme is submitted to the Prime Minister who can also give them missions on a one-off basis. They often work by sector, controlling, as far as possible, all the bodies in a particular category. For instance it controlled hospitals, communes and embassies in 2002. However, being non-independent from the executive, the inspectorate's reports are often not followed up on, as was the case in 1995.

The public administration inspectorate's role is often confused with that of the public expenditure accounts section, which has a solid legal basis and is truly independent, but has few resources and is held in low esteem, despite texts from the WAEMU.

#### *External audit*

The Supreme Court, via its Accounts Section, is Mali's Supreme Audit Institution.<sup>13</sup>

The Accounts Section has been given a wide range of missions:

- To verify the public accounting officers' accounts
- Check the authorising officers' management
- Control the stock accounts
- Examine the management of fully or partly owned public bodies
- Carry out audits on demand by the President of the Republic, the Prime Minister or the President of the National Assembly.

<sup>12</sup> Article 38 of Act 96-061 of 4 November 1996

<sup>13</sup> The public expenditure accounts section of the Supreme Court is responsible for the jurisdictional control provided for by Act 96-01. Under article 25 of the Constitution and article 1 of the incorporating Act n° 96/071 of 16 December 1996,

Its independence stems from its freedom to fix its own work programme, and from the status of magistrate granted to its members. However, this must be put into perspective, as 7 advisors were once collectively dismissed from office (very high compensation payments were subsequently made by the State).

The Section carried out a substantial amount of work in the 1990s. It audited the Malian part of the projects financed by the UNDP and the UNFPA. In the area of budget management of interest to us in this report, it enforced regular procedures and practices for producing accounts. In 1996, it presented its first report on the execution of the budgets for 1993-1995 (which gave rise to a lengthy contestation). The work was of excellent quality and the members did not hesitate to denounce errors in management.

However, although the number of members was already very modest (6), it was cut by half in 1999, leaving only a President and two advisors. Draft Budget Settlement Laws for 1996 and the following years have not been examined. Without its report on the execution of the Budget and legal declaration of conformity the National Assembly cannot examine the draft. The Section has also had to audit the Independent Election Monitoring National Commission. Work on auditing Government Accounts could not begin before July 2002, although the Section has been strengthened since 2000 with the arrival of 5 magistrates and a President of the Chamber. A building construction project has been approved with the support of the President of the Supreme Court and the European Union. Six new magistrates should be recruited in 2003, following recommendations from the IMF.

The Accounts Section will not receive the final expenditure accounts for 2002 until the end of 2003. It will only then be able to examine their compliance with the voted budget. Given the poor level of resources at present (other similar Courts have 50 to 60 auditors), this task is a priority. It is vital to the success of results-oriented management that the magistrates should be trained in assessing the efficiency and the effectiveness of expenditures, in accordance with statutory obligations, as is the case for all supreme audit institutions. On this point, it is unfortunate that it is the public administration inspectorate and not the Accounts Section that represents Mali at the conferences of the Regional Organisation of Supreme Audit Institutions and at its training sessions in Africa.

Mali, like every other WAEMU State, is committed to setting up a National Court of Auditors by 31 December 2002. Failing this, the country will be obliged to resort to audits by the Union's Court.

### *Confusion between internal and external audits.*

In Mali, the two traditional functions of external and internal audit are confused to the point that transparent management becomes very difficult. There are several reasons for this state of affairs:

- The weakness of the National Assembly, which does not debate budget results
- The expansionism of the public administration inspectorate (well-funded by the Prime Minister compared with the missions confided to it) which presents itself as if it were a supreme audit institution, including at the international conferences of AFROSAI and INTOSAI, although it has neither the constitutional legitimacy nor the independence to do so.
- The low esteem in which the Accounts Section is held. It is vital for the Section to dissociate itself from the judiciary, which is not its world, and draw closer to the National Assembly, to which it should offer assistance in monitoring the execution of the Budget Law.

## *Parliament*

Members of the National Assembly are elected to a Finance Committee, with special responsibility for monitoring budgetary issues. Up until now, it has been handicapped by the fact that the budget was presented by input category, thus making it impossible to know the exact purpose of expenditures. This explains why the Committee was behind the creation of programme budgets, now annexed to the Budget Law.

The Budget Settlement Laws for 1996 to 1999 have been approved by the National Assembly. The draft for 1999 was adopted by the Cabinet on 26 June 2002, after significant delays. Generally speaking, the National Assembly is in no hurry to vote on Budget Settlement Laws. Hence the World Bank made the vote on the Budget Settlement Law for 2000 a condition for its lending.

The National Assembly's powers of parliamentary control have greatly increased since 1992. It has the right to question a technical Ministry on particular issues of interest to it. This parliamentary control is mainly exercised via questions, the work of committees of inquiry and audit, the supplementary budget and the Budget Settlement Law.

Drawn up after the Administrative Account and presented in the same form as the Budget, the draft Budget Settlement Law serves:

- To report the final amount of revenues and expenditures;
- To ratify allocations and approve expenditure overruns;
- To draw up an annual financial statement, including the budgetary deficit or surplus, profits and losses for the special treasury accounts and net lending;
- To authorise the transfer of income from the year in hand to the consolidated national debt account.

