

**FINAL REPORT OF
THE PUBLIC FINANCE SPECIALIST**

**Contract No. 624-0245-C-00-2052-00
MALI POLICY REFORM
FOR ECONOMIC DEVELOPMENT PROJECT**

**Submitted to:
Abt Associates, Inc.**



**Submitted by:
CHEMONICS INTERNATIONAL**

September 1993

FINAL REPORT OF THE PUBLIC FINANCE SPECIALIST

**Contract No. 624-0245-C-00-2052-00
MALI POLICY REFORM FOR ECONOMIC DEVELOPMENT PROJECT**

**Submitted to:
Abt Associates, Inc.**

**Submitted by:
CHEMONICS INTERNATIONAL
2000 M Street, N.W.
Washington, D.C. 20036**

**Author: David L. Cole
Public Finance Specialist**

September 1993

TABLE OF CONTENTS

	<u>Page</u>	
SECTION I	INTRODUCTION	1
A.	Scope of Work/Proposed Project Work Plan	1
B.	Summary of Accomplishments	2
C.	Summary of Recommendations	2
SECTION II	WORK PERFORMED	5
A.	Major Accomplishments	5
A1.	Work Plan Achievements	5
A2.	Work Performed and Accomplishments	5
B.	Constraints	8
C.	Meetings and Contacts	9
C1.	Team Introduction Meetings	9
C2.	Group Technical Review Meetings	10
C3.	Budget Meetings	10
SECTION III	RECOMMENDATIONS AND CONCLUSIONS	13
A.	Recommendations	13
B.	Conclusions	13
ANNEX A	Scope of Work	A-1

SECTION I INTRODUCTION

As the Public Finance Specialist for the Mali Policy Reform for Economic Development project (PRED), I arrived in Bamako, Mali on February 24, 1993. On March 1, I participated in a team orientation session in Bamako during which a preliminary scope of work and more detailed work plan were developed.

After serving four months, Abt and USAID/Bamako requested Chemonics to replace me, based upon my inadequate French language skills.

This final report, as required by the contract, summarizes the work I performed during my assignment, i.e., from February 24 to June 21, 1993. I hope that the information contained herein will assist my replacement, help PRED realize its goal and objectives, and aid the Government of Mali to improve its economic and financial situation.

A. Scope of Work/Proposed Project Work Plan

The subcontract scope of work (SOW) for the public finance advisor is contained in Annex A. A general summary of this SOW is:

The Public Finance Advisor will be responsible for advice on fiscal policy and administration with the aim of insuring adequate financing for the activities that must be undertaken by the public sector without distorting the economic activities needed to insure sustained economic growth. An important aspect of his/her role is monitoring the impact of policy reforms on public revenues and private sector growth.

This SOW was reviewed by the PRED team shortly after arrival in Bamako and more specific tasks were developed in the annual work plan.

The PRED work plan presented by Abt Associates (prime contractor) to USAID/Bamako states that several problems have slowed down the pace of project implementation.

The first problem mentioned is "difficulties in establishing effective counterpart relationships with GRM officials." However, in my capacity as public finance advisor, I have encountered no problems in establishing effective counterpart relationships.

The work plan also states that "by the end of 1993, the project anticipates the ... initiation of a review of public finance and budgeting." This activity is already well advanced as a result of my work.

B. Summary of Accomplishments

Page six of the work plan states that "notwithstanding these difficulties, significant progress has been made towards ... establishment of effective working relationships at the Directorate and Conseiller Technique level in several of the key functional areas in the Ministry of Economics, Finance and Planning (MEFP); and involvement of PRED advisor in budgeting and structural adjustment dialogues within MEFP and between the GRM and Donors."

Both of these accomplishments achieved so far are the result of my own work plan-related activities. I also helped prepare a detailed work plan and budget.

Only six results are listed and two of these refer to the preparation of scopes of work. As this is a long-term assignment, it is neither possible nor desirable to move with the speed and forcefulness with the development of scopes of work normally associated with short-term consultancies. Things take longer to develop and take shape in a long-term assignment and therefore these tasks were not completed.

When Charles Krakoff, Abt, arrived at the beginning of May, 1993, I was the only long-term advisor who had a work plan already agreed upon by MEFP and the Budget Directorate.

