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Mali

Public Expenditure Management and Financial Accountability Review

(In Two Volumes) Volume II: Public Financial Management Performance Report

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ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
ACCT	Central Accounting Agency of the Treasury
ANICT	National Local Government Investment Agency
BCS	Central Pay Office
BSI	Special Investment Budget
BVG	Office of the Auditor General
CAP	School Management Committees
CGSP	General Public Services Audit Office
CPA	<i>Centres d'Animation Pédagogique</i>
CPS	Statistics and Planning Unit
CRM	Mali Pension Fund (<i>Caisse de Retraite du Mali</i>)
CSCRPF	Growth and Poverty Reduction Strategic Framework
CSLP	Poverty Reduction Strategic Framework
DAF	Administrative and Financial Director
DGB	General Directorate of the Budget
DGD	General Directorate of Customs
DGDP	General Directorate of Public Debt
DGI	General Directorate of Taxation
DGMP	General Directorate of Public Procurement
DNCF	National Financial Audit Directorate
DNTCP	National Directorate of the Treasury and Public Accounting
EFA-FTI	Education for All Fast Track Initiative
EMEP	Mali Poverty Assessment (<i>Enquête Malienne d'Evaluation de la Pauvreté</i>)
GDP	Gross Domestic Product
F CFAF	Franc CFA
GFS	Government Financial Statistics
GPRSF	Growth and Poverty Reduction Strategy Framework
HIPC	Heavily Indebted Poor Countries
IAS	<i>Impôt sur les Affaires et Services</i>
IMF	International Monetary Fund
MATCL	Ministry of Territorial Administration and Local Government
MDA	Ministries, Departments, and Agencies
MDRI	Multilateral Debt Relief Initiative
MEBALN	Ministère de l'Éducation de Base, de l'Alphabétisation et des Langues Nationales
MEF	Ministry of Economy and Finance
MESSRS	Ministère des Enseignements Secondaires, Supérieur et de la Recherche Scientifique
MoF	Ministry of Finance
MTBF	Medium Term Budget Framework

PFM	Public Financial Management
PFM-PR	Public Financial Management Performance Report
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
TFPs	Technical and Financial Partners
TIN	Taxpayer Identification Number
TOFE	Government Flow of Funds Table
USAID	United States Agency for International Development
WAEMU	West African Economic and Monetary Union
WTO	World Trade Organization

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PREFACE

1. This performance report presents the results of the assessment of the public financial management (PFM) system in Mali which was conducted on the basis of the “Performance Measurement Framework” adopted in the context of the Public Expenditure and Financial Accountability partnership. It results from the dialogue between the Government of Mali and its donors in the PFM area. The main objective of preparing this PFM performance report (PFM PR) is to establish the baseline and build a common pool of information which can be used by both the Government and other stakeholders to monitor progress in improving the PFM system in Mali in the near future. In particular, it aims at putting in place a framework to measure and evaluate the impact of the implementation of the Government’s Action Plan to Strengthen Public Financial Management (PAGAM/GFP) which was adopted in 2005. This PFM PR constitutes Volume II of the Public Expenditure Management and Financial Accountability Review (PEMFAR), which is being finalized.

2. The active participation of the Government of Mali in the preparation of the report is gratefully acknowledged. It has benefited from the guidance of H.E. Abou Bacar Touré, Minister of Finance, and the involvement of Mr. Sambou Wague, Secretary General of the Ministry of Finance, the General and National Directors and staff from the Ministry of Finance and other government entities and civil society organizations.

3. The preparation of this report results from a productive coordination with the donors led by the Government of Mali. It is also an example of a concerted effort within the donor’s working group dealing with PFM and budget support issues. Against this background, the Government of Mali led the process with the support of the Swedish International Development Agency which financed a sensitization workshop held in September 2006. In addition, it coordinated with the Delegation of the European Union the financing of the team of consultants. The World Bank coordinated the exercise in close coordination with the Ministry of Finance and the PEFA focal point (Mme Zamilatou Sidibé, Technical Advisor).

