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ACTION PLAN - 1988 & 1989

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USAID/MALI
ACTION PLAN

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ACTION PLAN
FYs 1988 AND 1989

I. OVERVIEW OF USAID/MALI STRATEGY AND POLICY AGENDA

The goal of the USAID program in Mali is to enhance rural household production, productivity and incomes through agricultural development. This goal was selected because Mali possesses a natural resource base of soils, rainfall, irrigation potential, crops and livestock which give it a comparative advantage over other Sahelian countries. Mali also has a track record of social unity and political stability upon which to build. Despite numerous difficulties, it is realistic to envision a future of food security and self-sustaining development for Mali's people as well as significant contributions to regional food availabilities.

In dealing with the problems of low incomes, hunger, health, population and education, the Mission has chosen to concentrate its limited resources on a few primary constraints to food production and income growth. These investments are supported by complementary efforts in child survival/family planning and management improvement. This approach was adopted in order to first generate the means for more self-sustaining development efforts in the future.

Three principal constraints blocking developmental progress have been identified in CDSS analyses as areas where AID's resources, expertise and experience can be focused productively. These are (1) **POLICY CONSTRAINTS** which limit the potential of both rural and urban private sectors, and place enormous financial burdens on the economy; (2) **FOOD SECURITY CONSTRAINTS OF A TECHNOLOGICAL AND INSTITUTIONAL DEVELOPMENT NATURE** including not enough cost-effective agricultural technologies, insufficient investment in applied research, and the need to reduce the growth rate in food demand; (3) **MANAGEMENT CONSTRAINTS** in which limited planning and administrative capacities have led to gross inefficiencies in the performance of state enterprises and rural parastatals;

--A. THE MISSION STRATEGY has been to concentrate AID's limited resources on the principal constraints noted above, focusing on key agricultural sector problems in particular ecological zones, while minimizing Mission management support requirements. The program thus emphasizes:

(1) **POLICY REFORM** - liberalizing agricultural prices and markets, increasing incentives for the private sector through adjustment of fiscal, legal and regulatory systems, providing support for budget restructuring and privatization of public enterprises.

(2) **FOOD SECURITY THROUGH TECHNOLOGY DEVELOPMENT, TRANSFER AND INSTITUTION BUILDING** - researching higher-yielding, drought-resistant varieties and agronomic methods, supporting the transfer of economically viable technologies, training agricultural researchers, and supporting child survival/family planning efforts and organizations.

(3) **MANAGEMENT AND PLANNING IMPROVEMENT** - through extensive on-the-job, in-country, third country, and U.S. participant training, as well as installing more appropriate management systems.

--B. POLICY AGENDA

Mali is poor because its climate, natural resource base, land-locked location, insecure food production systems, and vulnerability to adverse international market prices make its competitive position in the world an objectively difficult one. Mali is far poorer than it should be because these given circumstances have been made worse by central planning and control approaches which resulted in ineffective policies, expenditures, and management. These approaches reduced food production incentives, fostered unproductive investments, and discouraged private sector development.

Many policy makers and advisors in Mali concur with this analysis, and the search for fundamental improvements has been underway for about five years. Progress is slower than the donors would like because of the political and social difficulties encountered in changing direction, and the genuine complexity of the situation. However, maintenance of social equilibrium without harmful backlash is an important concern.

The Mission policy agenda has been to identify reform targets and a calendar of activities which are politically and managerially feasible to implement. The following are the principal areas of emphasis which have been pursued, along with some of the major themes:

- **Food Policy Development:** To reduce the public sector's regulatory role in grain marketing, liberalize agricultural prices and markets, enhance private sector capacity through changes in credit policies and public information, decrease marketing board deficits/costs, and improve policy analysis.

- **Private Sector Development:** To raise private sector incentives and remove disincentives, through lowering taxes, adjusting customs duties, deregulating commerce and industry, training business people, and supporting enterprise investment analyses.

- **Public Finance Restructuring:** To increase efficiency in the public sector and reduce the burden of the public sector on the economy, by shrinking public sector employment, improving revenue administration, introducing computerized record keeping for better budgetary control, and privatizing or liquidating state enterprises;

- **Agricultural Services Delivery Improvement:** To improve agricultural development services, through privatizing rural parastatal functions, transferring functions to farmer associations, developing focus, relevance, quality and networking of research, and transforming coercive approaches to natural resource management.

- **Family Planning Expansion:** To improve public policy and access to services, through supporting child survival, expanding family planning at clinics, and encouraging user fees and social marketing.

II. OVERALL PROGRESS AND IMPLICATIONS

Overall progress in Malian development prospects have been encouraging when one considers the objective difficulties, the country's prior policy orientations, and its situation five years ago. The indicators cited below are positive, and AID's assistance has made an impact in a number of cases. Nonetheless, many indicators cited are not at the purpose and goal achievement levels, but rather at intermediate objectives levels -- that is to say, at important benchmarks along the development path.