C. Summary of Recommendations

After an initial analysis of MEFP's procedures, I would like to suggest the following:

- The present budget process and methodology should be changed and streamlined so as to allow for better budgetary management, investment prioritization, and control mechanisms.
- Fax machines should be installed in various regional offices of MEFP to alleviate the problem of inconsistent and late information being received by the central offices in Bamako. This would also greatly improve the communication between these offices. In the future, automation of information on a nationwide basis should also improve the information flow and controls.
- The financial, budget, and information systems being used in the public financial sector must be compatible to ensure consistent and meaningful data.
- The public employee payroll system needs to be reviewed and modified with appropriate controls, so that it can be utilized as a dependable source in the budget formulation process.
- The appropriate staff from MEFP and various ministries should receive in-country training in budget and budget preparation. Also, annual workshops should be held for appropriate staff from the various ministries, just prior to the beginning of the

yearly budget formulation exercise. Concerned donor organizations should also be invited to participate in these workshops.

SECTION II WORK PERFORMED

A. Major Accomplishments

A1. Work Plan Achievements

I initiated the review and analysis of Mali's public finance and budgetary systems, identified major weaknesses in the existing budget formulation process and investment prioritizing procedures, and developed an initial strategy to address these problems. I also identified the major problems encountered in the public finance system and discussed them with the marketing information specialist, with the view towards developing an effective system of market information dissemination.

Some immediate equipment and material needs have also been identified.

A2. Work Performed and Accomplishments

As a result of problems associated with the start-up of the project, I have really had only two months (May and June 1993) to effectively work on activities relating to my work assignment.

The main goal during my initial period in Mali was to develop effective contacts and working relationships with appropriate staff. My purpose was to develop a level of credibility and understanding with the Malian professional staff in the ministry, particularly those of the Budget Directorate, so that I could exchange ideas with them and make suggestions that would be not only seriously considered but actually implemented. These contacts and relationships were developed as a result of my own personal initiatives.

One of the prime responsibilities of my job was to determine the main problems affecting MEFP's ability to function and implement the country's programs and financial plan. To obtain this information, I spoke with a number of individuals from different MEFP Directorates, i.e., Treasury, Financial Control, the Public Accounting Office, and Budget. I also assessed different key problem areas.

Many foreign donor organizations provide technical as well as financial assistance to Mali, and a number of these technical assistants are working within the Ministry of Economics, Finance and Planning. The French Technical Assistance Team and Program is deeply involved with the treasury, public accounting (DNTCP) and auditing (internal and external), so if I had attempted to enter into these areas at this time—while very important and in need of much assistance—my efforts would only have met resistance from and sparked confrontations with other technical assistance programs and teams.

Bearing this in mind, I tried to find an area that needed technical assistance, that was important to both USAID and MEFP, and where no other consultants (technical advisors) were currently working. I found just such a niche: the budget.

Specifically, I focused on budget formulation rather than the immediate and obvious budgetary problems of revenue shortfalls and over-expenditures. Revenue shortfalls are almost a secondary problem.

The main difficulty lies in the methodology used to formulate the budget. (The World Bank public expenditure review mission that recently left Mali was not in agreement with me on this point when we first discussed this matter; however, by the time they departed they had changed their opinion and were in agreement with my perspective and evaluation.) I decided to start with the budget formulation process for several reasons. First, the planning process either does not function at all or has minimal impact on the budget formulation process. Planning procedures seem to be in place but are not fully implemented. Often, the annual operating plan is distributed after the request for the next year's budget has been circulated, or sometimes at the end of the budget formulation process. Therefore, until the planning process is improved, the actual planning activity must be effected through the budget.

Second, three different budgets are being prepared separately (national, regional, and investment budgets). There should be only one overall budget. The MEFP should give the various ministries more responsibility in the expenditure and implementation of their budgets, but require that each be completely accountable for the use of its respective budget. At the present time, since the various ministries are not responsible for the implementation of much of their budgets, there is practically no accountability.

Third, a major problem exists with the public sector payroll in the budget. The constant moving of employees between ministries and agencies has caused disarray in the public sector payroll system, and a new and/or modified system of control is needed.

Fourth, although very important, improving collection receipts/revenues may prove to be very difficult. Examples of problems that will need to be addressed include

- a shortage of financial controls to register and control receipts (i.e., taxes and customs fees)
- introduction of many new taxes without, in many instances, proper forms or documents to collect them
- misuse and misappropriation of funds

Corrective measures in these areas will take time to implement and there may be some resistance. However, this still remains a secondary problem.

