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**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



MALI

**COUNTRY DEVELOPMENT
STRATEGY STATEMENT**

FY 82

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WASHINGTON, D.C. 20523

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USAID/BAMAKO

COUNTRY DEVELOPMENT STRATEGY STATEMENT (CDSS)

FY 1982

FOR

THE REPUBLIC OF MALI

Agency for International Development
Bamako, Mali

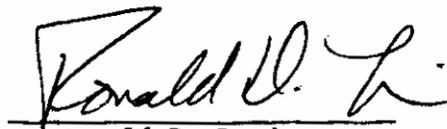
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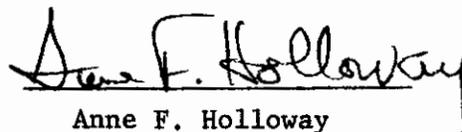


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FY 1982

I. DEVELOPMENT ANALYSIS OF THE REPUBLIC OF MALI

A. Analytical Description of the Poor

In a nation as ethnically, socially and environmentally diverse as Mali, it is impossible to provide an all-encompassing profile of poor people. Certainly Mali's estimated annual per capita GDP classifies its inhabitants as some of the very poorest in the world. Yet the per capita estimates tell nothing about qualitative differences in living conditions from group to group, from family to family, from urban to rural area, or even from one rural area to another. The doubling of population in Mali's two largest cities from 1968 to 1976, 112 percent and 108 percent increases for Bamako and Segou respectively, indicates that in spite of the intense competition for any kind of wage the cities continue to offer greater economic opportunity than the rural areas. But city services cannot meet the needs of urban dwellers and the quality of life in the city may even be lower than that of the countryside. Because per capita income figures reflect the accounting bias against non-marketed production and facets of the rural economy with which analysts and planners are not familiar, we have no accurate picture of the total production of goods and services. Data on household accounts and budgets -- figures which would provide the best indicators of the quality of life -- are precisely what policy makers lack

to plan proper development interventions and measure their success in ameliorating poverty.

In Mali, just as everywhere, poverty is relative. To the high-ranking Malian civil servant who earns \$400 a month, the small but highly visible expatriate community attempting to maintain living standards similar to those at home may look like millionaires. To the civil servant's many relatives, both urban and rural, who may depend on him for support, he enjoys a comfortable upper-class position. And the unskilled worker in the capital city, struggling to cope with urban prices on his \$40 monthly salary, may be the envy of a farmer from his home village who doesn't see that much cash at any one time during a year.

It remains a fact, nonetheless, that 90 percent of Mali's population is made up of farm families who dwell in rural areas. These people constitute the bulk of the poor and it is to them that USAID has aimed its assistance. Farm family here refers to a social unit which for its sustenance depends on the results of its efforts at raising crops and livestock, although emphasis on one or the other varies according to ethnic heritage or tradition as well as geographic, environmental, and historical factors.

In addressing Malian farm families, USAID/Bamako rejects an often accepted notion that these are conservative tradition-bound people who irrationally overgraze their pastures and refuse to market their cattle, or who deplete the fertility of their soils and will only grow enough to satisfy their subsistence needs. Conversely, the view that development interventions will only upset the equilibrium and tranquility of wise old rural philosophers is also rejected. The Mission believes that the rural farmers are prudent

rather than conservative and that they, like all rational humans, seek to minimize their risks and maximize their gains by choosing economic actions which seem most appropriate for them. The head of household is charged with making many of these choices, such as the timing of field preparation and planting, the choice of seed, the surface area to be devoted to food crops versus that of cash crops, whether finances permit hiring outside labor, what can be marketed, family ability to arrange marriages, the means by which alliances with other families can be strengthened, and so on, innumerable.

Naturally, some rural families are better off than others for various reasons. If for instance a family has increased its livestock holdings, it might be considered relatively wealthy. Other fairly well-to-do families might be those which include a regularly salaried civil servant, a merchant, a respected religious figure, a well-known traditional healer, a craftsman of exceptional ability or ambition, or other specialists among their numbers. As a general rule, the larger the family the better off it will be because its alliances are more extensive and its potential resource base is greater. It should be clear that there is no neatly categorized picture of poverty. Some people who concentrate on raising livestock are also among the very poorest in Mali, these being the Moor and Tuareg whose herds were severely affected by the recent drought and have yet to recover fully.

How might the average rural farm family be constituted? A hypothetical rural family consists of 15 - 20 people: the head of household,

his wives and children; his younger brother, his wives and children; and perhaps a married son's wife and children. Farm and household tasks are divided among the family according to age and sex. Adult men are responsible for cultivating and providing the major food crops to the family along with occasional meat or fish. They build and maintain the family structures -- homes, kitchens, granaries, fences, corrals. Women provide spices, condiments, fruits and vegetables to the diet. Thus, women often cultivate individual rainy season and, where water is sufficient, dry season gardens. The produce from these gardens is the woman's. She may sell it or contribute it or the proceeds to the family. Women prepare the several daily meals, tend children, look after the household, wash clothes and cooking implements, gather and process the wild foods which are so important to the diet, haul water, and help with farm tasks, particularly at planting and harvest time. If the family labor pool is sufficient, elders and youngsters under age 10 are normally exempted from tasks. If labor is in short supply, everybody has to pitch in. Everyone works hard - men, women, and youngsters alike - and although women may put in more hours per day at work than men the especially demanding heavy physical labor is performed by men.

Table 1 provides some statistical indicators which are useful for comparison with those of other countries. But in the particular setting of rural Mali, what does it mean to be poor? What is the reality behind the statistics?

TABLE 1

ESTIMATED ECONOMIC AND SOCIAL INDICATORS IN MALI

AREA	1,240,000 km ²
NATIONAL POPULATION	6,500,000
PEOPLE PER SQUARE KILOMETER	5.2
POPULATION GROWTH RATE	2.7 %
PEOPLE PER SQUARE KILOMETER OF ACTUAL OR POTENTIAL AGRICULTURAL LAND (including livestock pasture)	15.2
GROSS DOMESTIC PRODUCT	500 - 815 million
NATIONAL PER CAPITA GDP	\$75 - 125
RURAL PER CAPITA INCOME IN KIND AND CASH	\$50 - 75
LITERACY RATE	5 %
LIFE EXPECTANCY	38 years
INFANT MORTALITY (to age 5)	50 %
AVERAGE NUMBER OF MAJOR DEBILITATING DISEASES PER ADULT	Two
PEOPLE PER DOCTOR	40,000
RURAL POPULATION SERVED BY MODERN HEALTH CARE SYSTEM	15 %
ACCESS TO PIPED WATER	About 29 % of urban population only or less than 3% of national population.
PER CAPITA CALORIES (Percentage of requirements)	75 %
MALNUTRITION IN CHILDREN UNDER 10	6 - 10 %

Source: AID "All data" report on Mali of September 28, 1979,
updated and supplemented by USAID/Bamako

Poverty in Mali means that you are part of the 85 percent of the population that has no real access to modern medicine and health care. The road leading to the nearest hospital is so bad that if you are seriously ill, or pregnant and suffering pre-natal difficulties, you dare not attempt to travel over it -- you would literally chance dying or losing the fetus before getting there. But since transporters try to avoid such vehicle-destroying roads, the likelihood of being able to travel by motor vehicle in an emergency is remote anyway.

Because you have so little cash, you cannot buy a plow and oxen. You cultivate your fields by hand using such tools as short-handled steel picks and hoes of varying blade sizes, and axes and machetes. You plant about 4-5 acres each year in a grain crop -- the staple in your diet -- with seed you have saved from last year's harvest. You protect this precious seed from insects, domestic fowl and animals, and mildew or other problems by first drying it in the sun and then hanging it from the rafters of the kitchen where the smoke from the wood-fed cooking fires will keep it safe and dry.

There is a school in a village many kilometers away. Neither you nor any of your relatives have had any formal schooling. You do, however, know some families who have sent a son to school there because they have relatives in that village and the boy can lodge with them. You spend almost all of your time out of doors but at night you and your family members enter your respective dwellings to put down your mats and sleep on the pounded earthen floor. Your houses and granaries are constructed of

sun-dried mud blocks and repaired during the post-harvest dry season. You roof your structures either with several layers of bunched grass reeds laid over and attached to a conical bamboo frame, or, if your house is rectangular, by laying mats horizontally over beams or planks, split from the trunk of the dume or ronier palm, over which you put a thick layer of mud. Your buildings are arranged around a central courtyard which is the focal point of most household activities. Your houses have no heating, no plumbing, no electricity. For water, you might have a well in your courtyard. If not, your women go to a brook or stream to get water. Both well and stream go dry before the next rainy season. When this happens, you dig the well a little deeper if you can. More often, though, you sink a temporary well in the stream or riverbed. When the first heavy rains come everyone gets sick. Your temporary well is engulfed with feces and debris brought by the rushing waters that follow these rains. Available drinking water is filthy and germ-laden even after you have stored it for several hours in your earthenware jar. And these illnesses beset your family just when everyone needs his maximum strength -- at field preparation and planting time. Since you know you have only a critical, limited time to get the crop planted or your yield will be substantially reduced, you muster every able body you can to help get the seed in the ground. Barring disaster -- drought, hordes of insects or birds or rats, troops of baboons, herds of wild pigs, crop diseases, livestock escaping from their corrals -- your field will survive, your crop will mature, and you will harvest enough to fill your granaries and sustain the family until the next harvest a year

hence, and you might, you just might, have a little left over to sell for some cash or trade for livestock. Barring disaster.

Your family has several chickens, a few sheep or goats and two head of cattle, including a cow about to give birth. The other is a steer and if you had another you might be able to borrow a plow. You never slaughter any of these fowl or animals just for your family to have some meat. Such an act would be very extravagant. However, on important family occasions -- births, circumcisions, weddings, funerals, harvest celebration, or to honor a special visitor -- you might kill a goat or sheep. Of course, you have to give away three-fourths of the meat anyway. Your family can't eat all of it. You have no refrigeration so unless it's salted or smoked, you can't preserve it. But honor and tradition demand that you divide it up among family, friends, and neighbors, and you know that when others slaughter on their special occasions your family will get meat from them.