Such indicators are, however, appropriate to the nature of the development problems in Mali. With the exception of the higher rainfall south it is necessary to distinguish Mali as a country which is seeking agricultural technologies and institutions for self-sustaining production, productivity and income growth, especially in its central and northern regions. These are somewhat different tasks from those in better endowed countries where known technologies could yield positive developmental results with the application of more capital, better trained personnel, and an appropriate policy environment. Looked at in this light, the present indicators reflect no small achievement.

The country's leadership has been able to secure an initial consensus for its economic reform program, significant changes have been made, risks have been taken, appropriate program and project investments have been made, and management of AID-financed projects has improved markedly. On the other hand, difficulties are not insignificant. Plateaus in policy reform implementation occur, and "take-off" type breakthroughs on income, food, health, population and education problems are not just around the corner. These issues are discussed further in the concluding section on implications and problems.

--A. Progress

(1) Economic Performance

- The indicators are mixed. Like most development measures in Mali, they are affected significantly by rainfall, export prices, and Malian politics and financial discipline. On the positive side, there have been:

- * Real GDP growth rate estimated at 9% for 1986 and projected at 3.6% for 1987,
- * Strong revenue collections performance - the Government deficit, which was 3% in 1983 declined to 1.2% in 1986,
- * Salary freezes for all except 1 out of last 6 years,
- * Continued deceleration of inflation for past three years.

- All the first two IMF stand-by program conditions from 1982 through 1985 were met, including:

- * reductions in external payments arrears,

- * reduction in Treasury arrears,
- * reduction in budgetary and extra-budgetary arrears,
- * non-accumulation of new external debts of less than 12 years maturity.

- In the third stand-by (1985-87), performance was mixed but largely positive, and most targets were met. However, a combination of circumstances occurred in the last two fiscal quarters, and inadequate controls on expenditures resulted in a serious breaching of the ceilings on domestic bank credit in general, and in bank lending to Government by 13.5%.

(2) Economic Policy Reform

- Support for private sector development is a publicly announced and widely known GRM policy; and public/private sector policy dialogues are more frequent and well-publicized, including radio, newspaper and television programs during which private sector views are made known.

- Public enterprise employment has declined by approximately 30% from 13,000 to 9,000 over the past few years, and at least 4 out of 25 public enterprises are on the verge of liquidation.

- Annual civil service intake has declined by 67%, from 2,426 in 1984 to 812 in 1987. (EPRP)

- Thanks to excellent multi-donor coordination, coarse grain markets were liberalized in 1983; and paddy and rice prices and markets followed in 1985 and 1986, despite the greater political and technical difficulties. (Section 206, Cereals Market Restructuring - CMRP).

- Urban consumer subsidies for rice were removed in 1986. (IMF/CMRP)

- The GRM approved the establishment of a credit fund for private sector grain traders and eliminated the monopsony power of the marketing board in 1987. (CMRP)

- Tax rates on businesses have been significantly reduced (ranging from 16 to 50 percent), customs duties which discouraged domestic production have been adjusted, and regulatory reforms have been promulgated which liberalize GRM regulatory controls. (AEPRP)

- A budget restructuring program was adopted by the GRM to lighten the salaries burden on the national budget in 1985. 204 persons are expected to voluntarily retire by the end of 1987, with 396 more scheduled for 1988. (AEPRP)

- Agreement in principle was reached in 1986 to privatize many functions of the rural parastatals, including input supply, transport, and credit. (Operation Haute Vallee - OHV)

- A stand-by agreement is currently being negotiated which is

expected to contain significant public enterprise and financial reforms. (IMF)

- A public enterprise reform project is being negotiated with the World Bank that will eventually result in a number of liquidations and privatizations of state owned enterprises. (WB)

(3) Food Security

- Yields for intercropped maize/millet have increased from 80 to 100 percent on farmer fields. Improved recommendations for density, sowing dates, and fertilization were developed through the collaborative work of ICRISAT. (Semi-Arid Tropics Research -SATR)

- Sustained high quality agricultural research by ICRISAT/Mali has resulted in the evolution of two improved sorghums that are now being tested on farmers' fields in 1986. Over 200 sorghum and millet lines/varieties have been screened. (SATR)

- Testing and promotion of improved maize varieties have contributed to significant increases in food availability; and on-farm testing has verified that use of locally available rock phosphate will increase cereal production. (SAFGRAD)

- Production credit recuperation at the OHV project is 95 to 100%, indicating that farmers incomes are up, and that group credit farmer associations are functioning well in input distribution and credit management. (OHV)