As the law stands, the National Assembly is not competent to supervise parliamentary inquiries and to follow up their recommendations. An amendment has been drafted to enable the President to initiate special audits, but this has still not been approved.

## *The press and civil society*

In Mali, the press enjoys great freedom of expression and can be extremely critical of the authorities. Controversial books are also to be found in the bookstores, sometimes the work of dissidents living abroad. However, all this has a very limited impact due to the population's low literacy rates. Fortunately, the written press is backed up by one of the most extensive free radio networks in Africa.

To our knowledge, there are no watchdog bodies, backed by NGOs, to monitor the provision of public services to the poorer levels of the population, and, in the event, to put pressure on the public authorities. This role is in fact carried out by the press, which is very quick to denounce any sort of abuse or problem. Associations, either in the form of management committees (for example, the health centres) or non-profit-making associations (e.g. the parent-teacher associations), also fulfil this role.

## *The fight against corruption*

The administrative control bodies, the Inspectorate-General of Finance and the public administration inspectorate take part in the fight against corruption from the institutional standpoint.

However, their lack of independence from the government seems to limit their effectiveness: it is generally believed that corruption has increased over the last ten years. President Konaré has set up an anti-corruption unit, reporting directly to his office, and it has made some spectacular arrests. However, its action is often criticised for being politically manipulated (apparently, only opponents have been punished). Also, after the recent scandal at the textile company CMDT, no commission seems to have been set up to investigate the alleged embezzlements.

The World Bank recently published a report on corruption in Mali, underlining the scale of the phenomenon and indicating a number of measures to be taken. However, the main problem does not seem to be concealment of the facts: cases of corruption are brought before the courts all the time. But the failings of the legal system mean that, paradoxically, guilty verdicts are not unwelcome to the convicted as sentences consist in a few months imprisonment, but not restitution of sums embezzled. Under these circumstances, the authority conferred by *res judicata* in fact protects the person convicted, who has every hope of being able to keep the sums acquired dishonestly.

As for civil society, there is a local branch of 'Transparency International', which, however modest, has made itself heard since 1995 by means of seminars and press releases. It is backed by a network of Malian anti-corruption journalists. One of their actions is to have new provisions introduced in the Penal Code and the Penal Procedures Code, defining new offences such as money laundering and concealment of illegally held funds.

Finally, the Court of Auditors, the only organisation that is independent of the executive, should be in a position to carry out its fight against corruption once it has received the necessary resources.

### **3.5 Is there any evidence of the relative success of results-oriented public expenditure management when programme implementation is devolved within the public sector or outsourced to the private sector or non-governmental bodies?**

Results-oriented management in the ministries will only be effective if the ministers have increased powers for managing their budgets and are able to adjust them to deal with any difficulties that arise during their execution.

In cases where decentralised authorising officers are in charge, the main problem observed was the lack of training of the people concerned, particularly the local elected representatives.

The implementation of public programmes is often outsourced to the private sector, by public service contract, leasing or concession. In this case, it is easier to set detailed targets in the contract, and to allow for penalties if they are not respected.

It was thus odd that that when some of the activities of the State-owned textile company CMDT were privatised, its public service obligations in the area of rural development were withdrawn. This is not in line with the idea of private sector participation in general interest services, nor with that of cutting taxes.

No mention was made during our meetings of any cases where taking results into account changed public management. The Programme Budget does not lend itself to this because none of its indicators are quantified. It would doubtless be easier for the programmes (PRODEC and PRODESS), but they have recurrent problems with disbursements, due to difficulties in mobilising the sums allocated under various different procedures.

### **3.6 Is information on results used when performance tables and benchmarks are set and when new performance targets are fixed in terms of input provision, activity levels and intermediate and final outputs/outcomes?**

Up until now, information on results was seldom used, if at all. However, since last year, the programme budgets have been drawn up on the basis of an analysis of results obtained by each programme. The groundwork for this is carried out by departments in each ministry, using performance assessment feedback in formulating targets and estimating resource needs. Nonetheless, as there is no audited data on actual expenditure, and the only indicators are those produced by the administration, the process obviously remains somewhat limited.

As the budget is still mainly managed in the traditional way (particularly with the distinction between voted services and new measures) there is very little leeway for taking targets into account, especially when the financial constraints are binding.

### **3.7 Donors and aid instruments: to what extent have donors promoted and facilitated the setting of realistic targets or, on the contrary, made it more complicated or difficult?**

The multiplicity of donor projects makes it difficult to establish a link between public expenditure and targets, because targets and activities (particularly in certain regions) depend on projects about which only project managers are knowledgeable. The project report forms sent to the project managers by the Planning Directorate are not usually filled in (about 30% are returned, but not all of them are usable).

These long-lasting difficulties underlay the initiative of the OECD's Development Assistance Committee and the UNPD to set up a pilot aid coordination programme. The programme helped development partners get used to working together, and facilitated preparatory work for the PRSP. Nonetheless, the results were very modest, even in the limited areas retained for the pilot (standardising per diem rates and procurement procedures). The secretariat of the aid coordination programme is now due to join the PRSP Unit.