What are your diversions, your entertainment? You see no films or television. Your family does have a much listened-to radio. You have no books. Your entertainment is talking with friends. It is really market day which is awaited each week, if your village is located near a town large enough to have a once-a-week market. In which case, you set out to walk the 6 - 7 kilometer distance and arrive just before the heat of the day when the market is starting to bustle. The women have all carried a little something to sell or trade -- onions, okra, bitter tomatoes, locust bean, shea nuts -- but they attend as much to socialize, renew acquaintances, develop friendships, and catch up on the latest gossip, as to buy and sell

goods or produce. In mid-afternoon the market begins to slowly break up as those who have walked the farthest drift away, setting out on the long walk home.

What are the major concerns which would, were you not physically exhausted after each day's work, prevent you from sleeping soundly at night? You would like to lessen the demanding workload for everyone, but particularly the women of the compound. You watch them age too fast. You see many of the children they give birth to die before two rainy seasons pass. You would like to buy a plow and perhaps a cart, but with livestock and grain prices fluctuating and inversely related it seems you are forever forced to buy or sell at the wrong time. When you are short of grain and forced to sell a goat or a steer, the grain prices are high and livestock prices are low. Or if the villagers have a good year and want to sell grain to buy livestock, the reverse is true. Everyone is selling grain, prices fall, but nobody wants to sell livestock and scarcity drives prices up. Maybe your two nephews who have gone off to the Ivory Coast to work during the dry season will bring back enough money to buy a plow, but you fear that if wages are too good, at some point all the youngsters will go and settle there and the aged and infirm here will have nobody to look after them. Of course, if your children had the opportunity to go to school, their lives might be better than yours has been but the availability of education would probably mean that your children would leave the village and, again, only old people would be left to farm.

A bountiful harvest is a dream. A sufficient harvest is a hope. The weather is on your mind constantly. You know you must continue to reinforce the alliance with the family whose daughter your son has married. They will surely help you out if some calamity befalls you - as you will them. Will you have enough cash -- how much will it be, \$6.00? -- to pay the herder for looking after your two head of cattle through the agricultural season? At what time should the bush be burned so that new shoots of grass will come up and help sustain the livestock through the dry months? You must time this right -- if there's not enough residual moisture left in the earth when you burn, nothing will come up and the livestock will have no pasturage. How in the world will you gather enough cash and livestock with which you must honor the man whose daughter you want your nephew to marry? Is it possible the marriage can be arranged this year? It seems that there are 101 things you must worry about in any given day.

Poverty in Mali is indeed real. It confronts people on a daily basis. The contrast provided by the few people who are not dirt poor reinforces the fact of poverty to those who are. One last comparative point might be useful here: the average Malian salaried worker has an annual income perhaps two percent of that of an expatriate employee of a foreign development agency in Mali.

B. The Causes of Poverty

What has brought about this state of poverty? What forces Malians to have to continue to endure such conditions? In the short space we have,

only a brief commentary can be offered. Certainly a combination of historical, political, economic, environmental, and social factors affects poverty in Mali.

Mali lacks economically exploitable natural resources. Such minerals as exist (uranium, phosphate, bauxite, iron ore, oil) are low grade, demand a capital-intensive extraction process or lie in remote locations where transport costs would be very high. Gold, given recent world market price increases, may be an exception, but the quantity is uncertain. Mali has no timber to export.

In human resources the country is rich. But even this valuable asset is partially lost to France and the Ivory Coast, where young Malians are helping build the local economies. Lack of economic opportunity and prolonged drought have forced many Malians to look elsewhere for wage-earning work. Political factors exercise much influence on the exodus. From the three-year rupture of the Mali-Senegal rail link right after independence through the ideological excesses of the post-independence government to the still lingering mistrust of the private sector, there have been good reasons for Malians to depart with their talents and capital to other countries.

Human resources are also lost to the nation because of illness and premature death. The rural Malian must overcome many diseases and health problems -- measles, onchocerciasis, trypanosomiasis, bilharzia, malaria, tuberculosis, jaundice, pneumonia, tetanus, malnutrition, and bad drinking water, to name a few. The sad fact is that many Malians don't make it to age five. Even those who are sturdy are rendered non-productive many days

each year by one affliction or another. Though Mali spends a fair amount of its national budget on health services, most of this still goes to operate hospitals in the major cities.

Mali's landlocked location in the interior of West Africa makes it dependent on coastal ports for much of its imports and exports, and high transport costs and long distances make imports more expensive and exports less competitive. One reason transportation costs are high is that a gallon of regular gas costs \$2.35. Another reason is Mali's abysmally inadequate road infrastructure. There are about 1,000 miles of paved roads in the country. Dirt roads serve major cities and towns in the rest of the country. A good many of these roads are impassable in the rainy season. Most rural villages are not accessible by four-wheeled motor vehicles. The lack of maintenance discourages transporters from servicing rural areas because rates fixed by the government do not allow an adequate return on investment when depreciation, fuel, and repairs are deducted from gross revenues. This means that rural dwellers' access to markets and government service is severely restricted.

Institutional failure is a factor that has contributed to Mali's poverty.^x Some institutions that should be building a prosperous economy have in fact done the opposite. For instance, the agricultural policies of the 1960-1968 regime caused a drastic decline in agricultural production. Today, a related problem is the official food grain pricing and marketing

^x Chapter 8, "Rural Development," in William I. Jones, Planning and Economic Policy; Socialist Mali and her Neighbors (Baltimore: Johns Hopkins Press, 1976) provides a good discussion of some of what follows here.

system. In order to hire most secondary and university graduates (thereby avoiding the serious political problem of increasing numbers of well-educated urban unemployed), the Government of the Republic of Mali (GRM) must keep government salaries low. That itself might cause unrest unless food prices were also kept low. Therefore, an elaborate system run badly through OPAM tries every year to enforce the requirement that farmers sell their marketable surplus (only a small fraction of that produced) at the low official price. OPAM in turn resells to urban consumer cooperatives at a low retail price. Farmers tend to resist the marketing campaign especially in time of shortage, for the parallel market will offer higher prices. To try to keep market supplies from reaching Bamako, the government erects road barriers against private movement of grain on the grounds that it is preventing exploitation of the consumer. But since the official system can't deliver, the common result is that there are grain shortages in the capital and the parallel market grain that does slip through is very dear.

The post-independence government also created a number of state-owned enterprises which have almost never been profitable. As a condition of France's linking of the Malian franc to the French franc in 1967, the government agreed either to make the state companies viable or to close or sell them to private interests. To date neither has been done. The state enterprises continue to drain the national treasury of funds which might otherwise be investment capital. What is perhaps worse is that because these state enterprises had monopolistic control or high tariffs on competing products protecting them the Malian consumer was and is providing

the operating subsidy. Flourishing black market commerce has resulted but government derives no revenue from this.

Other examples of institutional failure, on the part of the development "opérations" can be cited. These problems have not necessarily made the farmers poor, but they have hindered progress that might otherwise have taken place toward lifting them out of poverty. For instance, technicians have in the past (and to some extent still do today) misinterpreted Malian farmers' reluctance to adopt their recommended techniques as indicating ignorance or conservatism. They failed to realize that when farmers refused to sow when they suggested, neglected to manure their fields with the amount recommended, disregarded technicians' advice on plant density, ignored their exhortations to plant cover crops like stylosanthes, the farmers were measuring the amount of labor input necessary to accomplish such tasks and determining that the result was not worth the effort. It has often been the case that economists and technicians view rural Mali as a vast pool of underemployed labor, particularly during the dry season. But much advice passed on by the extension agents of the development "opérations" has failed to consider a return on farmers' labor as important. What has been in the forefront has been the notion of increasing area cultivated and yields by labor-intensive means. What rural Malians look for, conversely, are means by which they can conserve labor. There have been, moreover, many examples of poorly-made or the wrong kind of equipment being sold to or urged upon farmers. Plows that have their handles too far apart for Malian farmers, or that are either too heavy

or too light for soil condition, multi-cultivators whose frames broke after the first few uses, carts with heavy steel wheels that sink in sand and mud -- the Malian farmer has in the past been encouraged to buy all of these. Fortunately, many of these errors have been recognized and corrected but the credibility of certain "opérations" was severely eroded and is only now being restored.

Economic disincentives have played a large role in limiting agricultural production in Mali. Government policy has tended, because of political considerations, to favor the urban consumer over the rural producer. The rural Malian has consequently found working in Senegal, the Ivory Coast or France more lucrative than farming. If the farm does produce a marketable surplus and the roadblocks of the economic police can be avoided, farmers attempt to sell to private merchants in Mali or in Senegal and Upper Volta where official government prices are often double those of Mali. Though prices have been slowly rising each year, the producers' terms of trade have clearly continued to decline, and Malian official prices are not yet approaching a par with those of neighboring countries.

It need not be reiterated that the drought severely affected Mali's economy in recent years. What needs to be made clear, however, is how successive dry years affect the rural Malian. Lack of rain affects not only rainfed crops. When crops require inundation by rising river levels, they will fail if the necessary level is not attained. Off-season recessionary agriculture that provides a hedge against food shortage due to

the failure of the regular crops is severely limited if the river does not rise to its normal heights. Herdsmen who make the long transhumance trek with their cattle only to find that a lack of rainfall has not produced adequate surface water or sufficient pasturage will return to their dry-season pasture with the herds in a weakened, less-healthy state, and they will find that the dry season grazing areas will not satisfy their needs. While drought hurts field crops and fruit trees, it also has a telling effect on wild fruits, legumes, and tubers. It is by gathering many of these wild foods that women provide their family members with a fairly impressive nutritive diet. Thus, nutrition and health suffer during drought years even where donors distribute grains to the needy.