- Earn to market road construction has been evaluated as having a benefit:cost ratio of 2.0, and an IRR of 46%. (OHV)

- Growth in animal traction usage has had positive effects on hectares under cultivation, production, productivity and incomes for both cash and food crops in Mali. (Food Security in Africa/MSU Research)

- A recent evaluation verified the expanded provision of veterinary services under a new user fee system. This has markedly improved animal health, production, and herder incomes; and the national economy has also benefited from the investment. (Livestock Sector II Project - LSS)

- According to a recent evaluation a pilot forestry effort has identified specific agro-forestry interventions that are doable by farmers, and will aid natural resource management in a very difficult ecological zone. (Village Reforestation Project - VRP)

- Private sector manufacturing and marketing of woodstoves has taken hold in urban areas, and efficiencies in wood use are expected. (VITA)

- GRM has adopted ORT as their official policy in dealing with diarrheal diseases (a Drought Relief Program induced change), comprehensive ORT and family planning training has occurred throughout

Mali (through central projects), and a private family planning organization is promoting information and education.

- Fee-for-service schemes have been introduced in several health care facilities, cost recovery studies are in progress (USAID/WHO), and a decree permitting private medical practice has been passed.

- Islamic religious leaders in Mali have publicly endorsed child spacing and the National Women's Union has supported women's rights to contraception services.

(4) Management and Planning Improvement

- Within the Government of Mali there are now 21 participants who hold positions in the top three levels of the bureaucracy. These include the current Minister of Finance, who received his Ph.D. in the U.S. (HRD projects)

- The numbers of returned participants from both long and short term, academic and technical training have increased from 25 in 1983 to 80 in 1987. (HRD projects)

- Accounting and financial systems improvements in AID projects have been made, and none have been decertified. (Reg'l. Financial Mngt.)

- The Government payroll has been computerized, a new system of budget accounts classifications has been introduced, and considerable computerization of tax and customs records and expenditure controls are anticipated within the coming few years. (AEPRP)

- Appropriate policy development, rigorous enforcement, and computerized financial management for organizational budgeting and farmer credit, have resulted in sounder management control systems in a large rural development organization. (OHV)

- The Ministry of Natural Resources and Livestock has requested that the management systems and procedures introduced by the AID project be spread through the Ministry. (LSS)

--B. Implications and Problems

The indicators above give an encouraging picture. Nonetheless, Mali's developmental progress needs to be measured on a number of goal achievement scales to capture the central realities.

First, major breakthroughs in agricultural technologies which could lead to food security during years of less than average rainfall have not yet occurred. Progress in achieving food security will be slow until higher yielding, drought and disease resistant sorghum and millet varieties are discovered. In addition technically and economically feasible agronomic practices together with the means to deliver them to farmers, are not always in place. The obstacles to food security remain. Although the irrigation sector holds out the

promise of an eventual solution, progress to date with larger scale irrigation has not been found to be cost-effective. Similarly, in the natural resources field, there are as yet few cost-effective measures for dealing with desertification and only some agro-forestry and soil and water conservation activities appear within the reach of farmer and herder resources.

Second, the trend for rural household production, productivity and incomes increases is positive but weak. There have not been the steady major increases in aggregate demand for consumer goods so essential to create expanded markets. There has not been the requisite investments in urban industry and commerce by the private sector. This means that employment and income growth will be relatively sluggish in comparison with needs and targets.

Third, while a number of important breakthroughs in economic policy reform have occurred, these welcome changes will not be adequate to lay the foundations for sustainable growth. Mali has not yet been able to bite the bullet in public enterprise reform, in privatization, and in national financial management, even though the necessity is well recognized by pragmatic leaders. The GRM has therefore delayed initiating the \$72 million World Bank financed reform project, and has not been able to agree to the conditions precedent to the sizable IMF stand-by agreement. As noted earlier, performance under the third stand-by in 1986 deteriorated in the last quarter as expenditures could not be kept under control. In addition, the benefits of many policy reforms will not be felt until the reforms initiated to date are fully implemented and consolidated in the agricultural, commercial and manufacturing sectors.

Fundamentally, the key factor in the GRM's willingness to take further risks in policy reform -- especially to implement public enterprise and privatization more rapidly -- is the Government's perception of how employment growth will be affected.

Fourth, health and population problems present a straightforward financial sustainability dilemma. Recurrent cost carrying capacity of improved child survival and family planning efforts will probably rest on the donors for the next two generations.

Fifth, while past educational investments are now producing a stock of better-trained Malians, many of them are unable to find jobs. This has occurred even though there has been a steady ruralization of curricula more appropriate to an agricultural economy. Lastly, Mali can bear no additional recurrent costs in this sector. It is unfortunately overproducing at secondary and tertiary levels in a number of fields, when it should be reallocating resources to primary education.