The change to sectoral programmes (SWAs) has improved coordination considerably as far as coordination is concerned (both in terms of the activities as such and of their geographical breakdown). However, the programmes were drawn up in isolation from the budget and their objectives do not take into account budgetary constraints.

This makes it difficult for the Director of the Budget to reconcile sectoral commitments made to the World Bank, and macro-economic commitments to the IMF.

The introduction of results-based management by certain donors (such as the Netherlands or the United Nations) facilitates dialogue with the government and the change to budget support for sector programmes.

However, there is still a strong tendency amongst bilateral donors (and the development banks) to continue their previous activities despite the existence of the PRSP, after simply rebranding their projects with a 'poverty reduction' label. In certain cases, the content itself is unchanged (although it does not correspond to the chosen activities), in others the methods used do not take into account the general guidelines (budgetary aid, results-oriented evaluation).

### **3.8 Major factors favouring or undermining the effectiveness of results-oriented practices**

The introduction of programme budgets has helped the public authorities in Mali to focus on their objectives and performance. Previously they could be characterised as more set on maximising their own advantage than on public service. The new notions of targets and effectiveness have altered attitudes, even though practical changes so far have been very limited.

The budget system inherited, with some modifications, from French budget law, leads to excessive stability in budget shares as statutory entitlements are automatically maintained. Expenditure shares are usually only be upset by cash shortages (given that in the franc area, deficit financing is subject to strict controls), but this has not been the case in Mali in recent years.

Malian civil service management also prevents significant transfers of resources from one objective to another. Another factor is the high level of high trade union membership. The trade unions were opposed to the introduction of programme budgets, from fear of redundancies, although their opposition appears to have decreased.

The MTEF is prepared too late to influence ministries' budget bids. Moreover, the MTEF is not disaggregated to the provinces or regions. This could be corrected by earlier notification of multi-year expenditure ceilings, as shown in the PRSP. The PRSP ceilings, though, are not broken down into budget centres, which they must if the ministries are to feel involved.

The budget is still voted by economic category, which explains the lack of interest on the part of the elected representatives, who find traditional budget nomenclatures incomprehensible or irrelevant for their purposes. The benefits of programme budgeting have been severely reduced by the fact that it was introduced too quickly, with no prior pilot scheme and without extensive staff training (in France, the change to results-oriented management is programmed over a five-year period).

Although overall staff training for programme budgeting has been quite insufficient, training has been provided, but only for limited numbers of relatively high-level officials. A group of Malian managers were trained in results-oriented management a few years ago by the Canadian development cooperation office (GAR programme). Some are now to be found in the planning and statistical units or Administration and Finance Directorates (for example in the Ministry of Education). Nonetheless, the general level of training in this area remains low.

There are too many indicators. This saps motivation, increases paperwork and undermines effectiveness. Moreover, indicators that would be useful are not quantified. Baseline data are needed as a basis for assessing the impact of policies. It would, therefore, be better to make a gradual change to results-based management, starting by using simple results indicators before making things more complicated.

Most quantified baseline and target indicators are for inputs (or simply expenditure, as was generally done in the past in evaluating the rate of implementation of development plans). These cannot be considered real results-based indicators (see IMF report on HIPC, 28 March 2002).

Wages in public administration in Mali are the lowest in the WAEMU. They encourage a number of civil servants to moonlight. Petty corruption is extremely widespread. Senior civil servants are attracted by posts offered in international organisations, either locally or abroad, and at the BCEAO (which particularly attracts statisticians). They will usually only agree to undertake tasks activities that go even the slightest bit beyond their normal duties if they are paid a supplement. This problem hampered the drafting of the PRSP (Dante et al ii, 2002).

Paradoxically however, the World Bank has always stressed the fact that the wages are very high compared with per capita GNP, which is true, particularly compared with Asian countries. However, following the devaluation in 1994, the situation is tending to converge on international levels in countries in the same income category.

The PRSP opened the way to an increase in wage levels (respecting the WAEMU norms), and to 'an effectiveness and merit-based incentive system' (Appendix, p. 26). The international financial institutions have often tried to encourage a switchover to a merit-based system of remuneration in African civil services, without producing any very obvious results.

Among the uses of HIPC funds there has been agreement to recruit a large number of people into education (on temporary contracts) and health. Contrary to demands made by public services users in the disadvantaged regions, these recruits will be very poorly paid. This is justified by the claim that recruits will have no other employment opportunities. However, they may in consequence be poorly motivated. In neighbouring Mauritania, public sector doctors or nurses working in disadvantaged areas are thought to require remunerations three times higher than in urban areas.

There has been very little reflection on methodology for establishing the underlying causes (policies, general situation, external causes, etc.) of actual outcomes. This is obviously a very delicate issue – and one that has posed many problems in the past for the development partners – but a proper understanding of causality is fundamental to the assessment and management of performance.