By working at the budget formulation level, one can be directly involved in and influence the planning process; affect the prioritization of projects; revise and modify investment budget methodology and criteria; identify and include projects that are sustainable, replicable, and cost-beneficial; and introduce cost-benefit analysis into the budget decision making process. In the future, cost-benefit analysis should be handled at the planning directorate level.

Rather than emphasize the need to increase revenues, MEFP should identify investments that could reduce the need for budgetary expenditures and yield some revenue (income) at the same time. *Reducing the necessity for budgetary expenditures in effect reduces the pressure for increased receipts by using a different approach to the problem of insufficient receipts.* Working with the budget formulation process can begin to affect the macro-economic forecasting process.

The idea of changing, improving, and streamlining the budget process and methodology also allows for the potential to build in better budgetary management and control tools and mechanisms from the beginning of the budgetary cycle and, in addition, will assist with the management and control of the Structural Adjustment Program (SAP).

MEFP and budget staff have expressed a liking for and an interest in my suggestions regarding the budget and are willing to explore them further. However, since the 1994 budget process began in July, if activity does not start now, it will have to wait until July 1994 to change the budget formulation process for the 1995 fiscal year.

Another area of high priority is the lack of and inconsistency of financial information. Considerable variations exist in financial information among the departments of the Treasury, Public Accounting, Customs, Taxes, and Budget. The Treasury has been advised by the French to adopt the nomenclature used by BCEAO (the central bank), which uses the French Financial System. The budget system is not presently compatible with the French System, so until it is, problems will remain with controls, monitoring, and follow-up. Budgetary systems must be made compatible so that all parties are working with and have access to the same consistent and meaningful financial data.

In discussing the problems of lack of information and inconsistent information with the Financial Control Directorate, it became apparent that part of the problem is as a result of an inadequate communication system with the regional offices of the ministry.

Issues arising from the inconsistency of financial data and the incompatibility of the information systems being used in MEFP, as well as those with the public employee payroll system, have been discussed with the project's MIS specialist. He was requested to examine these problems and address them in new MIS strategies.

The acting project coordinator was well aware of my work activities and progress, as I kept him informed through regular weekly and *ad hoc* meetings. The MEFP staff specifically requested that I proceed slowly and deliberately, not hastily. They noted that

several items needed to be reviewed and verified before a first report could have been written.

Finally, I was the only long-term advisor who had his work plan complete and approved by MEFP and budget staff by April 30, 1993.

B. Constraints

I encountered several key factors that caused serious delays in the advancement of my work and the project start-up in general.

First and foremost was the question of meeting and making the right contacts in the ministry to establish a good, sound working base.

To this end, I had my local counterpart, Bangaly Traoré of the Project Coordination Unit (PCU), arrange a meeting program for me mid-March with appropriate organizations and key individuals. However, when the acting project coordinator was advised of my meeting program plans, he preempted it and ordered that all of my meetings be canceled. He insisted that meetings be arranged with the heads of each of the organization in MEFP, in conjunction with the five project professionals (three long-term advisors and two local counterparts).

This request necessitated a letter from the minister, which delayed matters until the end of March. As a result of the change in my work/meeting schedule insisted upon by the acting project coordinator, *my work program was set back by approximately one month (4-5 weeks)*. Therefore, I have had only two months to perform. It is extremely difficult to measure progress, since this is a long-term contract and one cannot move as quickly or as aggressively as is possible and even necessary during a short-term assignment. Even so, I have achieved significant progress and performance during this short period of time.

Second, significant political and social disruptions delayed my work: student disturbances and government strikes occurred during March and early April. March was also the Moslem holy month of Ramadan, and Malians were fasting; very little work was or could be accomplished during this period. Furthermore, a change of government took place in early April, and the resulting uncertainty among the ministry staff meant that very little could be accomplished or even started until the new Prime Minister and cabinet were named at the end of April.

Third, the working relationships with our local counterparts became severely strained at the end of April, creating additional problems with regard to my relationships with MEFP, and it took a while to overcome them. Of the three long-term advisors on the project team, I was the only one working directly with the ministry who had developed contacts and working relationships with local Malians. This reflects both good performance and an accomplishment, and could only be achieved by working in French.