In making further progress on these problems, AID is faced with a need to work on fundamental blockages to food security and economic growth which arise from both technical and policy environment factors. At the same time it is essential to support the GRM in its management of the political and social risks of more rapid policy reform. To date, the GRM's tactics have been to accept changes in principle in

order to secure the necessary funding; and then implementation speed is adjusted to minimize the on-going social and political risks. This should probably be viewed as prudent risk management, and as a normal series of movements from plateau to plateau.

These are the key issues that determine the program targets which the USAID has set out for the next few years.

III. Key Program Targets

The foregoing analysis demonstrates that progress on the earlier action plan has been achieved and that AID and other donor support is being effective. Nonetheless, there are certain fundamentals which must still be recognized: first, Mali's development constraints remain essentially unchanged, second, breakthroughs in problem solutions come slowly, and third, that sustained efforts are essential to achieve the long term benefits. The Mission therefore believes that there should be continuity in the strategy and objectives set, while varying the approaches and tactics to suit the emerging situation. The program targets therefore continue to revolve around:

-- Strengthening policy reforms which improve the prospects for private sector development and a restructured government budget;

-- Enhancing food security prospects by disseminating and developing services and technologies that support productivity. Child survival/family planning activities further strengthen this target.

-- Improving management and organizational performance in the private and public sectors through training and information systems development.

--A. Strengthening policy reforms. The Mission target is:

- to promote an environment that is conducive to expanded economic growth and employment in the private sector, while at the same time reducing the burden of the public sector on the economy.

The pace at which the GRM can continue their economic reform process is in part conditioned by seeing the results of earlier efforts, especially the potential for employment generation. As this is being written, the GRM is on a temporary reform plateau while it further develops the political consensus so essential to new risk-taking. Current renegotiations on IMF stand-bys and World Bank-financed public enterprise reforms reflect the difficulties. Berg and Batchelder's 1984 advice on having long term horizons, modest expectations, sustained technical discussions to change minds, and smaller scale incremental approaches appear especially appropriate in the coming two years.

These concerns are further validated when examining the recent steps in price, marketing, fiscal, regulatory and budget restructuring that have been taken under the AID-financed program. Programs of well-conditioned dollar disbursements and food assistance have clearly given concrete support for GRM risk-taking. It is also clear however, that some aspects of these programs have not yet been fully

institutionalized, and that careful follow-through implementation and consolidation are required.

In its choice of short term objectives, therefore, the Mission intends to concentrate its attention on those reform targets which (a) are more likely to be ripe for change, (b) develop sustainable information bases and analyses that can give confidence to the GRM in their decisions, and (c) implement fully the measures already agreed upon to secure maximum benefits for the private sector. In what follows, the policy agenda has been laid out in terms of short term objectives for the next two years.

Objectives - #1: Conduct search for employment generating private sector investments.

The benchmarks will be:

- * Complete basic private sector profile, investment climate, and capital market studies,
- * Complete two actionable agro-industry investment studies for certain product lines, such as grain, fruit or livestock are done in combination with the business community and GRM.

The management steps will include:

- * securing and utilization of Sahel PRE and PRE funding, the cooperation of Project Sustain, and assistance from the S&T Enterprise Policy Project for TOR writing and execution.

#2: Consolidate past achievements and further extend agricultural price and marketing liberalization.

The Agricultural Policy Benchmarks will include:

- * expansion of private sector credit to grain traders,
- * phase out of official price schedules,
- * minimization of market interventions,
- * lowering OPAM deficit,
- * improvement of OPAM's food policy data base through feedback of three studies, and
- * incremental rural development organization reforms.

The Agricultural Policy Management steps involve:

- * continued multi-donor coordination,
- * implementation of DA-funded Cereals Market Restructuring (CMRP) Support project,
- * authorization and obligation of a Phase II, PL480, Section 206, CMRP,
- * completion of PM&R and SPAP funding packages for food security and nutrition economics work by Michigan State and Tufts universities under S&T projects.

#3: Consolidate and extend fiscal, regulatory and budget restructuring reform actions.

The Fiscal and Budget Benchmarks will include:

- * implementation of scheduled tax rate reductions on payroll and profits taxes,
- * removal of biases against domestic manufacturing
- * early retirement of up to 600 civil servants,

- * maintenance of low civil service recruitment levels,
- * indications business community considers regulatory constraints have been eased,
- * achievement of improved budget ratios, and
- * identification of other targets for a Phase II EPRP project.

The Fiscal and Budget Management steps involve:

- * acquisition of additional SPAP, PRE, and PM&R funds for implementation monitoring, impact evaluation, and policy dialogue efforts.

#4: Conduct privatization studies.