4. The report was prepared by Mr. Ali Achour (international consultant, mission chief), Mme Mary Betley (international consultant) and Oumar Mallé (local consultant). The field work took place in November 2006, after the September 2006 sensitization workshop which was facilitated by Mr. Giovanni Caprio (international consultant). The report was validated in a workshop held in January 2007 and finalized after consultations that took place during February-May 2007. The report benefits from comments provided by the Malian authorities and donors, including the PEFA Secretariat. The Government of Mali has agreed to the disclosure of this report in October 2007.

5. The World Bank team that coordinated the preparation of this report involved Mr. Abdoulaye Konaté (Task Team Leader), Mr. Marcelo Andrade (Co-Task Team Leader, Senior Economist, AFTP4), Mr. Alain Catalan (former Financial Management Specialist, AFTFM), and Mr. Cheick Traoré (Senior Procurement Specialist). Logistical support was provided by Judite Fernandes (AFTP4) and Safiatou Dicko Ba (AFMML). Mr. Michel Lazare (Fiscal Affairs Department, IMF) and Mr. Abdoul Aziz Wane (Resident Representative, Mali) provided comments from the IMF. With regards to donors, technical discussions benefited from the involvement of Mmes Ulrika Broback and Camilla Bengtsson (Swedish Cooperation), Mr.

Mathias Robert (Delegation of the European Union), Mr. Darquis Gagne and Mr. Nouhoum Sankaré (CIDA), Mr. Jacob Waslander, Mr. Hijman Van Praag and Mr. Namory Traoré (Embassy of the Netherlands), Mr. Lionel Vignacq and Mr. Bangaly Traoré (France), and Mme Koudeiatou Issabré (AfDB).

6. The World Bank team has benefited from technical advice and guidance from Mr. Robert Blake (former Sector Managers, AFTP4), Mme. Antonella Bassani (Sector Manager, AFTP4), Alassane Diawara (Country Manager, Mali) and James Bond (former Country Director). Mr. William Dorotinsky (PRMPS, World Bank), Mr. Frans Ronsholt and Mr. Franck Bessette (PEFA Secretariat) have peer reviewed the exercise and provided valuable suggestions and advice from conceptualization to its completion.

EXECUTIVE SUMMARY

(i) Integrated assessment of PFM performance

The public financial management (PFM) system in Mali is based on the Constitution, the Organic Law on Budgets (Law 96-060), and the Law on Fundamental Public Sector Accounting Principles (Law 96-061). It is also based on the Directives and Regulations issued by the West African Economic and Monetary Union (WAEMU), of which Mali is a member. This means that there is a well-established legal and regulatory framework. This framework complies with the principle of separation of powers (legislative, executive and judicial) and the roles and responsibilities of the institutions are clear. The legal framework for PFM is underpinned by a series of established procedures for payroll controls, non-salary expenditure controls and public procurement controls. There are also clear-cut rules and procedures regarding the timetable, which is usually met, for tabling budget bills and budget execution review [*loi de règlement*] bills in Parliament and voting on them. There is also a timetable for submitting administrative and financial accounts to the Accounts Section of the Supreme Court (ASSC).

Annex A to this report presents the scoring of the 31 performance indicators in the PEFA evaluation system. This evaluation has established that, in general terms, Mali has a relatively reliable public financial management system, even though many improvements still need to be made.¹ The indicator scores for some aspects are good. This is true for the indicators relating to the budget process, the comprehensiveness of information included in budget documentation, the instruments used (budget and accounting classifications, etc.) and the procedures established (quarterly operating allocations, payroll controls, control and transfer of cash balances to the Treasury). The scores for some of the other indicators could be improved through relatively simple actions, such as measures to improve the circulation and/or accessibility of existing information. In the medium term, the authorities should focus on ensuring optimum resource management and covering the financial risks that could arise from a shortage of resources actually available to cover expenditure commitments. More specifically, they should tighten up in-year budget execution monitoring at every step of the expenditure procedure, in terms of rules and practices, cash management planning, arrears monitoring, and consolidation of financial accounts. Computerization of the recording and control systems would facilitate these tasks.