What role do rural attitudes play in the context of poverty? Does the fact that productive resources -- land, livestock, or agricultural implements -- are held in common by the family discourage individual incentive or ambition? USAID believes that the traditional rural notions of nobility and honor may help offset this kind of constraint. Nobility is a quality that Malians seek, and one way to achieve nobility is to be successful enough at what you do to dispense largesse to others. While no doubt each family has its parasite who contributes nothing to family welfare -- an accepted, tolerated but disliked situation -- this does not necessarily stifle initiative. Material wealth can be sought, but respect from one's peers is derived from the fashion by which you share your good fortune.

The consequences of poverty, whatever combination of factors causes it, can be described rather simply. Low productivity and low income are interlinked components that dominate the life of the ordinary person. People's productivity is low, so they produce little. Since they produce so little, their incomes are very small. Having so little income, they are rarely able to do anything to improve their productivity, be it through purchasing better farming inputs, taking steps to improve their own health or gaining access to relevant education. The common result is a stagnant existence in which a person's main goal is to survive. With the vicissitudes of life in the Sahel, that itself is no mean feat.

Looking at Malian poverty from the national perspective, there is no single key problem or set of problems that is the primary cause. That is not the nature of least-developed countries. They suffer from an all-pervasive web of closely-linked factors, each of which contributes to poverty. These factors are often very well balanced, which makes them so effective and difficult to change. Certainly Malians have inadequate access to improved inputs, appropriate technology and markets. They also lack adequate physical infrastructure, education and health services. There is a basic imbalance between known natural resources, aside from agricultural resources, and population. Government policies often are not well conceived or executed. Nearly every problem of severe underdevelopment can be found in Mali.

C. Progress and Commitment to Development

1. Political Evolution

Mali is in a process of gradual political evolution from a military government to a one-party civilian system. A number of steps were taken during the past year to put into place a set of political institutions which could open to the general population several potential means of participation in public affairs. It remains to be seen how these will affect the behavior of government bureaucrats who operate most instruments of economic and social policy. The top-level political control has shifted from a five-member military committee to the party executive committee dominated, but not exclusively controlled, by the military. The President has taken steps to dissociate himself from his former military role and diminish the predominance of military officers in the cabinet and civil administrative posts. The new national assembly has yet to define its role in the government decision-making process. It appears that it will be overshadowed by the President and the party executive committee, and its role will evolve slowly.

-- Role of Military re Development. Of the seven administrative regions, six are governed by military officers. But the task of governing a region in Mali is one of administration -- getting the various government agencies to move toward local objectives. These objectives are defined by the central government and financed by it and foreign donors. The dominance of military officers in the regions and their roles in several influential central government posts is due mostly to their individual leadership

qualities and/or personal connections -- and is not an automatic result of their military status.

The role of the army itself is first of all, of course, national defense, but also internal security and control. The army and police forces are used when needed by the central government to control civil disturbance and arrest individuals. The army receives most of its materiel in foreign loans and grants from communist countries; and the military forces (excluding police and gendarmes) consume 13 percent of the national budget, a considerable burden for a poor country. The defense budget also serves some development objectives since military administrators serve in civil roles, internal security is maintained and selected military units carry out certain road construction and agricultural training tasks.

-- Roles of Government and Individual. For most Malians the government is remote. Contact is limited to a few arrondissement (county) administrators; a few have limited contact with agricultural and livestock agents and still fewer go to the government-operated schools. Access into the government service is determined by one's success as a student in the French-language school system. Since high school and university graduates can almost always obtain government jobs, the highly competitive educational system is a method of social mobility and access to authority. Opportunities to advance economically and socially exist almost exclusively in the bureaucracy and military, however. Thus the peasant child who has access to education uses it to prepare for government service. For the peasant without access to education or unsuccessful in competing for the few openings beyond the sixth grade, education has little relevance to his life.

The political evolution to the new one-party system will not affect this situation very quickly. The Malian political and social system appears in a state of gradual evolution in pursuit of wider participation by its citizens. With this evolution there is also a rise in public expectations for progress and continual criticism of government inefficiency and corruption. It will not be a trouble-free process. Should visible progress not be made in the next few years, it is possible that a fresh military takeover could occur. And since the CDSS obviously assumes continuation of the current system within which our development work is advancing, such an event would inevitably interfere with the AID program.

2. Development Goals

This section discusses Mali's commitment to economic and social development and its progress toward those commitments in the context of AID development criteria. Two of these criteria (economic growth and agricultural productivity) are grouped under a single heading since they are closely interrelated in Mali. Data are cited where important to this discussion. Comments on AID/W-selected progress and commitment data per AIDTO CIRC A-205 are contained in BAMAKO 6800 (November 27, 1979).

-- Improved Living Conditions. The strongest manifestations of Mali's commitment to improving living conditions for the rural population

are the 20 development opérations (and smaller actions). These are key institutions from the development standpoint, and they are a bright spot in the institutional picture. Located within the Ministry of Rural Development (MRD), they are really interministerial in nature as befits the many interwoven development tasks they now perform. The French originated this administrative form in the colonial era as a way of stimulating production of agricultural cash crops like peanuts and cotton, but under Malian guidance they have been transmuted into semi-autonomous integrated rural development administrations charged with promoting a widening range of economic and social improvements for rural people. An opération typically is centered around production of an important crop in a particular area (millet for Opération Mils, peanuts for Opération Arachides et Cultures Vivrières, wheat for Action Blé, for example), has a particular assigned territory that overlaps standard administrative borders, and is increasingly concerned with improving the standard of its people's lives by offering health services, water supplies, road repair, functional literacy classes, blacksmith training, etc., in addition to direct inputs for its crop or crops. In USAID's experience, the opérations have shown themselves able to work successfully with local administrative structures as well as the local units of other ministries. For example, to improve access tracks with Opération Mils and Opération Haute Vallée, the practice is to place local units of the Ministry of Public Works directly under the supervision of the Opération's director while their work is being financed from the Opération. This kind of cooperation is sanctioned by

ministries' respective headquarters and has demonstrated its feasibility.

Measuring progress in improved living conditions for the rural population can probably best be done by assessing how well the opérations achieve their respective targets. National income should eventually rise as a result of higher production, but tangible benefits to the project population in the form of much-desired literacy classes and self-help community improvements precede income increases. Preliminary surveys indicate that some project farmers have already realized increased incomes through improved farming practices and assured markets by the opérations. Follow-up evaluations should indicate project level quality of life and income improvements. Macro indicators of improved national living conditions are further still in the future.

-- Economic Growth and Agricultural Productivity. In Mali economic growth depends mostly on agricultural production, which in turn depends each year on the weather. During the early 1970s' drought, Mali experienced negative economic growth. With improved weather, from 1975-77 GDP grew at an estimated 9.7 percent annually. It then fell to minus 3.0 percent in 1978 but promised to improve in 1979. The IMF identifies weather as the determining factor in the fluctuations in GDP growth (Report SM/79/14 of May 3, 1979). In spite of earlier optimistic projections of the 1979 harvest, recent estimates indicate that it may have been poorer than first thought.

Even with favorable weather and increased agricultural production, there is no certainty that sustained economic growth can be achieved.

Sustained growth will depend on improved transportation infrastructure to ensure that surpluses can be moved to deficit areas or exported to earn foreign exchange. External factors such as prices for petroleum, fertilizer and spare parts will become increasingly important if Mali is to develop its agro-industry sector in textiles, peanuts and sugar. Large-scale growth of the livestock sector, wherein Mali has its greatest comparative advantage, may depend ultimately on transportation infrastructure and imports of spare parts to maintain support facilities. These long-term constraints are not insurmountable, however, at least not in the long term. Even within these constraints, Mali is not far from self-sufficiency in food with impressive potential surpluses of cash crops and livestock for export.

The short-term constraints to growth in foodgrains, export crops and livestock lie mostly in resource management and price and marketing policies. Investments in farm-to-market roads, improved agricultural and livestock extension services and expanded producer credit are being made through aid-supported development projects, but their effectiveness depends on the Malian government's will and ability to manage them in a manner to encourage farmers and herders to produce for the market. Project level performance encourages this Mission to think that Malian managers can and do deliver services to the rural producers and that technical constraints to expanded production are manageable. Increased production achieved under the first phase of the Opération Mills project (FY 1976 through 1979) indicates that project level inputs can and do lead to increased production -- given favorable weather conditions.

Beyond the scope of project level administration, however, the GRM has not yet demonstrated that it understands and is prepared to deal with the issues of supply and demand in the rural economy. Faced with poor transportation, limited foreign exchange, soaring import prices and uncertainty over food and fuel stocks, the government makes every effort to subsidize consumer prices (with the support of well-meaning aid donors) and controls the price paid to the farmer for his product. Only in the cases of cotton, tobacco and peanuts, for which the export market is usually good, are prices adequate to encourage farmers to expand production. Having survived the drought by managing food shortages with foreign aid, the government is wary of policies that might encourage production at the cost of soaring consumer prices whatever the benefit for the producer. Malians are confident that they can become self-sufficient in food; but they have yet to translate self-sufficiency goals into policies which will generate market surpluses and long-term economic growth.

-- Employment. Rural sector employment is a function of agricultural production discussed above. Most of the rural population is fully employed in production only half the year. Young men frequently go to urban areas or neighboring countries to the south to seek off-season salaried employment. Increased opportunities in farming should decrease the seasonal, and sometimes permanent, migration.

Urban unemployment and under-employment are serious. Data are not available, but visual evidence in Bamako and other cities is plentiful.

Private enterprise is not encouraged by the government, which believes that most enterprises should be publicly owned and operated, and some official statements are implicitly or overtly hostile to it. The public enterprises are generally overstaffed and inefficient, therefore unprofitable and unable to expand to provide for profitable employment.