Fourth was the problem of the project environment at the PCU, which was extremely tense, uncomfortable, and full of friction. The unhealthy atmosphere hindered project implementation, and did not provide a base from which to build quality long-term technical assistance.

Fifth was the question of conflicting work plans. Several different work plans had been developed and presented by the PRED team, but only the latest work plan for the Public Finance Specialist had been approved by the MEFP. Since there was no guidance given in the field regarding which work plan to use, I was following the one approved by the ministry and submitted by Abt to USAID/Mali.

C. Meetings and Contacts

During my time in Mali, I participated in three main types of meetings:

- team introduction meetings
- group technical review meetings
- individual budget activity meetings

All were conducted exclusively in French.

C1. Team Introduction Meetings

These included the three long-term project advisors and their local PCU counterparts. The meetings were held with a number of organizations in MEFP over five or six weeks, beginning the first week of April; however, this program was delayed due to student unrest and a change of government. The meeting cycle finished in late April and was never fully completed as many people were not available for meetings due to competing demands. Meetings were held with representatives of the following organizations:

- Direction Nationale du Trésor et de la Comptabilité Publique (DNTCP) - Wagou Sambou, Treasurer; Djonké Diarra, Director
- Direction du Contrôle Financier (DNCF) - Séga Sissoko
- Direction Générale des Marchés Publics (DGMP) - M. Maiga, Director
- Direction Nationale des Impôts (DNI) - Soumaré Niane Cissé, Director
- Direction Générale des Douanes (DGD) - Bila Yattara; Oumar AG Telfi - Director
- Direction Nationale de la Planification (DNP) - Moussa Dembélé - Dep. Director
- Direction Nationale de la Statistique et de l'Information (DNSI) - Sidibé Fatoumata Dicko, Director

- Bureau des Entreprises Publiques (DEP) - Y. Diakité, Chief, D.A.F.; Namala Koné, Director
- Caisse Autonome d'Amortissement (CAA) - Jacobo Diallo, Dep. Director
- Société Générale de Surveillance S.A. (SGS) - M. Maiga
- World Bank/Mali - Linda McGinnis, Representative

C2. Group Technical Review Meetings

Group technical review meetings were held to discuss the status of the Structural Adjustment Program (SAP) and various other donor programs, as well as to assess the preparation and/or follow-up of various donor missions. These meetings usually included some of the Ministry's *conseillers techniques*, heads of key organizations in the ministry, representatives of other interested ministries, and the chief French technical advisor to the ministry, Patrick Chouteau.

I participated in the following group technical meetings:

- SAP status and planning meetings.
- Several planning and strategy sessions (with French advisors also participating) to prepare for the arrival of the French Financial Mission in early May.
- Planning strategy and preparation sessions for the arrival of the World Bank's mission in early June to review the National Budget and Public Expenditure (budget) in particular and proposed investment strategies. I also participated in some of the World Bank's meetings with MEFLP staff.
- One workshop and several working sessions on the Malian treasury and public finance systems, organized and conducted by a French team of advisors from Paris. The workshop was part of the French Economic and Financial Recovery Assistance Program and covered the findings and recommendations from several prior French technical missions, and the current status of their implementation.
- Several high level meetings with Malian staff to discuss the national budget, its status, and its projected progress.
- Invited to participate in the planning, preparation, and strategy meeting for the arrival of the upcoming IMF mission visit in early July.

C3. Budget Meetings

I also participated in meetings related specifically to the budget and budget activities, although meetings were sometimes held with directorates outside of the national budget directorate.

Meetings oriented to budget activities included the following organizations and key individuals:

National Budget Directorate

Bakary Koné - Director

Mamadou Dembélé - Chief, Budget Formulation and Budget Expense
Division/Conseiller Technique for Budget

Moussa Diarra - Chief, Budget Receipt Division

Mama Traoré - Acting Chief, Budget Expense Division

Mamadou Diallo - Assistant Chief, Budget Expense and Formulation

Treasury (and National Directorate of Treasury and Public Accounting Control)

Wagou Sambou, Treasurer (of Mali)

Dionké Diarra, Director, DNTCP/Public Accounting

Directorate of Financial Control

Séga Sissoko, Director

Salifou Koné, Deputy Director

Financial and Administrative Director (DAF)