An effort to build up the technical and operational capacities of the internal and external control staff and institutions could produce a rapid and substantial improvement in the public financial management system. Another possibility for achieving rapid and significant improvement lies in the dissemination of fiscal information to civil society partners and the public, or, at least disseminating information about what data are available and how to access them.

An examination of the current state of the PFM system against the six critical dimensions identified by PEFA leads to the following conclusions:

- ***Credibility of the budget.*** Revenue targets have been met satisfactorily and, overall, the Government has managed to keep expenditure within the limits set in the budget. The variance of the composition of expenditure out-turn compared to the original budget has also been limited so that it does not have a significant impact on stated policies. These outcomes testify to the credibility of the budget. However, improving the monitoring of arrears should be a priority to minimize the risks that they accumulate.²
- ***Comprehensiveness and transparency of the budget.*** Great progress has been made since the enactment of the 1996 Law on Budgets and, more specifically, the effective implementation of its Article 41, which requires a detailed presentation of the budget and supplementary information to facilitate the Parliament's understanding and control of the budget process. In response, good-quality instruments, such as the budget classifications,

¹ Taking a score of C as average performance, nearly half of the indicators scored more than C.

² Arrears as defined by the WAEMU Directives with regard to the Government Flow of Funds Table.

were developed. Further improvements could be made to the comprehensiveness and transparency of the budget to comply with the standards selected by PEFA. In particular, data on the stock of debt, cash balances, and, most importantly, the resources and expenditures of independent administrative or economic entities (autonomous government agencies) should be included in the budget documents. Public access to fiscal information and budget documentation could also be improved.

- ***Policy-based budgeting.*** There has been a substantial improvement in the budgetary translation of national and sector policies in recent years, with the drafting of program budgets for all ministries and institutions, the introduction of the Medium Term Budget Framework (MTBF), and the drafting of Medium Term Expenditure Frameworks (MTEF) for sectors with strategies in place. The budget preparation process, which relies on the strong involvement of managers and relatively well-informed coordination and arbitration processes, has also helped to improve the quality of the links between budgets and policies. Work should continue on preparing MTEFs for all sectors that are consistent with the MTBF and approved by the authorities. These can then be used as references for the ministries' preparation of their own budget proposals. Yet the poor predictability of external support (especially budget support) and weak statistical systems will continue to limit progress on making the budget a genuine tool for implementing national policies.
- ***Predictability and control in budget execution.*** The organization of the financial administration is consistent with budget execution. Generally speaking, the quality of the instruments, rules, and procedures is adequate. But capacity building is required for the implementation and monitoring of budget execution. Failing that, it would be difficult to ensure implementation of all of the planned actions in the area of data processing, analysis, and control systems. Consequently, the cash management system has been limited to managing cash balances. Similarly, there are no in-year updates of the cash flow plan annexed to the budget. The lack of cash management planning undermines the effectiveness of the system for modulating expenditures to suit revenue out-turn (quarterly allocations). This means that there is still the potential risk of cash problems or of an accumulation of arrears. It also creates potential risks with regard to compliance with internal control rules. Control instruments and procedures are mostly in place, but they still need to be improved. Internal audit and control staff do not have enough resources to perform their tasks. However, actions are planned to improve their effectiveness, primarily through better planning of tasks and standardization of procedures and reporting to bring them into line with international standards. Furthermore, a system has been instituted since 2006 to enable the Prime Minister's staff to track progress on the implementation of auditors' recommendations.
- ***Accounting, recording and reporting.*** Despite the quality of the available procedures and tools (budget and accounting classifications), improving the quality and quantity of statistical and management information production has been hampered by the lack of a computer system that centralizes fiscal data, from commitments to accounting entries, and is linked to the accounting system. Such a system, planned as part of the capacity-building measures for the Ministry of Economy and Finance, should improve the quality and/or availability of in-year administrative accounts, monthly and quarterly reports on

government financial transactions, cash statements, and treasury cash balances.³ The system would also make it easier to monitor payments, etc., as well as help improve the quality of internal controls and budget execution reporting, and reduce the time required to produce annual financial statements and balance sheets. Furthermore, internal and external audits have highlighted weaknesses in monitoring of allocations of resources to the most deconcentrated health and education units. The current lack of sufficiently detailed data, and delays in their availability, hamper the effectiveness of external controls and, in particular, controls involved in the vote on the Budget Execution Review Law [*loi de règlement*].