## **Chapter 4: General Implications of Mali's Experience for other Countries and for Donors**

### **4.1 How can the results-oriented framework be best adapted to institutional capacity, whilst being relevant for agents at all levels and avoiding an excessive proliferation of targets**

It is not possible to develop results-oriented management (ROM) if the players are unaware of the constraints involved. ROM systems should not be implemented if yearly, or preferably multi-year, budget estimates cannot be set first. Exercises designed to draw up MTEFs, even rough ones, should therefore always precede the introduction of ROM elements.

In countries such as Mali, the needs are so immense that requests to draw up programmes automatically lead to unrealistic proposals (the notion of prioritisation is not common in the civil service).

The problem in a country such as Mali is that the resources depend to a great extent on external donors. It would therefore also be preferable if they too were to define (and keep to) multi-year commitments, otherwise it will continue to be difficult to execute the programmes.

It is also important to implement the process gradually, with tests in a few key ministries where the ROM approach is relatively easy to implement. Training programmes must be organised on a regular basis to ensure that all the personnel feel involved and that the process is not handicapped by the agents' mobility. Training should also be offered to middle management; otherwise the agents will not give their support to the process.

The process must be conducted by durable structures in the Ministry in the best position to deal with it, and not by project units that are always more or less isolated from the public administration as such.

Finally, the process of defining targets must not be unilateral, from the base to the Budget Directorate. It is important that targets should be revised once budget envelopes have been set. This vital phase is often omitted.

### **4.2 How can the ministries' concern to standardise the means of setting targets and measuring results be combined with the sectoral and local stakeholders' need for sui generis indicators**

It is important to keep down the number of indicators. One answer would be to eliminate 'decorative' indicators. A large number of indicators (in particular in the programme budget) are useless, either because their interpretation is impossible or ambiguous, or because it is difficult to see what corrective measures could be taken if the indicator is falling. A caricature of this type of problem is the 'number of meetings' indicator, to be found in a number of programmes, for purely administrative functions (for which ROM is admittedly very difficult to implement). Should an increase in the number of meetings be considered a success? Or a decrease a sign of efficiency?



The indicators selected in the programme budgets or the PRSP should be a sub-set of the indicators normally used at lower levels (Ministry of Education, Health), where a wider range of indicators may be used for management purposes as required.

Sector ministries should do more to define indicators of poverty and action to reduce it. These ministries tend to use standard indicators (school enrolment rate, number of kilometres of road constructed or repaired, etc.) without taking into account the impact on poor people, or even differential in impact in urban and rural areas.

#### **4.3 How can civil servants, service providers and service users' credibility and feeling of ownership best be strengthened when setting results-oriented budgets?**

The workshops (led by moderators) used in preparing the 2003 programme budget showed that there are simple ways of strengthening 'ownership' of programme objectives among officials. Sustained awareness of objectives is essential.

However, the production of indicators will only be lasting if the indicators are disseminated widely (and used in performance monitoring at different levels).

In addition, the system can be sustainable only if people responsible for performance data collection see the use made of it at higher levels. This implies that they should be involved in discussing results (but not punished, except in case of misdemeanour) if the results deviate from the targets.

In this context, it is vital for the National Assembly to be able to vote on the Budget Settlement Laws, making reference to the initial targets set.

More frequent beneficiary assessment surveys would be desirable to keep track of the quality of public services. Unfortunately, for financial reasons these surveys are often limited to towns, and sometimes only to the capital, so missing the poorest, who live in rural areas.

#### **4.4 How can independent monitoring, performance audits and evaluation best be developed? :**

Monitoring systems already exist in sector ministries, but do not work effectively. In Mali, the current trend for new agencies is to incorporate performance review requirements in their constitutions, in addition to the traditional audits carried out by the Inspectorate General for Finance, the Public Administration Inspectorate and the Court of Auditors. Reviews are usually carried out by independent auditors, chosen by competitive tender.

The move from financial to performance audits is a major change. It calls for new divisions of labour between audit bodies, and for personnel with different qualifications. Performance audits above all require non-specialist managers with sound training in cost-benefit techniques, whereas financial audit mostly require personnel well versed in regulatory requirements (but flexible as to their application).

#### **4.5 How can public service provision targets and indicators be best integrated with the PRSP monitoring indicators?**

This requires a budget nomenclature which relates recorded expenditures to programme objectives. Mali now has this with the new coding system (2003). This not only harmonises budget and financial nomenclatures, but also makes it possible to measure expenditure devoted to poverty reduction.

It is not a good idea to identify ‘HIPC expenditures’ separately, as is the case at present, given that:

- They represent a very small percentage of total expenditure in a country such as Mali (less than 5% of public expenditures),
- The fungibility of public funds makes attribution illusory, particularly in terms of performance.
- Budget procedures need overall improvement. Creating artificial distinctions makes matters worse.
- HIPC receipts will not be maintained over a generation. They should not be earmarked for specific purposes, such as investment in basic education and health), as this can only lead to low disbursements and waste.

Better knowledge of expenditure by objective should be combined with external assessment of public service provision – through regular surveys of different aspects of public service provision (quality, problems of corruption).