There is, nevertheless, a small but expanding private enterprise sector in Bamako, and small entrepreneurs play the dominant role in most rural markets. Most of them presumably make good profits, but they must cope with harassment and payoffs to petty officials in an official atmosphere which is hostile to private enterprise. There are leaders in the government who would temper these practices and decrease the role of public enterprises in favor of employment generation in the private sector. Individual examples of success in the food and small manufactures industries can be observed, but trends are not readily measurable because official statistics largely omit the private sector. The Mission is encouraging private activity by contracting for project activities with entrepreneurs and helping crops and livestock project directors to identify new non-official markets.

Women are an important aspect of the employment situation in Mali. An increasing number of women can be found in mid-level managerial positions in government service, but otherwise their role is limited to the traditional functions of home chores, food preparation, petty marketing and child care. They are almost always fully occupied; many are overworked. There is a growing self awareness and assertiveness by women, expressed principally by the highly organized National Malian Women's Union. The Mission is working with the

Union in small community projects and a training project to encourage a better appreciation and improvement of women's roles in Malian development.

-- Health and Nutrition. In face of some of the worst health conditions in the world, the Government of the Republic of Mali (GRM) is strongly committed to a long-range plan of delivering low-cost health services. Mali has built a health care system, most of it since independence, consisting of three national hospitals, seven regional hospitals, 46 district health centers (cercle level), with 400 dispensaries and 238 maternities at the village/arrondissement level. These are supported by two Sahel-wide institutes of eye and skin disease, 52 maternity centers, two national laboratories, a center for the physically handicapped and private and public-supported pharmaceutical distribution systems. With a health budget of 6 percent of the total national budget plus regional budget funds, there still is less than \$2 per person available to operate this infrastructure. The services are poor and reach only about 15 percent of the population. The Ministry of Health is developing a low-cost health care system, with assistance from USAID and other donors, to extend health services to the rural population by training village health workers and utilizing village resources for their local support. The system includes sale of medications in village-operated dispensaries.

-- Population Growth. While Mali's estimated crude death rate, and particularly its infant mortality rate, ranks among the highest in the world, a 2.7 percent rate of population increase does not appear excessive to Malian officials when viewed in the context of an estimated population of

about 6.5 million people occupying a territory larger than Texas and California combined, where the amount of arable land per capita also ranks near the top among African nations.

In its concern for improving the quality of life of its people, Mali has been somewhat ahead of its Francophone sister states in that for the past seven years it has offered some limited family planning services in urban areas as part of the provision of basic health care. However, to date family planning is acceptable to the GRM only when viewed as a basic human need integrated with other health services; as a free-standing activity offered to solve national economic ills and problems it is unacceptable.

It is distinctly possible that the population growth rate will increase over the short run. While planned efforts to improve the general health of the people should rather rapidly result in lower mortality, fertility in Mali -- as in many other LDCs -- can be expected to prove much more resistant to quick change. It is true that modernization, including the availability of improved health services, may eventually lower fertility because of the resulting increased potential for child survival, but powerful traditional and economic attitudes and factors may still oppose trends toward lower fertility.

Available demographic indicators suggest that Mali's development efforts may shortly begin to be frustrated by its rapid population growth and that the country will face a significant population problem sooner than its government supposes. The Mission feels that the GRM has considerable distance to travel to arrive at a proper understanding of

development-fertility linkages so that government planners start taking full account of demographic considerations. This appears to be due in some measure to the limited quantity and poor quality of demographic and other data currently available. Work is underway to develop these data; the awareness of the linkages and means to deal with them in the planning process should follow.

-- Basic Education. As discussed above, the educational system serves primarily as a means of preparing for and permitting access to government service. Although the GRM has set the objective of mass literacy and universal education, it is well recognized in the Ministry of Education that reform of the educational system is needed to accomplish it. The basic infrastructure of the present education system is well established. Rural and urban elementary schools feed their best students into the secondary school system from which graduates have the opportunity to enter one of the six local university-level institutions. The cream of the crop are given opportunities to study abroad in France, the USSR, Romania, Canada or the USA under a GRM- or foreign aid-financed scholarship. An intelligent Malian who can master the French language in his first few years of school and shows academic excellence has access to the best education available. Most of the rest of the population remains illiterate.

The dropout rate during the first five years of school is about 75 percent. This is attributed mostly to difficulty with the French language, which is used in all instruction, and lack of parental interest and support for a school system which seems irrelevant to Malian rural life and alien to its culture. Since independence, Mali has developed the written form and linguistic methods of teaching literacy in the 10 main indigenous languages of the country. A cadre of linguists and educators trained in France, the USSR and the USA with UNESCO and World Bank assistance is working

on producing the necessary instructional materials. This school year four experimental classes started, in which Bambara is the language of instruction and French is introduced with increasing intensity as the children progress. More such classes are scheduled for the future.

Since the early 1970s several rural development opérations have helped villagers gain functional literacy in their own languages by supporting the costs of training village-selected instructors and providing teaching and reading materials aimed at village subjects. Enthusiastic villager support and participation in these programs indicate that literacy in indigenous tongues is desired and felt to be relevant to rural aspirations.

In its broadest definition, the social and economic condition of mankind, the above indicators deal with human rights. There remains a long way to go in Mali before the basic necessities of life are assured for all. Politically, as we have seen, Malians have recently gained some limited forms of expression denied to them in the period of military rule. Looking last at the narrowest sense of human rights, Mali's record is good. The government is authoritarian but mild. Citizens can feel basically secure against arbitrary arrest, imprisonment and torture. The political and military figures arrested in 1978 have been tried for treason or corruption or both, and a number were acquitted.

D. Mali's Development Financing and Ability to Use External Assistance

1. Development Plan and Budget

Development Plan

Mali's Economic and Social Development Plan, 1974-1978, commenced in August 1974. However, since the start of implementation, additional projects have been added and the scope of others was enlarged. By the end of the five-year period, the Plan was far from completed. The GRM has in effect extended its life and is continuing to implement it.

The Plan sets a real target growth rate of 7.1 percent annually, compared to 5 percent for the preceding plan, a rate to be achieved by increasing the growth of all sectors but especially manufacturing.

First priority was given to agricultural and livestock development, so as to meet basic food needs, and particularly to reestablishing self-sufficiency in millet, sorghum, rice and corn, as well as to restoring the herds so sharply reduced by the drought. Transport sector projects were also directly related to increased agricultural production because they aimed at improving access to producing regions and lowering transport costs.

Another priority was to process more of Mali's primary products. The public industrial sector was projected to grow at 12.4 percent yearly. Hydroelectric resources were also emphasized as well as social services, especially education and health.

The total investment, in 1974 prices, was originally estimated at 395 billion MF. With changes, additions and rising prices, the total was revised in 1976 and again in 1977. The present cost of all projects now included in the Plan is estimated at 543 billion MF or \$1.3 billion, an increase of 37 percent. Available data show only the expected cost of each project irrespective of implementation schedule, so it is not possible to say what part is to be expended during the Plan period and what part later.

The productive rural sector was allocated 41 percent of the revised Plan investment. (Of these expenditures, 65 percent go to integrated rural development projects that produce food and export crops like rice, cotton and peanuts. Livestock gets 24 percent and forestry the remainder.) Energy and industry shared most of the 30 percent of investment allocated to the secondary sector. Infrastructure was allocated 22 percent: half for roads, a quarter for urban projects and the rest divided among railways, airports and other activities. The social sector received seven percent, mostly for

education and the rest for health.

The Sélingué dam, on a tributary of the Niger, is the largest project at about \$139 million. It is to provide electricity to Bamako, irrigate agricultural land, increase the scope of the fishing industry and improve river navigation. Realizing all the agricultural benefits will require at least a decade after the dam's completion.

The Plan gives precedence to production because of Mali's disastrous experience with drought. It is an attempt to build defenses against the weather. Its priorities are very much in line with AID's objectives, being concentrated in rural areas where 90 percent of the population, nearly all poor, lives. Even Sélingué, which is first to benefit inhabitants of Bamako, should have a significant impact on the economic life and standard of living in the rural area near the capital once the full potential of the project is realized.

At the end of 1978, about 84 percent of the Plan's financing had been secured, about 90 percent of that from abroad, two-thirds of it as concessional loans and one-third as grants. The financing is spread evenly over the various sectors. But implementation is moving slowly, mainly on account of delays in preparing and executing the projects, and by the end of 1978 only 63 percent of the revised Plan had been carried out. Although work on a new Plan has started, the GRM does not appear to attach great priority to its speedy completion, given the slow implementation rate of the 1974-78 Plan.

Budget

The national budget consists of the budget of the central government and the seven regional governments. Expenditures increased from 31.2 billion MF in 1974 to an estimated 76.6 billion MF in 1979 (\$66.2 million and \$180.2 million respectively at the prevailing exchange rates), an average yearly growth of about 20 percent. The budget just adopted for 1980 amounts

to 77.8 billion MF (\$194.5 million), up only 1.6 percent from 1979, reflecting austerity measures adopted by the GRM in view of the continuous large budget deficits.

The largest share of the 1979 budget, 29 percent, was allocated to education. Defense and security got 22 percent but that includes the national gendarmerie, police and horse guards which in most countries are under the Ministry of Interior. Subtracting those expenditures, the cost related to military forces represented 13 percent. The Ministries of Health and Rural Development each received seven percent, the latter including GRM contributions to donor-financed projects.

On the revenue side, the total jumped from 24.1 MF (\$50.0 million) in 1974 to 52.3 billion MF (\$123.0 million) in 1978 or an average of about 17 percent annually. Preliminary 1979 figures suggest an increase of about 25 percent. However, the projected 1980 increase is down to only 6 percent. The main sources are indirect taxes, mostly on international trade, and direct and assimilated taxes, which each account for about one third. Other fiscal revenues account now for about 25 percent and the non-tax revenues for the balance.