The Privatization Benchmarks are:

- * complete study which analyzes and develops approaches to privatization of veterinary medicine services delivery.
- * complete study which analyzes and develops approaches to privatization of farmer input supply system for Haute Vallee area.
- * conclude agreement with the Min. of Agriculture on a schedule for OHV rural parastatal phase-out of credit and input functions, and a phase-in of services by private sector.

The Privatization Management steps are:

- * the utilization of SPAP, PM&R and PRE funds,
- * a buy-in through S&T projects and various contracts, and
- * establishing a working group with GRM and the private business community.

--B. Enhancing Food Security. Given the problems enumerated earlier, the long term AID objective continues to be to achieve food security. The major program targets are noted below, and are then developed further in individual sections.

- To disseminate environmentally sound food production technologies where it is technically and economically feasible to do so.

- To develop improved technologies for both the more secure and the more drought prone areas through improved research and institutional performance.

- To decrease the rate of growth in food demand through family planning and child survival programs.

These targets recognize the requirements to:

- * produce more food for the expanding population,
- * develop technologies to keep up with current growth rates,
- * expand family planning services to decrease population growth rates and food demand, while
- * expanding child survival facilities which support receptivity to family planning over the long run.

The sub-sector targets, short-to-medium term objectives, benchmarks and management steps for making further progress are noted below.

Target #1 - Technology Transfer: Disseminate environmentally sound food production technologies where it is technically and economically feasible to do so. Improved technologies for some ecological zones have been developed and steady incremental progress in production has occurred. It is therefore possible to utilize the existing store of proven technologies, integrating crops, livestock and agro-forestry practices in mixed farming areas. Many of these can help in the resolution of problems such as farm labor shortages, low yields, inadequate credit, high animal mortality, inadequate forage production, declining soil fertility, moisture retention, and wind erosion.

Objective: Establish better access to production support services for crop, livestock, and agro-forestry initiatives in specific regions.

Crop benchmarks will include:

- * 25% increase in group credit channeled through farmer cooperatives,
- * increase in village cooperatives from 47 to 77,
- * traction users increase by 5%,
- * 40 kilometers of farm to market roads built,
- * credit recuperation remains 95% or better.

Crop Management steps involve:

- * completion of current OHV project,
- * successful negotiation of new generation project.

Livestock benchmarks will include:

- * completion of laboratory and water system construction,
- * maintenance of international standards of vaccine production,
- * percent of herd vaccinated increases from 45% to 70% for rinderpest and pleuropneumonia in Regions I and II,
- * development and transfer of more cost-effective treatment protocols for trypanosomiasis, internal parasites, and respiratory infection in small ruminants (benefiting many women owners)
- * establishment of an effective disease surveillance system in Regions I and II,
- * training of 50 field agents in diagnostic skills,
- * analysis/design of improved financial system for veterinary medicine delivery.

Livestock Management steps include:

- * joint GRM/USAID analysis of mid-term evaluation, and
- * development of implementation plan for mid-course corrections.

Agro-Forestry benchmarks will include:

- * active participation of 60 villages in reforestation and soil and water conservation practices,
- * village or producer establishment of 20 mini-nurseries producing and selling or trading tree seedlings,
- * producers establish 100 living fence perimeters,
- * villagers establish 15 kilometers of wind breaks,
- * extension agents work with 70 producers on contour plowing, gully control techniques and other soil conservation practices,
- * biological diversity grant given to IUCN for inland delta,

- * in-field tree planting of acacia albidia by 140 farmers,
- * establishment of 30hectare forestry reserve.

Agro-Forestry Management steps include:

- * joint GRM/USAID analysis of mid-term evaluation,
- * negotiation/signing of project extension,
- * implementation of evaluation's recommendations,
- * drafting/signing of IUCN grant.

Target #2 - Technology Development: Develop improved viable technologies for both the more secure and the more drought prone areas through better research and institutional performance. This effort centers around the search for cost-effective, risk-minimizing, and environmentally sound solutions to the principal production problems. Without eventual breakthroughs in technologies, there will be neither sustained agricultural productivity, environmental stabilization nor income growth, especially during years of less than average rainfall. A number of recent external evaluations support the technology development approaches being used. The ICRISAT/Mali evaluation recommended continued concentration on seed and agronomic methods for the principal dryland grain and animal forage crops. The Club/CILSS Mali Livestock Strategy Study and the mid-term evaluation of the USAID-financed sector project supported the emphasis on veterinary research, vaccine development, and forage production. All observers emphasize the need to establish improved agricultural information systems, and to strengthen research planning and institutions.

Objective: Strengthen the focus, productivity, and networking of applied research in crop, livestock and agro-forestry technologies.