- **External scrutiny and audit.** The Constitution restricts the development and adaptation of the capacities of the Accounts Section of the Supreme Court (which acts as the government audit office) to deal with the scope of the external control tasks assigned to it. Its action is still limited pending the currently planned legal changes. The Finance Commission of the National Assembly also lacks experience with organizing controls over the executive branch with regard to budgetary issues. The weaknesses of both these institutions offer a partial explanation for the recent long delays in tabling, debating and voting on Budget Review Laws. Despite the action taken in 2006 to end these delays, continued efforts are required to improve the availability of central government accounts, to clear up the institutional issues surrounding the Accounts Section of the Supreme Court, and to build up its capacities. Efforts are also needed to establish and consolidate the structure to provide support for the National Assembly called for in the Program to Improve and Modernize Public Financial Management (PAGAMGFP). The authorities' determination to improve external controls also led to the creation of the Office of the Auditor General [*Bureau du Vérificateur Général*] in 2003. This is an additional control body that, in practice, helps to compensate for the inadequate capacities of the conventional control institutions. But its practices are at times disputed. Legal adjustments would be required to clarify its position with regard to the other control bodies, the powers of its staff and the legal value of its reports.
- **Donor practices.** A large portion of the central government's revenue is made up of direct budget support from technical and financial partners, yet it cannot be reliably determined when the budget bill is tabled, or even at the start of the fiscal year. The Government thus starts executing the budget with a great deal of uncertainty about the revenue out-turn. Forecasts of project aid, on the other hand, are established and known far enough in advance to be included in the budget bills and to determine with a fair degree of reliability the allocations required for national counterparties. Project aid is monitored fairly properly on an annual basis, but not during the course of the fiscal year. It is difficult to produce in-year disbursement statements because most donors fail to comply with the national budget procedures. This hinders the authorities' ability to manage and control all of the processes involved in implementing development policies.

The Government's priority on maintaining key macroeconomic balances has helped to uphold fiscal discipline at the general level. Due consideration of the medium term and the more strategic elements in the budget has allowed this to better reflect the country's general economic policy objectives and priorities. Very close attention is paid to matters relating to government debt. Continued centralized and tight wage bill controls prevented the accumulation of substantial payroll arrears and physical audits confirmed the overall integrity of the system. The creation of the

³ Since October 2007, the Ministry of Economy and Finance (MEF) became Ministry of Finance (MoF).

Auditor General's Office increased national external audit capacities. As the delays in voting on Budget Execution Review Laws are being eliminated, the National Assembly is increasingly able to fulfill more actively its role as an external controller.

However, a number of weaknesses in Mali's PFM system impede the achievement of better budgetary outcomes. Substantial progress has been made, but the assessment shows that some areas require continued attention. The lack of reliable data on external financing flows, especially budget support, hampers the predictability of the government's expenditure plans. The lack of a clear-cut system for monitoring arrears could undermine the credibility of the budget or even the credibility of the central government in the eyes of its suppliers. The lack of in-year data and reporting, or comprehensive annual data and reporting hampers the effectiveness of controls and reduces the overall effectiveness of fiscal management. Finally, the lack of public access to all of the fiscal information undermines the external control role played by Parliament and civil society.

(ii) Assessment of the *impact* of PFM weaknesses

Public sector management weaknesses have an impact on the objectives of sound public financial management (i.e., fiscal discipline, strategic allocation of resources, and efficient service delivery). The table below suggests some of the effects that these weaknesses have on the three objectives.