Each year the GRM faces serious difficulties in meeting its budget targets. Although the deficit decreased from about 10 billion MF each year in 1975 and 1976 to about 7 billion MF in 1977, it rose again to 8.8 billion MF in 1978 and is estimated to reach close to 10 billion MF in 1979. The projected deficit for 1980 amounts to 7.0 billion MF. That figure does not include amounts owed to the postal checking system, from which the GRM has "borrowed" most of the 4.7 billion MF held in assets, on paper, as of June 1979.

Budget expenditures on personnel now represent about 70 percent of the total and absorb most current budget revenues, thus the tendency to minimize expenditures on materials and equipment even for development-related activities.

The GRM now recognizes that it is facing very serious financial and budgetary problems. An International Monetary Fund team is due to visit Bamako in February 1980 to review the financial scene and consider what assistance the IMF might be able to offer.

2. Absorptive Capacity

Although this is one of the most widespread, obvious problems in the Third and Fourth Worlds, it is often overlooked by those who habitually call for huge increases in assistance flows. The plain fact is that many developing countries have trouble making good use of the aid they already receive. Any observer of development can rattle off examples from his own experience: the host national project director who doesn't know how to use his technical assistance advisors effectively -- so their expensive time is wasted, the machine that breaks down because it is too sophisticated to be maintained locally or doesn't have spare parts or has no properly trained and supervised person assigned to take care of it, the project (or division, or ministry, or government) that cannot or does not come up with the local currency to meet its agreed financial obligations, the car or bulldozer that stands idle because no operator has been assigned to it, the expatriate technician who feels he could really get somewhere if that promised counterpart would only turn up.

All of these are problems of absorptive capacity. It is important to understand that although recurrent cost questions get the most attention, absorptive capacity is not principally a financial matter. It is a human and management problem that goes back at its heart to how people organize themselves to accomplish what they wish to do. Money is of course important, but bad managers can waste large budgets just as readily as they waste small ones. Each example cited above could be prevented or at least ameliorated by skilled management. If a good manager improves operating efficiency, for instance, he gets more for his money and the strain on the budget is eased. Good personnel

management doesn't leave expensive machinery without operators or technicians without counterparts; if the people aren't available, it arranges to postpone or cancel the arrival of the machinery or the technicians. A good commodity manager would not order equipment that couldn't be maintained; he would insist upon having the spares and people he needs to take full advantage of his planned purchase. And so on.

None of these problems are unique to developing countries. They are found all over the world, and the most advanced countries, too, have very serious management deficiencies. But these matters are relative and unfortunately the countries that most need good management have the least of it.

Like most developing countries, Mali has some serious difficulties with absorptive capacity, which we will define simply as the broad limits to the effective use of development assistance. Not only must we understand the limits, we must also judge how close Mali's entire development program is to them, or whether it is already beyond them.

Inadequate management, with its corollaries of lax administration and personnel indiscipline, may be related to Mali's cultural and historical tradition of the absolute dominance of government as well as to the general absence of a sense of disinterested public service, a problem Mali shares with most of the world. Personal relations and social status are without question the keys to obtaining even routine services from government; and both of them seriously undermine effective management and personnel discipline. It is not that there are no good managers in Mali; the Mission in fact has the pleasure of working with some. But there are many, many too few even for Mali's tiny economy. USAID has no panacea to offer. The task is long and hard. Training, experience and good advice are essential, and we try to provide them all through our program. For Malian project directors, for instance, there is no substitute for long-run daily working relationships with experienced USAID and contractor staff so that sound management principles gradually become

understood and applied.

Finances, too, are important. Under present circumstances, Mali has practically no ability, from the national standpoint, to finance investment projects and little leeway for taking over additional recurrent costs. Development expenditures financed directly from external sources are not included in the national budget and information on all external assistance is not always readily available. But a section in the budget called Investments and Equipment represents de facto local currency expenditures allocated in support of donor-financed development assistance. A sharp increase in these expenditures during the past few years reflects not only the increasing level of external assistance but also Mali's willingness and ability to take on a greater share of the financial burden. These expenditures increased from 0.6 billion MF (\$1.3 million) in 1974 to 3.4 billion MF (\$7.8 million) in 1978, or more than 400 percent, and their share of total expenditures rose from less than two percent in 1974 to seven percent in 1978, while GRM revenues were doubling.

In addition to the development expenditures financed from the national budget, there are two extra-budgetary special funds, the Road Fund (maintenance) and the Rural Equipment Fund which finance specific development activities from earmarked tax receipts. During the past few years, the expenditures of these two funds increased from two to three billion MF annually (\$4.2 to \$6.7 million).

Mali will not in the near future be able to assume the local costs of development projects while donors finance the foreign exchange cost. Under the present circumstances such an arrangement would only increase the size of the budget deficit. In the last five years, the national budget operated with a deficit ranging from about 10 billion MF in 1976 (about 20 percent of all government expenditures) to about 7 billion MF estimated for 1977, which represents only about 12 percent of expenditures. Thus any recurrent

cost created by a project completed during this period could be financed only from an increase in the budget deficit. A similar situation will occur in 1980 as the budget just adopted projects a deficit of about seven billion MF.

However, a closer look at the budget reveals even a more serious problem. Categories other than personnel expenditures, that is expenditures on materials, equipment, services and maintenance, have been compressed in recent years to a minimum. These savings can only prove illusory and will result either in more unpaid bills by the Treasury or in compensatory higher expenditures for future fiscal years. While details of the 1980 budget are not yet available, the limited overall increase of less than two percent indicates that the same policy is continuing.

Despite impressive revenue and budget growth, an inadequate GRM budget remains a major obstacle to development progress in Mali. Even the 1980 budget will constitute less than \$30 per Malian.

As with the management problem, there is no cure-all for the endemic shortage of funds. The dramatic jump in government revenues since the end of the great drought is not likely to repeat itself soon, and inflation has already cut heavily into the real gains of the last five years. Any salary relief for civil servants, even a token raise, will traumatize the budget which already goes mainly for personnel costs. The development financing problem, the Mission suggests, needs to be approached in three ways: through better management, as discussed earlier, including further improvement of the tightening up that has already helped revenues to grow; through an intensive search for new sources of domestic revenue and for ways to devote a larger share of the budget to development expenditures; and through a special review of every development project and every new development proposal to build as much self-financing as possible into their structure. Specific illustrations of how the latter might be done are found at

the end of Part II of this CDSS.

Unsuitable training or lack of training also sets a very severe limit on Mali's absorptive capacity. As described earlier, this deficiency is readily apparent in management, accounting, financial management, business administration and personnel management. There are probably enough GRM employees at this stage with advanced training, but their training often is in the wrong subjects or is too theoretical or classical to be suitable for Mali's needs. Still, the administrative structure as it concerns rural development works surprisingly well, and wrong training or mis-training can be remedied, given Malians' strong potential for benefiting from education. This is in fact the best hope for overcoming the institutional deficiencies analyzed earlier.

Technical shortages, particularly in the middle and lower ranks, are a very great obstacle. This problem shows itself most dramatically in the repair and maintenance of any mechanical object or physical structure, and it is not just because money is scarce. Malians in general lack familiarity with even the rudiments of mechanics, so the role of the repairman, the mechanic, the foreman becomes even more critical than it would otherwise be. It is impossible to estimate how much development money has been wasted because machinery and construction were not given even routine maintenance, but the losses must be enormous. Since this is partly a cultural matter, a long determined effort extending over decades will be required to overcome the problem. External donors can contribute very effectively in this sphere provided they are patient and are willing to join in for the long haul.

Certain government attitudes inhibit productive development investments. Many officials appear to view Mali's economic world as static, which leads naturally to the opinion that a franc earned must come at the expense of someone else. More understanding is needed of the stimulating effectiveness of commerce so that the all-too-common suspicion of the

private sector will abate and reasonable regulation rather than suffocation can become the aim.

Then, of course, there are unhelpful government policies -- not necessarily irrational ones, for they may be promulgated for other purposes -- that inhibit development and limit Mali's absorptive capacity. Chief among these is the food crop pricing and marketing system treated elsewhere in this paper.

It is sometimes said, looking directly at American assistance, that AID itself limits a recipient country's ability to absorb our assistance by its own immensely complex planning, approval and monitoring processes. In Mali, USAID provides a lot of help but its cost to the GRM in administrative overhead must surely be the highest in the donor community. It may appear that this factor not only restricts the GRM's ability to accept more from the U.S. but from others as well. This Mission feels that the argument can cut in two directions, depending on USAID and host country attitudes and the relations between the two governments. If as much management responsibility as possible is confided to the host government (by use of host country contracts, for example) and if USAID and the government accept the teaching and learning of U.S. management processes as a part of foreign assistance, we should at least be able to offset the burden posed by our own complexities. At best, such collaboration could even increase the country's absorptive capacity over time. That is the philosophy of USAID/Bamako, at least.

Our general conclusion on absorptive capacity is that Mali still has its head above water, though not by much. Despite all the problems sketched out above, some progress is taking place. Financially, this has been made possible by the generosity of external donors, a generosity that must continue for the foreseeable future if the development program is to move forward. Only very slowly can we expect to see the GRM increase its share of financing. Much more attention is needed to management, training

and technical obstacles to development. Here too the donors are helping, and they can insist on doing more. All in all, Mali is not beyond its limits today, with the exception of maintenance, where the lack of understanding is rampant. It is time for donors to take the lead by simplifying the equipment they provide and the construction they finance, while drawing up and enforcing with the GRM long-range plans to bring maintenance under control. The plans must include large amounts of practical training for supervisors, workmen and equipment operators.