Crop Research benchmarks will include:

- * construction of ICRISAT regional sorghum center,
- * issuance test reports on two new sorghums, maize-millet intercropping system refinements, cowpea-peanuts intercropping, fertilizer trials, tillage practices that reduce erosion, and breeding of drought-disease-pest resistant varieties,
- * start-up of fully operating and staffed food technology laboratory and program,
- * holding of legume based cropping systems workshop,
- * 3 MSc's trained, and 50 PMs of short term technical training.

Additional research benchmarks are:

- * Issuance of FSR reports on farm economics, crop and livestock systems, farmer decision-making and women's economic roles,
- * establishment of regular communications linkages with farmers, extension agents, and training institutions,
- * holding two research/extension workshops,
- * establishing improved system of annual research programming/management process,
- * construction of 2 offices and 4 staff quarters,
- * initiation of publication program,
- * issuance of two CRSP reports on tropical soils and sorghum/millet, and
- * report by PSTC grantee on heat and drought tolerance in sorghums.

Crop Research Management steps include:

- * introduction of improved research programming and coordination techniques,
- * enforcement of timely analysis and results reporting,
- * assessment of research sub-sector to improve productivity and guide USAID assistance.

Livestock Research benchmarks will include:

- * identifying one or more species of forage legumes which could reduce fallow period of traditional semi-arid zone cropping systems, with an emphasis on stabilizing land use practices,
- * develop improved forage legume production component of crop rotation system in the sub-humid zone, emphasizing sound exploitation practices,
- * conduct 2 seminars with extension agents and producers on animal nutrition, health needs, and forage fallow systems,
- * hold research coordination meetings with ILCA, FSR and ICRISAT.

Livestock Research Management steps include:

- * analysis of mid-term evaluation recommendations with GRM, and
- * implementation of mid-course adjustments.

Agro-Forestry Research Benchmarks will include:

- * establishment of an information system that will allow for project interventions to be quantitatively evaluated for effectiveness and replicability.

Target #3 - Family Planning/Child Survival: Decrease the rate of growth in food demand through family planning and child survival activities. The approach to be used is to support family health clinics in densely populated rural and urban zones around Bamako; and to facilitate child survival grants to PVOs for other areas. Work in this sector will not only help address the growth in food demand problem, but also the population expansion that creates so much general poverty and pressure on the natural resource base. It should prove to be of direct benefit to large numbers of women and younger children.

Objective: Increase access to child survival technologies and family planning services.

Child Survival/Family Planning benchmarks will include:

- * completion of demographic and health survey,
- * construction of private Malian family planning association building,
- * training of 600 health personnel,
- * baseline studies completed for Bamako/Koulikoro project zone,
- * immunization program reaching 80% of children under 6 years old,
- * renovation and equipping of all 15 MCH/FP clinics in project zone,
- * social marketing of contraceptives begun,
- * training conducted by INTRAH, PRITECH, JHPIEGO, CEDPA, AVSC, FHI, and Population Communications Services,
- * completion of CARE and Plan International health projects,

- * funding of World Vision health project,
- * submission of UNDP nutrition surveillance project report,
- * initiation of MM/OEF/IVS child survival work.

Child Survival Management steps include:

- * A&E and construction contracting,
- * commodity procurement for 15 clinics,
- * TA team selection,
- * review and selection of PVO grants in child survival.

--C. Management and Organizational Improvement The program target is:

- to increase management skills, and improve organizational systems.

While technical training is carried out in all projects, management improvement (like policy reform) has been a special cross-sectoral theme in the Mali program. It consists of two approaches. First is general management training which takes place under various human resource development projects. The second is on-the-job and specialized training in planning and management within AID-financed projects. This usually occurs in the course of installing computer-based information systems for policy analysis, program operation, and performance monitoring. External evaluations and IG reports have confirmed that management improvement work over the past four years has had major impact on program and financial administration in the major livestock and crop investments.

Objective # 1: Train 42 persons from public and private sectors in various management specialties.

The Training Benchmarks include:

- * 20 persons on long term and 9 persons on short term technical courses in the U.S.,
- * 6 long term and 7 short term technical persons in third countries.

The Training Management steps are:

- * identification of appropriate opportunities and the issuance of PIO/Ps, and arrangements for design and holding of courses.

2: Install and train the personnel needed to operate improved management information systems in the five major food security and policy reform projects. It has been found that inadequate information systems as well as untrained personnel are a critical part of the management shortcomings in Mali. It is well recognized that neither training nor systems are able to overcome social and political forces in the environment which may undercut personal and organizational performance. However, experience indicates that without building up these resources and facilities, the possibility to continue improving planning, management, and monitoring will not exist.

The MIS Installation Benchmarks will include:

- * initial systems installation and training takes place in AEPRP program at Ministry of Finance, in Food Security policy studies at OPAM, and at Farming Systems Research unit,
- * further systems installation and training within the Livestock

- project, and the Operation Haute Vallee financial management, credit and planning units,
- * improved documents/reports of planning, monitoring and analysis nature from each project,
 - * improved expenditure control system and tax and revenue administration reports established at Min. of Finance,
 - * more timely grain stock control and market price reports at OPAM marketing agency.