Impact of weaknesses on the three objectives of sound public financial management

	Fiscal discipline	Strategic allocation of resources	Efficient service delivery
Credibility of the budget	The budget offers a good level of credibility. Expenditures vary little from budgeted amounts both at the overall level and at the sector level. Internal revenues are consistent with the forecasts. However, credibility could be undermined by the weaknesses of the system with regard to monitoring arrears.	The credibility of the budget, especially compliance with sector allocations, promotes effective allocation of resources. Weaknesses in the system for monitoring arrears could lead to an accumulation of arrears and added costs, since government suppliers could add a risk premium to the prices charged, and changes in the composition of expenditure out-turn.	Overdue payments to government suppliers may cause delivery delays and disrupt the operation of services and the attainment of objectives.
Comprehensiveness and transparency	The budget uses classifications that comply with international standards. It is backed by detailed information to facilitate Parliament's understanding and control. However, additional information should be provided about debt, cash balances and the revenues and expenditures of autonomous government agencies. Public access to fiscal information is limited and little information is disseminated.	Budgetary documentation enables Parliamentary control and promotes strategic allocation of resources. However, the lack of comprehensive and reliable data on autonomous government agencies and sub-national governments may compromise strategic choices by overlooking synergies between action by central government, sub-national governments and autonomous government agencies. The failure to disseminate information reduces transparency and the capacity of civil society to help determine whether resources are being used in line with priorities.	The lack of coordination of central government action with the action of autonomous government agencies and sub-national governments could lead to a waste of resources. The lack of transparency weakens civil society's ability to optimize the use of resources and support policies on the ground. The lack of transparency also prevents sub-national governments from helping to ensure resources are actually made available for service delivery units.

	Fiscal discipline	Strategic allocation of resources	Efficient service delivery
Policy-based budget	The Medium-Term Budget Framework (MTBF) promotes greater predictability and helps translate the strategic choices made in the PRSP into the budgets. Budget preparation is based on coordination and arbitration processes, which also help ensure proper translation of policies into the budgets. But these processes are hindered by the lack of sector strategies, weak forecasting tools and capacities, and the lack of predictability concerning external assistance.	Compliance with the strategies and policies set out in the PRSP promotes strategic allocation of resources. However, the small number of MTEFs, which translate sector strategies in line with the PRSP into budgetary terms, could have an impact on the strategic allocation of resources and lead to major changes in the composition of expenditures and poor classification.	The lack of sector strategies and MTEFs in most sectors makes it impossible to optimize action in the medium term and to predict the availability of resources in a timely manner.
Predictability and control in budget execution	There is no formal treasury cash management planning system, which limits budget execution control capacities. The expenditure control rules and procedures are well established. They are fairly efficient for payroll, but inadequate for non-salary expenditures. The resources available to internal control services are not aligned with the scale of their tasks.	The lack of cash management planning may have an impact on the strategic allocation of resources by requiring unplanned changes to budget allocations. The weak capacities of the internal control services and inadequate procurement procedures may also lead to added costs and fraud, which could alter the composition of expenditure out-turn.	The unpredictability of resources may lead to non-compliant behavior and practices by managers fearing budget freezes. Inadequate internal controls may also lead to corruption and embezzlement.
Accounting, recording and reporting	Accounts reconciliations are carried out regularly and in a fairly timely manner, but in-year budget execution monitoring is hampered by the lack of integrated computer systems capable of producing comprehensive and reliable data in a timely fashion. Data on resources received by service delivery units are also inadequate. Annual financial statements are not currently consolidated.	Accounting inadequacies make it difficult to determine and manage program costs. This hampers the capacities for optimal allocation of resources. The lack of information about budget execution monitoring could also lead to unplanned changes in the distribution of expenditures at the end of the year.	The lack of budget execution information makes it impossible to make timely decisions about corrective action. It also makes it impossible to oversee and control the use of funds.

	Fiscal discipline	Strategic allocation of resources	Efficient service delivery
External scrutiny and audit	Institutional issues are hampering improvement of the Accounts Section of the Supreme Court's capacities. Its capacities are inadequate for performing its budget execution control tasks in a timely manner. The Auditor General's Office has more resources and performs external control tasks, but it cannot take the place of the Accounts Section of the Supreme Court. Parliament lacks the resources and capacities to perform its budget execution control tasks.	Inadequate external controls could lead to a lack of accountability in policy implementation.	A lack of accountability for managers could lead to ineffective actions and failed policies.