E. Other Donors

1. Sources of Assistance

Mali receives development aid from a wide variety of sources. Four categories of donors committed \$200 million in assistance in 1978, which was probably about 90 percent of the value of aid.^x In addition communist countries and non-governmental groups assist in a variety of developmental activities, but estimates of the value of their assistance are not available to this Mission.

-- OECD Countries. Bilateral assistance from OECD countries makes up almost half the non-communist external assistance flow to Mali. France is the leading donor. In 1978 it committed \$45 million for technical assistance, development projects and budgetary and balance of payments support. In 1979, \$46-48 million was committed for the same purposes. French technical advisors are found in most Malian government departments. Their influence on operations depends, like that of most advisors, on their competence and rapport. France wants to maintain its close economic, linguistic and cultural ties with Mali, but the French government maintains that its budgetary and currency support programs will continue only within defined limits which are tied closely to the performance of the Malian budget. German aid totaled between \$25-30 million annually from 1975 through 1978.

^x Details on aid commitments and disbursements can be found in CILSS/Club du Sahel Official Development Assistance to CILSS Member Countries from 1975 to 1978, Oct. 1979 (Vols. I, II, III).

It goes mostly for a range of rural development and transport infrastructure projects and for security food stocks in the northern 6th and 7th regions. Disbursements reached \$16 million in 1977, and progress of German-financed projects indicates an increasing level of annual disbursements against the aid pipeline. During 1979 Germany canceled the entire outstanding debt of \$90 million of development loans provided to Mali from 1962 through 1968. Recently the Federal Republic of Germany (FRG) announced bilateral project and commodity assistance (not including food aid) of \$46 million for 1979 and 1980 plus a multi-year commitment of \$104 million through the Senegal River Development Commission (OMVS) for studies and construction of the multi-donor Manantali Dam in western Mali. Canada has committed progressively larger amounts annually for infrastructure and integrated rural development projects and some food aid, reaching \$10.5 million in 1978. Disbursements have been slow, but major progress has been made during the past year on at least two major projects (Opération Kaarta and the Sélingué transmission line). The Canadians also have canceled repayment on all prior loans. The Netherlands committed \$2.6 million for small rural projects; Japan provided \$4.3 million for commodities and Belgium provided \$2.5 million in technical assistance and commodities in 1978. Other OECD countries providing smaller amounts (usually less than \$1.0 million annually) are Austria, U.K., Italy, Norway and Switzerland.

-- Multilateral Financial Institutions. The European Development Fund (EDF), World Bank and African Development Bank provide between 30 and 40 percent each year of Mali's non-communist external assistance. Commitments of each vary widely from one year to the next depending on timing of major financing agreements. EDF committed \$94.3 million during the four-year period from 1975 through 1978 for major water and road infrastructure projects and for rural development. Food aid and balance of payments support have also been provided. World Bank assistance is provided entirely through

IDA credits, which totaled \$153 million from 1972 through mid-1979. Credits for road construction and maintenance and for the rail and telecommunications systems have been provided and follow-on credits are scheduled. Education, agricultural, livestock and forestry projects are being carried out, and recently urban development and small industries credit agreements were signed. The African Development Bank commitments to Mali totaled \$44 million from 1975 through 1978 and have been principally soft loans from the African Development Fund for an integrated rural development project (Mali-Sud), the Markala-Nioro Road, the Rural Polytechnic Institute and small rural development projects. Although it has yet to sign any commitments, the International Fund for Agricultural Development has sent study missions and stated its intention to finance projects benefiting small-scale farmers.

-- UN Agencies. Thirteen UN agencies carry out programs in Mali, all of which are coordinated through the UNDP office in Bamako. UNDP-associated technical assistance amounts to \$3-4 million annually in agriculture, development planning and other fields. FAO/WFP has provided specialized technical assistance missions in agriculture and continues a food distribution program tied to rural works projects estimated at \$1-2 million annually. UNICEF is financing several small village development and mother-child health care projects under a \$1-2 million annual program. UN technical assistance plays a much larger role than is indicated by the monetary value alone.

-- OPEC Countries and Institutions. Between 15 and 20 percent of annual non-communist aid commitments to Mali come from OPEC sources. Saudi Arabia has provided \$15-20 million annually for projects (principally co-financing of the Sélingué dam and livestock development in northwest Mali) and some budget support. The OPEC Special Fund provided \$10 million in balance of payments support in 1978 and \$3.5 million in projects in 1977.

The Arab Bank for African Economic Development (ABAED) participates in project co-financing, with \$15 million to the Sélingué dam and smaller amounts to cereals storage projects. Kuwait and Qatar also co-financed the Sélingué dam (\$17.1 and \$6.0 million respectively). The Islamic Development Bank recently entered into a co-financing agreement with a group of Arab donors for the 250 km northern section of the Sevaré-Gao Road, which links the 5th and 7th Regions of eastern Mali. The OPEC Special Fund will lend \$7.0 million as a part of that package.

OPEC countries generally tie few strings to their aid. Although their flexibility facilitates project execution, OPEC funds are said to have been diverted from intended projects to other purposes due to lack of controls and apparent unconcern by the donors.

-- Communist Countries. These countries do not generally announce the value of their assistance, but the Malian press publicizes agreements on projects and progress achieved. Chinese aid has run without interruption since 1960 and is estimated to have totaled \$200 million for projects to build and operate factories, irrigation works and rice and sugar mills. Some 26 projects have been completed and nine are in progress, including construction at the military school, factory expansions and irrigation works. Chinese medical personnel also staff provincial hospitals. The USSR assisted in setting up and operating a cement factory and is now working on a gold mine, providing agricultural equipment and vehicles and teachers at several higher education institutions and providing long-term scholarships for training in the Soviet Union. The German Democratic Republic, Romania, Yugoslavia and Cuba provide long-term scholarships for Malians to study in their countries and send cultural missions periodically to Mali.

-- Private Agencies. CARE, AFRICARE, Foster Parents, and some 10 relatively small European-based private agencies carry out projects drilling wells, running orphanages and health clinics and teaching trades

and other community development activities. Some of the groups obtain funding from Western donor countries.

2. U.S. Collaboration with Other Donors

USAID projects tie in directly in several instances with programs financed by OECD countries and the multilateral and UN agencies. Direct liaison is established at the project level in agriculture, livestock and health projects. The Chinese have indicated interest in more exchange of project-related information with USAID. This Mission is increasing its project and staff information exchanges with other donor representatives in Mali. These serve to avoid duplication of effort; moreover, they broaden our mutual understanding of the nature of the development process in Mali.

One specific U.S. and OECD effort is to interest other donors in contributing to the construction of the Kayes-Nioro Road, for which an AID-financed full feasibility report should be ready in February 1980. The UNDP has been providing technical assistance to the GRM in formulating its new development plan. The FAO and the French government have sent highly competent study missions to examine the complex cereals marketing and food security policies, and the World Food Program has proposed a formula for donor contributions to a food security stock. Budgetary support by the French and OPEC donors is important in enabling the GRM to meet its valid operating costs for development undertakings, but it encourages politically motivated or irresponsible budgetary allocations if not contributed on the basis of consistent development criteria.

USAID is urging the Ministry of Plan to take a stronger role in coordinating donor assistance using standards that will help move Mali toward goals set by the GRM itself. AID participation in the Club du Sahel and other international donor forums is another means of donor collaboration; but in USAID/Mali's view, the Sahelian governments themselves

should take more responsibility -- not just through the Permanent Interstate Committee for Drought Control in the Sahel (CILSS) but at the national ministerial levels as well.

II. STRATEGY FOR FINANCING EQUITABLE GROWTH

A. Preamble

Earlier parts of this CDSS have analyzed Mali's development situation, described the target groups for AID assistance and explained the important problems that interfere with the country's intention to improve its economic circumstances. We have seen, in summary, that Mali suffers from an enormous number of impediments. Chief among them are unpredictable weather, lack of export resources, geographic remoteness, poor transportation links, an overwhelmingly illiterate population, some of the world's worst health conditions, an inappropriately trained elite and a tradition of remote, autocratic government. Still, Mali's main resources are not inconsiderable: abundant arable land, water waiting to be harnessed for development and, most important, a population that demonstrably responds to economic incentive and can be trained to realize its production potential.

The small farmer and small herder are without question the backbone of Mali's economy. They are the most disadvantaged people in the country as well as the vast majority of the population. They, then, are the target of AID assistance and must be the target of any program that genuinely wishes to aid the rural poor. AID of course can't deal with all of them, but it can make a selection by means of geography-based projects. This is what we have done; it is the principal means by which we hope to contribute

and the search for ways by which Mali can finance more of its own development costs.

USAID is under no illusions that its program represents the solution or even a solution for Mali's needs. Americans can push themselves to be catalysts for development and can try to be positioned on the exciting cutting edge that really helps to make a difference. But only Malians can develop Mali.

B. Goal

The ultimate goal of U.S. development assistance is a Republic of Mali that can feed itself, while its people -- especially the poorest, who are mostly rural -- make steady gains in real income and in the quality of their lives. This, too, is Mali's goal, and it is the Malians themselves who must achieve it. But external aid applied in the right way, at the right time and place and in sufficient amounts can make a critical difference.