MIS Installation Management steps include:

- * procurement of hardware, software, and TA,
- * use of Sahel Regional Financial Management Project resources.

IV. WORKPLAN

--A. New and Amended Projects

Over the past four years, the Mission has achieved three operational objectives: (1) to establish financial discipline and sound implementation management in the portfolio; (2) to weed out a large number of dispersed and/or unviable projects; and (3) to modify the portfolio to concentrate capital and management resources on the strategic objectives of policy reform, food security and management improvement. Periodic program assessments and project evaluations indicate that the current investments are properly targeted and continue to be viable. The majority have been in implementation for only a few years at most, and were conceived as long term investments with twenty year time horizons. Thus, most new and amended projects are continuations of earlier project phases, reflect variations on the basic themes, and are designed to take advantage of changing circumstances and emerging targets of opportunity.

In 1988, two amendments and one new project will be authorized and obligated. The amendments are: to the Livestock Sector II project to permit adjustment to the lower exchange rate and complete the original project's objectives; while the second is to increase the LOP value of the EPRP, to compensate at least in part for exchange rate declines. The new project will be the Development of Haute Vallee (DHV) project, which hopes to carry out institutional and privatization reforms. Delegation of authority is requested for authorization of DHV.

In 1989, a second phase of the EPRP project will come on stream to continue the private sector development and budget restructuring efforts. Delegation of authority is requested for the PAAD.

--B. Project Development. The major design issues concern DHV and EPRP II. In the former, the privatization of major functions in a rural development parastatal will be the subject of long and detailed negotiations with the GRM. A further concern is whether the private sector will be able to assume the public sector's roles in a sustainable way. With the EPRP II project, the issue will be whether performance under the current phase will merit continued investment in fiscal and budgetary reforms. Assuming reasonable progress, it is also planned to enlarge the scope of the EPRP II, to encompass other

private sector support activities such as investment analyses for private sector undertakings that generate employment. The Mission proposes to request , but is prepared to contribute from its OYB DA levels, to enhance the funding package.

Design and Evaluation Schedule- See ABS FY 89 for details.

	-Designs-	-External Evaluations-
FY 88:	-HVD II PP -EPRP II PAIP/PAAD	-EPRP final
FY 89:	-	-FSR mid-term -Semi-Arid final -Family Health mid-term

--C. Research - The principal research to be carried out or completed in addition to the technology development work noted earlier is:

- Completion of MSU Food Security Research on Prices, Markets, and Farmer Technologies (supporting CMRP)
- Completion of Tufts Food Policy Analysis of Effects of Prices on Demand (supporting CMRP)
- Continue MSU Food Security Research on Macro-Micro Relationships in Food Policy Analysis (supporting CMRP)
- Continue MSU Economics of Agricultural Research Study (for FSR)
- Begin private sector climate, profiles, banking studies (supporting EPRP)
- Begin investment analyses of agro-processing industries (supporting EPRP)

--D. Management Improvements - As noted above, the Mission has already carried out a radical portfolio consolidation from 17 bilateral projects in 1983 to 7 principal projects in 1987. The only other major investments are the PL 480-Section 206 Cereals Marketing and ESF-funded EPRP. Neither pipeline blockages nor excessive mortgage build-ups are problems.

--E. Local currency generations are of three types. The first are reflows from the sale of Title II Emergency rice from the 1984/85 drought. These funds are earmarked to pay for food transport and related distribution costs of PVOs working in the Timbuctoo and Gao areas where pockets of drought afflicted populations still need help. Such funds are also utilized to support PVO FFW and rehabilitation projects; and may be used to help alleviate the causes of the food shortages. The second source of reflows are PL 480, Section 206 funds generated by the Cereals Market Restructuring Project. These are committed entirely to the multi-donor policy reform effort in the agricultural sector. The third source of local currency generations are conditional dollar disbursements under the EPRP. These are also pre-programmed to effect fiscal and budgetary reforms under the terms of the agreement. Therefore, assuming that the 1987 rains are adequate, the only funds that will be available for reprogramming are those from the Title II emergency grain sales. Based on this assumption, the Mission will be working with U.S. and indigenous PVOs and the GRM in the coming year to evolve supplementary child survival,

natural resource and agricultural production undertakings.

--F. Management Issues

The principal management concern of the Mission is its ability to reduce financial and implementation vulnerability and to effectively manage its portfolio, particularly as we face straightlined or reduced OE funding levels.

(1) Mission Organization Structure and Personnel Levels. A review of the USAID organigram has been undertaken and there has been some reallocation of responsibilities and resources.