Youba Bah, Director

Cabinet - MEFP

Abou Bakar Traoré, Director of Cabinet/Deputy Minister

Bady O. Mohamed Ganfoud, Chief of Cabinet

Conseiller Technique/Members of Cabinet

Mohamed Diallo - Macro-economic Analysis

Fangatigui Doumbia - Monetary and Banking Affairs

Mrs. Tambadou - Financial Affairs and Analysis

Cheick Oumar Sidibé - International Economic Relations

Bafotigui Sacko - Privatization of Public Enterprises (Portfolio)

Daouda Cissé - Communication

Mamadou Dembélé - Budget

Aboubacar Touré, Conseiller Technique, External Financing and Donor Programs,
Prior PCU (PRED project) Supervisor

Patrick Chouteau, Chief French Mission Technical Advisor for MEFP

As stated earlier, all meetings were conducted in French. Also, I had a number of meetings with USAID/Mali staff for background information and orientation.

SECTION III RECOMMENDATIONS AND CONCLUSIONS

A. Recommendations

The present budget process and methodology should be modified and streamlined, and the various budgets combined into one overall national budget, to allow for better budgetary management, investment prioritization, and control and monitoring mechanisms.

The financial, budget, and information systems employed by the public financial sector must be compatible so that the data is consistent and meaningful, and so that proper control and monitoring procedures can be implemented.

The public employee payroll system needs to be improved so that it becomes reliable input for the budget formulation process.

Fax machines should be installed in the various regional offices of the ministry to improve the communication, information, and data flow between the regional offices and the central office of the ministry. This should be effected as soon as possible.

In-country training in budget and budget formulation is needed for appropriate MEFP staff and staff members of the other ministries. Also, workshops for the appropriate MEFP and Directorates for Administration and Finance (DAF) staff of the other ministries (including regional staff) to review the budget formulation process and the government strategies, should be given just prior to the beginning of the budget formulation. The various donor organizations should also be invited to participate in these annual workshops.

B. Conclusions

- Since the planning process does not function properly as a major tool in the budget formulation process and the investment prioritization procedures are inadequate, the budget is the mechanism that must be used to effect planning and investment prioritization.
- Due to shortfalls in the revenues generated from taxes and other sources, the MEFP should look for ways to reduce budget expenditures. Also, the various ministries should be held accountable for their respective budgets.
- The planning process should be streamlined and the various budgets should be combined into one overall national budget.
- The public sector payroll system should be evaluated and changed so that it becomes a credible input in the budget formulation process.

- The process and accompanying procedures and controls for the collection of receipts/revenues must be improved and strengthened.
- The financial, budget and information systems must all be compatible if management is to keep abreast of events and be able to make timely and meaningful decisions. At the present time, it is nearly impossible to monitor and compare actual financial expenditures and receipts with what was planned.
- A serious problem exists communicating and forwarding information and financial data from the ministry's regional offices to the central office. Although an automated network system will probably be needed in the future, fax machines could definitely improve the situation.
- A definite need exists for the training of MEFP's staff in Mali in the area of the budget and budget formulation. Since the Directorates for Administration and Finance (DAFs) for each ministry are responsible for preparing the respective ministry's budget, there should be annual workshops for the appropriate DAF and MEFP staff (including regional staff) to review the budget formulation process to insure that everybody involved is on the same wavelength. As various donors at times have conflicting requirements and procedures that impact on the budgeting process, they should also be invited to participate in these workshops.

ANNEX A

SCOPE OF WORK

(ii) Public Finance Advisor (24 Person Months)

The fiscal burden, the inadequate weight given to the economic aspects of the fiscal system and the complexity of the system are important impediments to economic growth in Mali. The Public Finance Advisor will be responsible for advice on fiscal policy and administration with the aim of insuring adequate financing for the activities that must be undertaken by the public sector without distorting the economic activities needed to insure sustained economic growth. An important aspect of his/her role is monitoring the impact of policy reforms on public revenues and private sector growth. This impact monitoring is needed in its own right for adapting reforms to the needs of the economy, but also as one of the requirements of Non-Project Assistance (NPA) which finances PRED. Advice on policy will include the analysis of fiscal ramifications of proposed measures as well as their economic implications.