C. Fundamental Operating Principles

The AID program is first of all rural. That's where 85 or 90 percent of the people are, and that's where most of the poorest people are. Second, the program concentrates on geographically selected portions of the Sahelian zone of Mali, that east-west stretch bounded by the edges of the Sahara in the north and the 800 mm annual rainfall line in the south. This part of Mali suffered most from the prolonged drought of the early 1970s and is the most vulnerable to future drought. It is also the center of the livestock industry and includes very important food grain producing lands. Through it flows that great water resource, the Niger River. It is not too much to say that a prospering Sahelian zone is essential to Mali's economic future. Third, administration of AID resources is decentralized, whenever the cooperating GRM structure lends itself to such a mode. USAID considers the development opérations and actions to be important examples of how clusters of development services can be brought closer to the

intended beneficiaries. The same principle applies to "bottom-up" projects like Rural Works and Rural Health. Finally, the Mission believes firmly in extensive collaboration with the GRM as projects are selected, designed and implemented. Since Mali needs every shred of help it can get and Malians are polite, a "take it or leave it" selection and design approach by the donor is likely to meet with eventual acceptance. But that is no way to develop effective working relations or to help build Mali's capacity to manage its own development. USAID's technical assistance, when provided by a U.S. institution, is usually handled through a host country contract between the GRM and that institution, not under a direct AID contract. This too is an essential part of development: learning to manage technical assistance. The Malians are learning it by actually doing it. Helping the host country to the point where it can first of all manage and later on finance its own development is, after all, everyone's long-run hope. Only in this manner can a country hope to break the absorptive capacity constraints examined earlier. But the Malians are not able, at this stage, to manage projects themselves without a great deal of help from USAID. High intensity project management from the Mission to work steadily with GRM managers is essential, and we cannot realistically foresee a reduction of direct-hire staff ratios until much more progress has been made. From what has happened to programs during extended Mission staff vacancies, we know that the rural development we are practicing works only when USAID can apply intensive staff time to it.

D. Objectives

These divide naturally into those objectives that sector programs or specific projects are trying to reach and certain broader changes which the U.S. hopes to influence by its development presence in Mali.

Raising the real income of rural subsistence Malians is the intention of the AID-financed livestock and food crop production projects. For

the small herder, this principally means healthier animals that mature faster and marketing systems that encourage a higher offtake rate from the herd. For small crops farmers, it means better tools and agricultural practices, credit and a fair farmgate price that gives a reasonable return on any surplus and serves as an incentive to produce more. For those small-holders who already practice mixed farming, a combination of these aids is obviously indicated.

Though more real income makes possible a higher standard of living, it is not the only way to improve life. Elementary measures in sanitation and health, simple village machines or devices that save labor, reliable water supplies and functional literacy training are a few of the ways to make life a little less uncomfortable and a little more pleasant, and they may redound to the benefit of production and hence income as well. The AID program, often in cooperation with the Peace Corps, pursues these improvements in the quality of life through a wide range of specific components in the crop production and integrated rural development projects as well as through the rural health, rural works, renewable energy and accelerated impact projects.

The broader, nationwide changes USAID seeks derive in many respects from the individual program or project objectives. One is assured self-sufficiency for Mali in basic cereals. To the extent that AID helps to grow more millet in the Fifth Region, more wheat and sorghum in the Sixth and more rice and sorghum in the Seventh, the U.S. is clearly making a contribution to this major national need. Still more will have been accomplished, of course, when Mali regularly produces a surplus and can afford security stocks as well as exports.

But technical inputs and better farming practices are not enough. The incentive to produce more must be encouraged by appropriate prices and marketing systems. More than that, one must consciously avoid actions like

unnecessary food imports or food imports on unsuitable terms that may be politically attractive but will only serve, in the end, to depress production incentive. The Mission constantly presses this line of reasoning with the GRM and other donors. Whenever possible USAID also uses the projects it finances to try to demonstrate the benefit of a different approach to prices and marketing. In Action Riz-Sorgho and Action Blé, for example, the GRM has agreed not to extend its official pricing and marketing system to the rice, sorghum and wheat produced by those projects. To the extent that project participants can build and show off their own agricultural prosperity under these conditions, it may be possible for AID-financed programs to influence the national price and marketing pattern.

Another important objective is the preparation of a suitably trained cadre of Malians who can successfully manage development activities. Human resources development already runs the entire gamut in the USAID program, from the woman in a tiny Fifth Region village learning to read and write her first word in her Dogon tongue to the young technician obtaining a graduate degree in the United States. In between is an enormous range of stops: the farmer learning to train his oxen at an animal traction center, the young woman attending nutrition classes in a community class, baby bound to her back; the very first livestock extension agents ever trained in Mali, reconstruction and curriculum development for agricultural extension schools. In addition to these forms of training, the Mission has taken on the substantial task of providing U.S. graduate education for a good number of promising young Malians who appear destined for executive positions within their national system. We are looking primarily to management training (master's degree) in fields of special American competence, namely business administration, financial management, development administration, personnel administration, educational and medical administration, etc., for

men and women who have already finished their undergraduate education in Mali, France or an Eastern country and have shown promise in their early careers. The first stage was to channel scholarships in such training projects as AFGRAD, African Manpower Development (AMDP) and Sahel Manpower Development Project (SMDP) toward the desired fields of study. This has been accomplished with the enthusiastic cooperation of the GRM. The next is to design a bilateral Development Leadership Training project that will extend the same principles to several score more young Malians. That project should be approved and receive its first financing in FY 1980. The idea is to expose potential leaders to American management methods and ways of thinking, in anticipation that Mali's development will benefit wherever their future careers will take them, be it in development agencies, government administration, state enterprises, education, the private sector, or very likely, some combination thereof.

A third broad national need which USAID tries to help meet is greater self-financing for development activities. The national budget is severely overstrained despite commendable revenue increases in recent years. But many development projects, if imaginatively designed, can finance at least a part of their own operating costs. Any step in this direction helps ease the eternal recurrent cost problem. Under several AID-financed projects the GRM executing agency receives a fee or commission for its services from the beneficiaries. The Central Veterinary Laboratory, armed with its new financial autonomy, is now planning to sell its vaccines so as to recoup some of its costs. Sometimes this method can be combined with others. For example, a recent Mission examination of two AID projects, Opération Mils and Rural Health, shows that both have within their reach the means to self-finance those activities that are intended to continue once AID financing

terminates. For Opération Mills, a well-established project, marketing commissions from the farmers it serves, the assumption of certain additional salaries and benefits by the GRM's regular budget, a commission that the project collects from the government's agricultural machinery agency, the operation of revenue-earning cereals and peanut mills, the addition of peanut marketing (with its commissions) to the project's functions and possibly, at some point, a direct levy on the beneficiaries are projected, in combination, to render the project self-sufficient in the mid-1980s. Rural Health, a much newer activity, is testing a village health worker system of delivering elementary health care at an annual cost intended to be no more than \$2 per person, the amount the GRM already spends for health services and therefore can presumably continue to afford. At the same time, medicines are being sold to villagers at a price that covers their entire cost. It is also anticipated that charges may eventually be made for services like injections and delivering babies. Another possibility is the creation of a national health fund that would receive funds from a variety of taxes, profits and receipts. It is entirely conceivable that such ways of thinking about the design of development projects, if they spread, could become the most important benefit of some AID programs.

E. Everything Else

The AID strategy described above is selective. It has to be. AID could not be all things to all Malians if it tried. Our means and our staff are limited and always will be. Choices have had to be made. The program, for instance, is entirely rural. That leaves Mali's growing urban problems, especially in Bamako, aside. It concentrates heavily on crop and livestock production, leavened with experimental excursions into rural health, rural works and renewable energy. The crops and livestock projects contain elements of water resource development, but we do not propose direct U.S. participation in large-scale irrigation construction projects due to their

complex environmental and management problems and their tendency to lose sight of the proper target -- the farmer producer. Our program has its foot in the door of agricultural and community education but does nothing else in the formal school system of Mali. The rural health project is destined to have a family planning component as part of its approach to maternal and child health, but for reasons explained earlier there is no population program as such in the portfolio.

These and many other worthy fields of endeavor have been set aside not because of lack of will but mainly for four very good reasons. One is the limit to AID resources already mentioned. Another is the management difficulty of trying to spread oneself all over the lot. It is better to make a selection and do it well than to do a half-baked job on everything. The third is that AID or GRM policies have sometimes led us to conclude that the time may not be ripe for intervention in certain fields (e.g., heavy infrastructure, family planning). Finally, even Americans don't do everything well, and it seems best to capitalize on our comparative advantage in agriculture or training in the U.S. as opposed, for instance, to large projects with the formal Malian school system that would require French speakers in numbers we simply don't have. Fortunately, other donors are in the field as well, and some of them have made important contributions where the U.S. could not or would not. In other words, sectors that AID does not touch are not necessarily neglected sectors.

Population and environment are special cases that warrant separate comment. Although we do not propose a population project as such, USAID will encourage and support Mali's nascent family planning activities as part of the expanded delivery of health services. This support will be provided

through the ongoing Mali Rural Health project and by means of regional and central projects as well as intermediaries, when appropriate and practical, and will consist of technical assistance, commodities and training, as required and requested by the GRM. The Mission, in conjunction with the GRM and the UNFPA, will provide management support to the regional Sahel Demographic Data Collection and Analysis project whose goal, in part, is to create a more complete understanding of the social, economic and demographic characteristics of Sahelian populations. Through this approach, and by the judicious use of such centrally-funded population policy projects as RAPID, the Population/Development Planning Project and the Rural Development and Fertility Project, we will be able to make available to GRM leaders and officials information and materials designed to increase their awareness of the potential impact of population growth on national development and to offer the intellectual tools to allow the GRM to deal effectively over the coming years with Mali's population growth issues.

As for the environment, USAID believes its overall strategy and individual projects make positive contributions. Better livestock range management and improved cultivation methods enhance the future productivity of the land while producing income. Alternate energy sources developed under the renewable energy project may reduce pressure on the country's already over-exploited forests. Those elements of USAID's area development projects that improve water resources adhere closely to environmental guidelines. We believe, however, that an overview study should be made of Mali's environment to enable the GRM and all aid donors to assess the long-range relationship of Mali's development plan to the environment. USAID and REDSO/WA have proposed an AID environmental profile, and informal discussions with GRM officials have shown strong interest on their side. We have requested help from the Development Services Bureau, but DSB may have difficulty

forming a team with the necessary French language ability. USAID considers the environment a field of American superiority and urges that this study be given high priority.