#### **4.6 Which aid instruments are most appropriate for the adoption of durable, credible and effective results-based systems?**

The general use of budgetary aid seems a necessary but not sufficient condition for improving ROM. It is the only way of consolidating all budgetary resources and expenditures. One great advantage is that, unlike in present practice, recurrent and capital expenditure can be planned and managed together in furtherance of their common objectives.

Nevertheless, if budgetary aid is to be really effective, it must be relatively predictable. Today, instability of aid flows is mainly a cause of problems in financing capital projects (the relative stability of overall aid hides a relatively high rate of instability as far as individual donors are concerned). Instability of this sort is more harmful if it affects the entire budget, including recurrent expenditures.

To make matters better donor countries must improve the management of budgetary aid, so that it can be programmed on a multi-year basis and managed to comply with medium-term targets.

In addition, the budgetary aid must be organised around the programmes defined in the PRSP. This means that the development partners must avoid submerging governments with a steady flow of suggestions of various kinds that disorganise them – which is the last thing they need.

A sine qua non condition of introducing budgetary aid is of course effective financial accountability in public expenditure management. However, too much attention should not be focussed on this issue, because *ad hoc* systems (audits, etc.) set up to manage projects do not seem to have avoided problems and embezzlement. Nonetheless, it is clear that setting up efficient information systems to monitor and supervise expenditure management would significantly improve confidence between

the government and the development partners, which would in turn lead the way to an increase in aid.

#### **4.7 How, and at what level of aggregation, can the developing countries best present their public service performance targets to donors in the context of joint performance monitoring?**

It is best to start with a small number of agreed indicators covering the four levels (inputs, activities, results and outcomes).

Outcome level shortfalls should never be used to impose financing sanctions. Instead, they should stimulate policy level discussions with the donors on what drives the relationship between results and outcomes, and what are the implications for policies.

Careful attention should be paid to the way in which the relationships between policies and outcomes are analysed. The current processes focus too much just on indicators, without thinking enough about their interpretation, nor about required policy and executive action.

Finally, regional workshops, for officials of several similar countries and the donors, should be organised on how to analyse results and outcomes. This would help to avoid divergent approaches and interpretations between the local officials and donors' representatives – who usually have more time, better information and, better working conditions.

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## Annex 1: PRSP Priorities and Targets

The version of the PRSP dated 29 May 2002 details the priorities and targets, linking them to an initial priority of ‘accelerated, redistributive growth’.

**Table 1: Priorities and targets**

Priorities	Targets	Share %	Amount 2001-2004
I: Ensuring institutional development, improvements in governance and participation	<ul style="list-style-type: none"> <li>• Improving public sector performance</li> <li>• Consolidating the democratic and participatory process and decentralisation</li> <li>• Fighting against corruption</li> <li>• Culture, religion, peace and security</li> </ul>	• 2.3%	• 46.5
II: Promoting sustainable human development and strengthening access to basic social services	<ul style="list-style-type: none"> <li>• Strengthening health, nutrition and population services</li> <li>• Strengthening education and literacy services</li> <li>• Fighting poverty: improving living conditions</li> <li>• Inter-related issues</li> </ul>	• 50.8%	• 1024.3
III: Developing basic infrastructures and productive sectors	<ul style="list-style-type: none"> <li>• Developing basic infrastructures</li> <li>• Developing productive sectors</li> <li>• Developing income-generating activities</li> </ul>	• 47.0%	• 949.5

Performance indicators will be linked to each target, distinguishing between indicators for activities, results and outcomes. The PRSP gives a provisional breakdown of resources between the different priorities and their components, for the period 2002-2004. However, the components do not always correspond to the targets, and it is already difficult to measure the budget resources allocated to each of them.

## Annex 2: PRSP Indicators

This appendix presents the PRSP indicators as given in the version adopted by the Cabinet on 29 May 2002. They are designed to measure the extent to which the targets listed in appendix 1 are met.

	List A1	List A2	Periodicity	Source *
Incidence of poverty	X	X	5 years	EBC
Depth of poverty	X	X	5 years	EBC
Gross primary school enrolment rate	X	X	Annual	CPS
Gross primary school enrolment rate (girls)	X	X	Annual	CPS
Ratio pupil/teacher in primary school	X	X	Annual	CPS
Literacy rate	X	X	Annual	CPS
Share of education in total Gov't Budget	X	X	Annual	DNB
Share of elementary education in total education budget	X	X	Annual	DNB
% of population with access to healthcare services within 5 kms	X		Annual	SNIS
% of population with access to healthcare services within 15 kms	X		Annual	SNIS
Rate of prenatal consultation	X		Annual	SNIS
Rate of births attended by skilled staff	X		Annual	SNIS
Number of operational community health centres	X		Annual	SNIS
Number of referral health centres organising referrals per year	X		Annual	SNIS
Neonatal mortality rate	X	X	5 years	EDS
Infant mortality rate	X	X	5 years	EDS
Infant/juvenile mortality rate	X	X	5 years	EDS
Maternal mortality rate (for 100,000 live births)	X	X	5 years	EDS
Fertility rate	X		5 years	EDS
Contraceptive prevalence rate (all methods)	X		5 years	EDS
Rate of chronic malnutrition (children under 5)	X	X	5 years	EDS
Prevalence of HIV/AIDS	X	X	5 years	EDS
Rate of DTCP3 vaccination (one year olds)	X	X	Annual	SNIS
Share of health budget in total Gov't Budget	X	X	Annual	DNB
Rate of satisfaction for public service users		X		
Percentage of public resources spent at the local level		X		
Extent of civil society participation in formulating, implementing and monitoring development strategies		X		
Number of anti-corruption controls made		X		
Number of reports implemented		X		
Drop in number of misappropriations of funds		X		
Citizens' rate of satisfaction for legal affairs		X		
Percentage of households renting accommodation		X		
Percentage of households owning their accommodation		X		
Rate of villages with at least one source of safe water		X		
Percentage of population with access to safe water		X		
Percentage of households with wastewater disposal		X		