(iii) Prospects for reform planning and implementation

The reforms called for in the medium term by the Program to Improve and Modernize Public Financial Management (PAGAMGFP) aimed at improving the performance of PFM systems. Several elements should contribute to the achievement of better budgetary outcomes: greater internal control and audit capacities, better external scrutiny by the Accounts Section of the Supreme Court and the National Assembly, better expenditure control, and the availability of more information for processing and recording transactions.

In institutional terms, the reforms are being carried out by senior civil servants at the Ministry of Economy and Finance. The successful implementation of certain actions testifies to the effectiveness of this strategy. Appropriate systems and resources must be implemented specifically to ensure the success of the process.

1. INTRODUCTION

1.1 The Government of Mali has shown its commitment to strengthening its public financial management (PFM) system. In 2005, it launched a comprehensive program to improve and modernize the management of public sector resources called the Program to Improve and Modernize Public Financial Management (PAGAMGFP). The program is intended to facilitate the achievement of the measures called for in the Poverty Reduction Strategy Paper (PRSP). The plan of action builds on previous progress achieved in improving PFM, such as improvements relating to the Medium-Term Budget Framework (MTBF), budget classifications, budget preparation and execution procedures, and cash flow and debt monitoring. Under these circumstances, the Government decided to measure the performance of its PFM system using the PEFA Secretariat's indicators. This performance measurement will be used to assess and extend its PFM reform program.

1.2 ***Objective of the Public Financial Management Performance Report.*** The objective of the Public Financial Management Performance Report (PFM-PR) is to assess the current PFM status based on the 31 high-level PEFA indicators in order to set a baseline for assessing future improvements in management. It provides the Government and its Technical and Financial Partners (TFPs) with a starting point and indicators for subsequent monitoring and assessment of reforms, such as those called for in the PAGAMGFP.

1.3 The evaluation focused on PFM systems and practices in the fourth quarter of 2006, which is the reference period. The scoring rules have been applied in compliance with the instructions in the PEFA Secretariat's document published in June 2005⁴. It should be noted that the point of the exercise was not to assess or rate the different government institutions or the people running them, but to see how PFM systems measure up to international best practices.

1.4 The evaluation was carried out with the support of several Technical and Financial Partners (TFPs), including the World Bank (lead agency), the Government of Sweden, which provided assistance for the launching workshop, and the European Union, which financed the mission that conducted the assessment on the ground and the drafting of the PFM-PR.

1.5 A Joint Committee, chaired by the Minister of Economy and Finance, was set up with members representing the Government of Mali and the Technical and Financial Partners (TFPs). This committee prepared and implemented the evaluation. A Technical Adviser to the Minister of Economy and Finance acted as the focal point for coordinating the national stakeholders. The World Bank, as the lead Technical and Financial Partner for this evaluation, acted as the focal point for coordinating the TFPs.

1.6 ***Report preparation process.*** The evaluation was conducted in three stages:

- (i) A launching workshop was held in September 2006 to familiarize Malian civil servants with the PEFA approach and instruments. The intention was to enable them to play an active role in the evaluation and to promote ownership of the methodology

⁴ "Public Financial Management, Performance Management Framework". PEFA Secretariat – World Bank – Washington – June 2005.

so that it can be used as an instrument for monitoring the impact of the PAGAMGFP reforms.

- (ii) The mission to Mali,⁵ during which working sessions were held with government and private sector representatives and documentary evidence was collected. At the end of the mission, an aide memoire of the main findings was presented to the members of the Joint Committee.
- (iii) The third and final stage concerned the preparation of the PFM-PR. A draft report was submitted to the Joint Committee at the end of November 2006. The draft was then finalized to incorporate the comments of the Government of Mali, the TFPs and the preliminary comments made by the PEFA Secretariat. The report was submitted for validation by all stakeholders at a workshop held in Bamako in January 2007.

1.7 Throughout the process, the representatives of the national stakeholders (executives and senior management of the structures) devoted a great deal of time and effort to assuming ownership of the evaluation and to facilitating the search for documentation and evidence for the indicator scores. At the end of the workshop at which the report was presented in January 2007, the final report was adopted by the national stakeholders and the TFPs present.