F. Projected Impact of Strategy

In many respects, USAID does not have enough information today to be sure of its starting point. Estimates and guesses abound, but hard base-line data are rare. The bilateral projects are now gathering data, as best they can, so we do expect a steady improvement in what we know, at least from the micro view. The Sahel demographic project and other regional health and agriculture studies will help build a sound national statistical base for Mali in the context of the Sahel region. This should materially enrich our ability to measure where the program is and how far it has gone.

Regardless of the state of the data art, the Mission of course has hopes and expectations for the five years of this CDSS that can in the future be assigned reliable numbers even if they can't be now. Real, steady, significant growth in the per capita income of rural people affected by AID-financed projects is one such hope. Decline of death rates and production-sapping illnesses in areas covered by rural health, rural works, renewable energy and rural development projects is another. Rising GRM and beneficiary contributions to externally-financed development projects would show the influence of self-financing techniques. Annual harvests that met Mali's needs and left a surplus for stocks or export, apart from years of weather catastrophe, would demonstrate that the combination of better techniques with better incentives was getting through.

Project evaluations have and will measure progress of some of these indicators. USAID hopes to see measurable, important progress in all of them and other indicators over the five years. Such is the state

of Mali today, however, that many such five-year periods will be needed in succession before the country can truly be said to be on its way out of poverty.

III. ASSISTANCE PLANNING LEVEL

As a planning level, USAID considers the Indicative Planning Allocation (IPA) of \$55 million appropriate for FY 1986. It is consistent with our continuing view of worthy AID program possibilities in Mali and is a logical sequel to last year's planning analysis for the years FY 1981-1985, which showed a total of \$50 million for the final year of the period. That having been said, we find nothing in the prospective FY 1980 or FY 1981 appropriations trends to suggest that any such amount is likely to be available for Mali in FY 1986. AID is no longer given to (nor are funds usually available for) expensive infrastructure projects, although these are effective ways of delivering more resources with fewer staff and selected projects of this type should be given full consideration. Consequently, it is usually not realistic to suppose that programs will leap dramatically in size from one year to another. If we are still around the \$16-17 million mark in FY 1985, which is about where we seem to be for FY 1979-1980-1981, or even if inflation or other factors have by then pushed the total to \$25 million, it is most unlikely that \$55 million would suddenly be obligated the following year even were the Congress willing. Building a modern AID program is an incremental process, and that process so far has not moved in a manner consistent with reaching \$55 million in FY 1986.

The CDSS is, however, a strategy and a plan, not a budget. Hence, the Mission makes the following recommendation for the five years under

consideration, FY 1982 - 1986, in the hope that the final reality of the budget will make the achievement of the strategy possible.

TABLE 2

	<u>FY 1982</u>	<u>FY 1983</u>	<u>FY 1984</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>TOTAL</u>
<u>Agriculture</u>	(27,000)	(30,000)	(33,000)	(32,000)	(30,000)	(152,000)
Area Development Grants	11,000	14,000	14,500	13,000	11,000	63,500
Project Grants	5,000	4,000	1,000	1,000	1,000	12,000
Sub-sector Grants	11,000	12,000	17,500	18,000	18,000	76,500
<u>Quality of Life</u>						
Project Grants	5,500	7,000	7,000	7,500	8,000	35,000
<u>Appropriate Technology</u>						
Project Grants	4,000	5,500	4,000	3,000	4,000	20,500
<u>Education and Human Resources Development</u>						
Project Grants	500	1,500	2,000	2,500	3,000	9,500
<u>Transport</u>						
Project Grants	5,000	5,000	-	5,000	10,000	25,000
<u>TOTAL</u>	42,000	49,000	46,000	50,000	55,000	242,000

A little over five-eighths of the quinquennial program proposed above, an average of some \$30 million a year, would go to Mali's agriculture sector in one form or another. The substantial investment already begun in area development projects (opérations and actions) would continue, in order to stimulate food crop production and bring the other benefits of rural development to the populations within these projects' responsibility. This emphasis is tied directly to Mali's goal of national food self-sufficiency

and its hope to have an eventual surplus for security stocks and even export. From the standpoint of the United States and other donors, promoting food crop production is not only good in itself but offers potential relief from the burdens and costs of food donations when famine strikes. The other major portion of agricultural aid would go into building two complex sub-sector programs, the one now being designed in livestock and the other a bold plan to try to develop and link all aspects of Malian agricultural education, research and extension into a unified, mutually reinforcing system. Livestock, of course, is already a leading source of income for the rural poor. More than that, it is potentially the country's top export earner. The rich coastal meat markets of West Africa are there to be exploited. An integrated agricultural education, research and extension system is at least a 20-year undertaking, but its results could revolutionize Malian agriculture if AID has the money and the patience to stay the course.

In the spheres of quality of life and appropriate technology (mainly renewable energy), USAID is assuming success for its experimental projects such as rural health, small-scale rural works and energy, meaning that follow-on projects to replicate their results elsewhere would be warranted. These categories also include accelerated impact and PVO projects. The Mission has raised its projection for these kinds of projects to more than 20 percent of the five-year program but continues to feel that their importance cannot be gauged by the amount of funding alone. These high-risk experiments could at any time strike a spark, in the form of providing a

new method or a useful technology, that could bring immense benefits to the daily lives of the rural poor. Their success, of course, remains far from being proved today.

It was noted earlier that the Mission program already supports education and human resource development in many different aspects, particularly within the crops and livestock projects underway. This has always been the case. The adding of a line item under this heading has to do with the new Development Leadership Training project that does not fit anywhere else. In addition, with the impending arrival of the USAID's first education and human resources development officer, the Mission intends to study the Malian educational system with a view to developing other projects in the formal EHRD category.

We remain convinced that more funding for rural road improvement is needed than can be provided as an ancillary aspect of integrated rural development projects. But with AID's inability to contribute more than a fraction to the reconstruction of the Kayes-Nioro secondary road, we have scaled back our transport projections compared to last year's CDSS. Funding shown in FY 1982 and 1983 is for Kayes-Nioro, while the additional \$15 million in FY 1985-1986 would assist with the construction or reconstruction of another key rural link. It should be well understood that serviceable dirt roads are what we have in mind, not pavement and certainly not super-highways. The need is to deliver development services and consumer goods to rural people and to evacuate their surplus production to market.

No P.L. 480 is planned. In a dire emergency the GRM would request Title II relief supplies, and the Mission would support such a request if conditions were truly catastrophic. It is possible that Title III could be useful under certain circumstances, e.g. as support for serious GRM policy changes in food grain pricing and marketing. No sign of such changes has appeared so far, and consequently no projection for the use of Title III is offered in this CDSS. USAID does not propose any housing investment guaranties, a sector where the World Bank and Saudi Arabia are already active.

The staff implications of these projections are important to note, especially in light of the expectation that worldwide AID personnel totals by the mid-1980s will be one-tenth less than they are today. We have assumed approximately the same number of area development grants, individual projects and sub-sector grants in FY 1986 as the program already contains at the start of the 1980s, and we also think that the program between now and FY 1986 can be managed with no more U.S direct-hire project managers and technical officers than were requested in the FY 1981 ABS. But with greater amounts of money, most projects will be larger and more complex to handle than the projects today are. Hence, more management attention -- not less -- will be essential if AID is to maintain the same degree of surveillance as is demanded today. How do we propose to cope with this problem in the absence of more U.S. project managers and technical officers?

The Mission's first answer is that we must have more professional Malian staff help. A Malian employee who costs a tenth or a twentieth of

what an American costs should be considered, for ceiling purposes, to fill .1 or .05 of a U.S. slot. The highest paid Malian on our staff today, who is at the last step of the highest rank, earns \$7,594 annually. The average salary of all our Malian program assistants and management and program specialists is \$5,054 a year (by contrast, our latest estimate is that the average USAID American costs about \$130,000 a year to maintain in Bamako). These high-quality, low-cost people are available. We already have 17 on board, and they are doing an excellent job. With more of them -- if we are able to hire two or three or more for each project that needs them -- we could manage even most big projects with no more than one American each and thereby hold the line on USDH as well as administrative costs. The 36 total FN positions authorized now should be raised to 69 to allow a general ratio of at least three Malians for every two Americans requested in the FY 1981 ABS. But such a Malian staff, like the U.S. staff, must be built. Americans must build and train it, and there is always some attrition. If this enlarged Malian staff is authorized and the USDH total is maintained during the early 1980s so as to permit full training and development of the new foreign national employees, we should be able to keep down USDH totals over the half decade to come and might possibly be able to trim the number of U.S. project managers and technical officers toward its end. But it is essential that the Americans first be able to recruit more Malian employees and train them thoroughly to contribute fully to the smooth functioning of the Mission's program.

The second answer is that some modest increases in U.S. support staff might be required for such a program even if increases of project managers

and technical officers can be stopped. Ever-growing amounts of money and numbers of people, whatever their nationality, would likely make that necessary. Such support increases would, in fact, be another way of helping make project officers more efficient and hence holding down their numbers. Some illustrative needs might be another financial officer, another program officer and a communications and records supervisor. With luck, some of these people could be resident hires or even fill part-time jobs.

Finally, USAID trusts that the personal service contractor restrictions of today will not be repeated in the future. It is not too much to say that the AID program in the Sahel was largely built on the backs of inexpensive PSC Americans who were eager, on hand when needed, and already spoke French. They made it possible for programs to advance while AID went through the lengthy and frustrating process of recruiting direct hires for the Sahel and teaching them French. Today they are still a great resource, for like the foreign nationals they can help keep us from having to balloon to enormous numbers of USDH as programs grow.

Mali is a challenging, difficult place to work. It is also an exciting country for those in the development field. The Mission is proud of AID's accomplishments in collaboration with the GRM and believes that the strategy and program outlined in this CDSS will increase the favorable benefits of American assistance in the years to come.