The Public Finance Advisor shall:

- o provide the lead in all analytical, managerial and administrative aspects of public finance and collaborate with the MIS specialist on the development of an effective MIS;
- o review and analyze Mali's public finance system and envisioned medium term changes in the context of the structural reform program;
- o identify complementary improvements needed in view of weaknesses identified above and prepare a detailed strategy for implementing these priority adjustments;
- o lead the process of gathering, organizing and effectively utilizing relevant data and analyses needed in the reform efforts, including data needed to monitor and measure the fiscal and economic impact of reforms;
- o determine what equipment and materials are to be procured under the project in support of the above tasks and assist in the development of specifications for such materials and equipment;
- o identify, prioritize and draft scopes of work for short-term technical assistance needs to implement the fiscal and economic aspect of the reform program;
- o identify and prioritize training needs to implement the fiscal and economic aspect of the reform program;

The Coordinator must have substantial academic preparation at the Ph.D. level or equivalent in experience in his/her program field of economic policy; the public finance and private sector advisors must have Master degrees in relevant academic fields. The coordinator's experience should include a significant portion of expert advisory or executive level of responsibility. For the MIS advisor, relevant experience will be a determining factor.

Coordinator: The Coordinator must have a demonstrated capacity for leadership, and for working with host government counterparts, members of a technical assistance team, and with United States Government officials concerned with the program. The Coordinator should also demonstrate an understanding and appreciation of developing country issues and a capacity to address these issues among host governments, involved international institutions and the United States Government. He/she should have a demonstrated record of finding practical policy solutions in a developing country setting with an evolving and dynamic economic policy and political environment.

Private Sector Advisor: The Private Sector Advisor must have experience promoting private sector development or working in the private sector. He/she must have a firm theoretical and practical grasp of the characteristics of a market economy, how it functions and its importance, must understand the effect of government controls, support, incentives and other activities impacting on the private sector and must be familiar with the ways in which government can foster private sector growth and avoid impeding or discouraging it. Finally, he/she must have a thorough understanding of the processes of policy change and implementation of policy changes in government. In short, the Private Sector Advisor must understand not merely what it takes to make the private sector grow but how to bring about and implement changes in government policies and practices in such a way as to foster private sector growth.

Public Finance Advisor: The Public Finance Advisor must have a working experience in public financial management and policy formulation and an academic background in financial management, economics or public administration. He/she must be capable of assessing, not merely the financial and administrative implications of proposed fiscal policies and measures, but their economic and political implications as well. He/she must, for example, be capable of advising the government on the probable economic consequences of proposed tax changes, and on the inflationary, credit, economic growth and foreign exchange consequences of the public debt. He/she must also be able to take the political trade-offs into consideration in any advice he/she gives in this connection. He/she must be able to recommend expenditure controls that are not merely correct in theory, but also have a reasonable chance of implementation in the prevailing social, political and administrative climate. He/she must be capable of appreciating the political and development consequences of such conditions relating to the public finance as arrears in government salary and other payments. In summary,

- 4) By November 1994 the Contractor shall refine the monitoring and evaluation plan developed in the previous year to include necessary adaptations to address weaknesses identified in the monitoring and evaluation process of the previous year.
- 5) By August 1995, the Contractor shall do a third evaluation of the impact of the structural reform program on the government budget and on the Malian economy, and identify and make a case for priority additional reforms to be considered by AID and the GRM for potential financing through PRED.

YEAR 4 FY 96) [October 1995 to September 1996]

FY 1996 Outputs are identical to those for 1995 (see 1) through 5) above)

ARTICLE VI. - PERSONNEL

NOTE: The academic background of all long-term advisors will be weighed against directly pertinent experience. For example, candidates with longer pertinent field experience may be given preference over candidates with superior academic qualifications, yet who have more limited pertinent experience.

All long-term advisors must have at least seven years of experience in relevant areas of expertise, with four years working experience in developing countries. Prior experience in Africa--particularly francophone Africa--is highly desirable. All advisors must also have a working proficiency in French, with a minimum FSI S-3/R-3 rating (see Section J Exhibit 1 for Definitions of Language Proficiency). Advisors must be capable of understanding the political environment of developing countries and its bearing upon their work, must have a demonstrated capacity to adapt their recommendations, strategy and tactics to that environment, and must have the interpersonal skills necessary to deal with host country counterparts on politically sensitive issues. Advisors must also have a demonstrated understanding--based on education or experience--of the socio-cultural and administrative environment of developing countries, and have a clear knowledge of the limits of applying developed country administrative practices and technologies to a developing country context, as well as having an understanding of how to adapt those practices and technologies to the specific needs of a developing country.