- Additional responsibilities will be assigned to the General Development Office and the GDO position will be re-established to assume direct project responsibility for the human resources development elements in the portfolio. With the phase-down of both the Manantali Resettlement Project and the Development Leadership Training Project in 1988, the HRDO position will be abolished. In addition, the Health Section in the GDO will be strengthened with a USPHA PASA for child survival activities.

- The US Direct Hire engineer position will be deleted, and reSPARred. A PSC engineer will be project-funded rather than OE-funded.

- Drought relief activities and PVO relations are being moved to the GDO from the Program Office. The current US PSC staff will be Malianized, with the option to engage additional expertise should severe drought conditions return to Mali.

- A minimum of nine additional FSN hires at the professional level are required, i.e., three Financial Analysts (one Accounting Technician and one Computer programmer) for the Controller's Office; one Assistant Program Economist and one Assistant Program Specialist for the Program Office; two agriculturalists for the ADO; one Drought Relief Specialist for the GDO; and one Computer Programmer for the Management Office.

(2) Staff Development. As the Mission moves to delegate more implementation responsibilities to the local staff, additional training and updating of skills is essential, both for existing personnel and those to be hired. The Mission has developed an FSN Training Policy and Program, and has been implementing it to the extent that financial resources permit. We believe that investments of this kind can result in greater program effectiveness as well as future savings. It would be desirable to provide long-term educational opportunities along with the short-term and on-the-job training. It is especially unfortunate then, that OE cuts and the devalued dollar have meant that fewer rather than more FSN training opportunities have been possible.

--G. Strategy Orientation and CDSS Preparation. A review of the evolution of Mission programs indicates that the CDSS to be prepared in early 1988 should carefully review the relative emphasis of

various elements in our strategy.

- With increased funding going into maternal and child health/family planning programs, child survival may now constitute one of the principle problems that the program is addressing. Thus, it may well be made a discrete element of the CDSS, rather than be associated with the food security issue.

- In addition, as the bilateral Development Leadership Training Project phases out, management development issues will henceforth be addressed within the context of regional human resource development projects. Thus, the prominence given to the development of management capacities may be less than in the past, but the emphasis on management training will continue.

- Agricultural research has assumed major proportions within the portfolio. The US is the most important partner for the GRM in this field. In order to better define and confront the coordination and management problems which face both the GRM and USAID in implementing the projects, the Mission is proposing to develop a sector approach for agricultural research assistance. The implication is that AID will continue to support Malian agricultural research efforts over the long term.

--H. Roles of PVOs. A part of the drought preparedness problem concerns the roles of PVOs. The Mission needs the CARE and World Vision organizations to remain engaged in the permanently food deficit Timbuctoo and Gao areas where they are the principal early warning and relief organizations. Outreach and child survival grants have permitted them to continue to date. World Vision is committed to the Gao Region, and contributes 50 percent of the funding. Much of CARE's field work is located in the Timbuctoo Region. Both will require continuing grants for core staff to be able to maintain an adequate presence, at a time when fund raising for everyone is very difficult.

Another PVO issue that will arise in the coming years is the almost certain request by Africare for continued funding of the Activites Paysannes irrigation scheme in Dire. Current annual costs are approximately \$750,000, though Africare indicates that out-year funding will be reduced. OFDA grant monies for this drought relief and rehabilitation activity will probably be exhausted in the coming year. Based on an evaluation now being done by Africare, Africare will be requesting funding for a second phase of the project. The Mission will then examine with Africare the sustainability, project cost, and portfolio priorities issues.

--I. AID-Peace Corps relations are sound. In addition to the Small Projects Assistance work, the Mission also supports a number of volunteers who are conducting business management seminars in three regional capitals. These seminars in accounting, inventory control, marketing and business law support the EPRP's fiscal reforms and facilitate policy dialogue. This effort will be expanded to five regional centers soon. In addition, in the food strategy initiatives (AFSI) area, four volunteers work with the Village Reforestation Project. However, Peace Corps has chosen to work independently in

other AFSI endeavors, rather than within the geographical area of an AID-financed project. Volunteers could be helpful in the Haute Vallee project working with farmer associations who may be assisted by a cooperatives PVO in future years.

--J. Gray Amendment firms are presently the prime contractors in two \$18.0 million projects, Manantali Resettlement and the Economic Policy Reform Program. Future opportunities may emerge in the following projects: EPRP II, DHV, and Integrated Family Health Services, as well as the various designs and evaluations noted earlier.

V. AID/W ACTIONS

The principal requirements listed in the text concern routine matters of delegations, needs for PM&R and PRE funding, as well as adequate OE for FSN hiring and training. One additional concern is the availability of bureau child survival funding to supplement the \$8 million Integrated Family Health Services Project in the future, as Mali is an emphasis country.