	List A1	List A2	Periodicity	Source *
facilities				
Percentage of women entrepreneurs		X		
Percentage of women with access to micro-credit		X		
Number of women in positions of responsibility		X		
Rate of unemployment in urban areas		X		
Rate of under-employment in rural areas		X		
Total number of jobs created		X		
Total production of seed cotton		X		
Evolution in prices for producers		X		
Production of fibre		X		
Total livestock		X		
Number of hectares reforested		X		
Number of national and regional development plans implemented		X		
Number of rural wood markets		X		
Kms of earth roads		X		
Kms of paved roads		X		
Kms of roads maintained		X		
Road density		X		
Number of villages with telephones		X		
Rate of community radio cover in communes		X		
Number of families connected to EDM (Energie du Mali) network		X		

Source: PRSP

- \* EBC: household budget survey  
 CPS: planning and statistical unit  
 DNB: planning directorate, Ministry of Economy and Finance  
 SNIS: national health information system  
 EDS: DHS demographic and health survey

The list obviously presents a number of problems.

- None of the indicators are directly related to the split between rural and urban areas, although this is crucial to analysing poverty in Mali
- Many of the indicators are only available once a year. The relationship to the policies can only be established after several years implementation.

## **Annex 3: Legislative and Regulatory Provisions for Government Budget**

Edict 46b of 16 November 1960 on financial regulations for the Republic of Mali, which covered a mixture of orders, decrees and instructions, was replaced by two acts and a decree: Acts 60 and 61 of 4 November 1996 ruling respectively on the Budget Law and the Basic government Accounting principles and Decree N° 97 192/PRM of 9 June 1997 on the general government accounting regulations

- Act 96-060 of 4 November 1996 concerning the Budget Law:
  - the Budget Law for the current year,
  - the Revised Budget Law,
  - the Budget Settlement Law,
    - Government Resources
    - Government expenditure,
    - cash operations,
    - accounting allocations.

The attached budget includes:

- financial operations for non-autonomous State departments,
- financial operations for abolished public establishments of an industrial and commercial nature,

The law allows for an attached budget to be created or abolished.

The special Treasury accounts include:

- accounts for special allocations; trading accounts,
- settlement accounts with foreign governments,
- accounts for currency transactions; advance and loan accounts,
- escrow and security accounts.



## **Annex 4 : Programme Budget Indicators 2002 (Ministry of Finance)**

### **Programme 1. General administration**

Macro-economic indicators  
 Number of departments with computerised systems  
 Number of items of computer equipment acquired by department  
 Number of agents trained by department  
 Number of new acquisitions  
 Real GDP rate  
 Real inflation rate  
 Number of controls made on tax and customs authorities  
 Operating deficit

### **Programme 2. Budget policy design and coordination**

Number of agents trained in each target area  
 Model of draft budget designed  
 Procedures manual drawn up  
 Availability of computerised master plan for administrative channels;  
 Renewal of contracts relating to State plans between the State and public enterprises: number of contracts followed, number of contracts approved,  
 Number of participations in interdepartmental committees;  
 Number of projects handled;  
 Rate of Budget Directorate authorisations for payment relating to external financing;  
 Rate of financing for poverty reduction

### **Programme 3. Collection of fiscal receipts**

Collection rate, customs;  
 Collection rate, domestic taxation;  
 Collection rate, domestic taxation and customs duties;  
 Number of texts adopted;  
 Number of taxpayers registered for property tax;  
 Rate of execution of exemptions granted;

### **Programme 4. Control and assistance in public funds management**

Control:

- Number of budget execution statements produced
- Number of budgets audited
- Number of agents trained
- Number of organisations equipped with appropriate computer hardware and software
- Setting up of appropriate computer networks

Inspection:

- Number of job handovers supervised;
- Number of public services controlled;
- Number of audits carried out
- Number of seminars and workshops organised;
- Number of inspectors trained.

### **Programme 5. Cash flow and government accounts management**

Number of insurance companies monitored and controlled;  
 Number of monitoring missions carried out in banks;  
 Number of agents trained in banking techniques;

Production of a report on the banking system, to improve monitoring of compliance with prudential ratios;  
 Monitoring of government's net position;  
 Training in community accounting and computer techniques for local tax collectors;  
 Computerisation of local community accounts;  
 Functioning of tax offices created;

### **Programme 6 Public debt management**

Amount of external debt repaid;  
 Rate of allocation of HIPC resources;  
 Number of meetings held by monitoring committee;  
 Report on viability of debt analysis;  
 Collection rate for on lent loans.

### **Programme 7 Coordination of economic and sectoral programmes**

Number of projects monitored and evaluated (annual capital budget)  
 Number of monitoring reports produced;  
 Number of projects listed in 3-year investment programme / annual capital budget  
 Number of agents trained;  
 Number of computer units, furniture and fixtures acquired;  
 Number of economic situation reports produced;  
 Number of public and private sector executives trained.

### **Programme 8 National Statistical System: collecting, processing, disseminating, coordinating**

Number of agents recruited  
 Number of agents trained  
 Number of items of equipment acquired, by type;  
 Number of surveys carried out;  
 Number of surveys exploited and analysed;  
 Number of publications of current statistics;  
 Number of meetings to validate data with the different producers.

This list gives a somewhat caricatural view of the programme budgets. However, an overall view, particularly reading the targets for 2002 and the expected outputs, gives a much better, more precise idea of the goals sought and the actions planned. For example, programme 8 gives in its 'expected results' all the publications that should be made in 2002. Although the list is sometimes not very precise ('publishing the national accounts', with no mention of the year), it cannot be expressed by a single indicator 'number of publications of current statistics'.

More than anything else, it is the very notion of indicator that is problematical. The idea that these indicators are aimed at sparking off analysis and actions does not seem to be fully understood. A certain number of general remarks can be made concerning the selected indicators:

- None of the indicators are accompanied by a starting level in figures, or a quantitative target for 2002.
- In addition, interpretation is often open to ambiguity. For example, in programme 8, the 'number of agents recruited' is seen as a target, without any prior study of the number of agents available and the ways and means of using them more effectively. Similarly, the 'number of meetings' is sometimes seen as a target, which is debatable, since it is probably better to have fewer meetings (it is widely accepted that the mania for meetings is one of administration's great banes), but to make them more effective.
- Few indicators concern deadlines

- The indicators are not usually accompanied by a precise definition, mode of calculation or indication of the method of production, although a great number of them are not very clear (e.g. 'rate of financing for poverty reduction' in programme 2)
- Some indicators cannot be related to the government departments' activities (e.g. real GDP growth rate).
- In certain cases, there are clearly far too many indicators for management to be effective (lack of priorities). The 'development of elementary education' programme, for instance, contains 56 indicators.

## Annex 5: PRSP Indicators in Figures

**Table A- 1: List of indicators in the education and health sectors**

Indicators by sector	Type <sup>14</sup>	Reference situation		Targets		Periodicity	Source
		Year	Value	2002	2006		
<b>Poverty</b>							
Incidence of poverty	O	1998	63.8	63.0	47.5	Every 5 years	EBC
Depth of poverty	O	1998	42.3	42.0	32.0	Every 5 years	EBC
<b>Education</b>							
Gross primary school enrolment rate	R	2001	60.0	64.0	83.0	Annual	CPS
Gross primary school enrolment rate (girls)	R	2001	49.0	52.0	64.0	Annual	CPS
Ratio pupil/teacher in primary school	A	2001	74.0	70.0	54.0	Annual	CPS
Literacy rate	O	2001	43.0	45.0	56.0	Annual	CPS
Share of education in total State Budget	A	2001	11.5	12.7	18.5	Annual	DNB
Share of elementary education in total education budget	A	2001	56.8	57.0	60.8	Annual	DNB
<b>Health</b>							
% of population with access to healthcare services within 5 km	A	2001	41	45	50	Annual	SNIS
% of population with access to healthcare services within 15 km	A	2001	66	70	80	Annual	SNIS
Rate of prenatal consultation	R	2001	52	55	60	Annual	SNIS
Rate of births attended by skilled staff	R	2001	41	45	50	Annual	SNIS
Number of operational community health centres	A	2001	533	560	620	Annual	SNIS
Number of referral health centres organising referrals per year	A	2001	21	23	30	Annual	SNIS
Neonatal mortality rate	O	1995	68		58	Tous les 5ans	EDS
Infant mortality rate	O	2001	113.4		100	Every 5 years	EDS
Infant/juvenile mortality rate	O	2001	229.1		210	Every 5 years	EDS
Maternal mortality rate (for 100,000 live births)	O	2001	505		500	Every 5 years	EDS
Fertility rate	O	2001	6.8		6.5	Every 5 years	EDS
Contraceptive prevalence rate (all methods) in %	R		8.2		10	Every 5 years	EDS
Rate of chronic malnutrition (children under 5)	O	2001	24.5		18	Every 5 years	EDS
Prevalence of HIV/AIDS	O	2001	1.7		1	Every 5 years	EDS
Rate of DTCP3 vaccination (one year olds)	R	2001	61		75	Annual	SNIS
Share of health budget in total State budget	A	2001	8.9	9.7	10.4	Annual	DNB

EBC: household budget survey

CPS: planning and statistical unit

DNB: planning directorate, Ministry of Economy and Finance

SNIS: national health information system

EDS: DHS demographic and health survey

<sup>14</sup> A: Activities, R: Results, O: Outcome

## Annex 6: Number of Programmes per Ministerial Department

Economic and Social Council	1
National Assembly	1
President's Office	3
Prime Minister's Office	4
Foreign Affairs	4
Employment and Prof. Training	5
Economy and Finance	8
Regional Administration	4
Armed Forces	5
Promotion of Women	3
Justice	4
Supreme Court	1
Security / Civil Protection	3
Constitutional Court	1
Regional Development	6
Culture	3
Communication	3
State Property	4
Mining, Energy, Water	4
Crafts, Tourism	3
Industry, Trade, Transport	6
Rural Development	5
Youth and Sport	4
Education	6
Social Development	4
Health	4
<b>Total</b>	<b>99</b>

## **Annex 7: Expenditure Management – End of Year Accounts**

### **Management accounts:**

Accountants are obliged to submit their accounts each year for the operations undertaken in the previous financial year, covering all financial, budgetary and extra-budgetary operations.

These accounts are submitted for examination by the public expenditure accounts section of the Supreme Court, which, as required by statute<sup>15</sup>, compares them with the budget estimates of receipts and expenditures (with total expenditure for each ministerial department broken down by chapter as certified by the relevant authorising officer), and of special account and trading fund operations.

### **Annual government accounts or administrative accounts:**

These are drawn up by the Minister of Finance. They indicate the amount of actual expenditure, by ministry and by chapter (by type).

### **The authorising officers' administrative accounts:**

Administrative accounts cover: <sup>16</sup>

- The content of the administrative account:
  - The presentation report, containing a detailed examination of receipts and expenditure and the final position of receipts and expenditure. Three tables are attached: the table of sums collected by the Treasury and Tax authorities, the account of actual expenditures during the financial year and the net income for the financial year
  - Statement of growth in receipts
  - Statement of growth in expenditures
  - General comparative table of receipts and expenditure
  - Position of contingency reserve
  - Annexes:
    - i. The statement of conformity with the approved budget
    - ii. The decree promulgating the budget settlement law
    - iii. Unpaid commitments at end of financial year
    - iv. Balance of payables at end of financial year
    - v. Balance of recoverables at end of financial year
- The preparation of the administrative account:
  - Each year, on the 31 August of the year following the financial year in question at the latest, the authorising officer draws up the administrative account giving receipts/expenditures, and submits it to the Financial Controller for approval. It is then submitted:
    - i. For a control of conformity between the authorising officers' and the accounting officers' accounts, by a committee comprised of the head of the section of the

<sup>15</sup> Article 44 of the law on the Budget

<sup>16</sup> The Cabinet has failed to adopt an application decree as stipulated in Act 96-60, so the only rules on administrative accounts are those laid down in circular N° 25/MF of 18 September 1964.

- court of auditors, a magistrate from the public expenditure accounts section of the Supreme Court and a magistrate who draws up the report of the proceedings;
- ii. For approval by the government, then by the National Assembly.

Public administrative, industrial and commercial establishments must also prepare administrative accounts, as must the 74 communes, 49 circles and 9 regions, including the district of Bamako. The situation is still far from perfect in this respect, as a number of accounts are not prepared within the required time limits. The issue of administrative accounts has even become one of the Ministry of Health's priorities. A procedures manual was drafted with the assistance of USAID to help improve the situation. It should be noted that the delays occur in the authorising officers' departments. Accounting officers' accounts are kept more satisfactorily.

Nonetheless, it seems that there is no real *a posteriori* assessment of actual budget expenditure. The annual accounts use the same nomenclature as the voted budget, that is ten or so expenditure headings for each budget centre.

Sometimes a budget line is even added for an expenditure relating to debt relief in the framework of the HIPC initiative, meaning that it is treated like another category of expenditure allocated to a given target, but with no means of knowing how it is broken down. This tends to distort information on programme costs. It would be preferable to treat HIPC as a separate budget column.

The end of year accounts should also include a Balance Sheet, or at least an inventory. These are supposed to provide information on the physical assets (by stock accounting), procurement prices, and the costs of and outputs of services (by cost accounting). The property and assets of the State and the local authorities is either poorly monitored, or not monitored at all.

We must point out that Mali will be required to take into account the directives already voted by the WAEMU that directly concern it, in particular:

- 05/97/CM on budget laws
- 06/97/CM on the general rules on government accounting
- 04/98/CM as amended, on government budget nomenclatures.

## **Nomenclatures**

Act 86-102/AN -RM of 12/02/87 sets down the budget nomenclature for the Republic of Mali. In the three annexes attached to the law, receipts and expenditures are listed under the economic classification or the functional classification. Neither the nomenclature of the Act 86-102, nor the Directive 4 /CM/UEMOA of 22/12/98 on the harmonisation of the budget nomenclature in WAEMU member countries adopted by the State of Mali, provide a means of monitoring or assessing the execution of the Programme Budget. The result is that during the various budget hearings, the Budget Directorate team is obliged to believe what the programme managers say. Also, there are a number of different sources of information (planning and statistical units, Administration and Finance Directorate and Health department) which are not harmonised.