1.8 ***Methodology used in the preparation of the report.*** The evaluation required in-depth interviews with the heads of the structures involved and the people responsible for the PFM system. The mission team met with most of the heads of the Ministry of Economy and Finance units and staff from key ministries such as Planning, Local Government, and Education, along with staff from the Inspectorate of Finance and the General Public Services Audit Office [*Contrôle Général des Services Publiques*]. It also met with the Governor and government officials from the Koulikoro region, key staff from the Auditor General's Office and the Accounts Section of the Supreme Court, as well as business organizations (Chamber of Commerce and Employers' Association). The mission team also met with the Finance and Planning Commission of the National Assembly.⁶

1.9 The team analyzed the documents it received and requested further documentary evidence to reach its findings. Information from different sources was crosschecked whenever possible.

1.10 Some of the working sessions were specifically devoted to the scoring of the indicators. The mission team explained the scores attributed to the indicators, not only to have them approved, but also to ensure ownership of the process by national stakeholders.

1.11 ***Scope of the Assessment.*** The PFM performance assessment in Mali covered all central government revenues and expenditures and the institutions responsible for their management. This means that the assessment covered central government ministries and institutions, along

⁵ From October 16 to November 10, 2006.

⁶ The detailed list of people met can be found in the Annex of this report.

with their deconcentrated units in the regions (governors' staff); and autonomous government agencies, of which there were 82 at the time of the assessment⁷.

1.12 **Contents of the Report.** The remainder of the report consists of: a brief review of Mali's economic situation and the legal and institutional framework for public financial management (Section 2); a description of the background and the scores attributed to each PEFA performance indicator (Section 3); and a summary of the Government's reform program and the institutional factors that are likely to impact planning and implementation of reforms (Section 4). A series of annexes are also presented consisting of a summary of the scoring of the performance indicators (Annex 1); explanations of the specific scores for each indicator (Annex 2); a list of the documents consulted (Annex 3); a list of the institutions, units and people met (Annex 4); and the schedule of meetings and sessions held (Annex 5). Annex 6 presents details about the calculations used for scoring the PI-1 and PI-2 indicators. Finally, Annex 7 presents the list of participants in the PFM-PR validation workshop held in January 2007.

2. COUNTRY BACKGROUND INFORMATION

A. DESCRIPTION OF THE COUNTRY ECONOMIC SITUATION⁸

*National Context*⁹

2.1 Mali is a landlocked country of 1,241,238 square kilometers located in the heart of West Africa. Its 2005 population was estimated at 11.5 million with an annual growth rate of 3 percent. Some 70 percent of the population is rural, but the urban population is growing at a faster rate (4 percent) than the rural population.

2.2 Mali is one of the low-income countries. In 2005, per capita national gross income was estimated at USD 380. The proportion of the population that lived below the poverty line in 2005 was estimated at 59%. Agriculture, forestry, and fishing occupy the greater part of the population and account for 35 percent of Mali's GDP. Production is heavily dependent on weather conditions. The rest of GDP comes from extractive industries, manufacturing, and construction (25 percent of GDP), and services (40 percent of GDP). Mali has a tradition of emigration and expatriate workers' remittances account for a substantial portion of the incomes of families that remain behind. Workers' remittances also contribute to development action through non-profit associations.¹⁰

2.3 Favorable rainfall meant that Mali posted growth of 6.1 percent in 2005, which is much stronger than the 2.2 percent growth achieved in 2004. Annual growth rates are expected to reach 5 percent to 5.5 percent between 2006 and 2009. Mali's FCFA 566 billion of exports in

⁷ EPICs (*Établissements Publics à Caractère Industriel et Commercial*) are not covered by the PEFA evaluation because they don't exist anymore following the completion of restructuring programs..

⁸ This section relies on data available at the time of the PEFA field mission (Nov. 2006). Chapter 2 of the main PEMFAR report provides an updated analysis of the macroeconomic context.

⁹ The data presented in this section are taken primarily from the report on the fourth PRGF review drafted by the national authorities and the IMF. This report was posted to the IMF website under number 06/310 (August 2006).

¹⁰ The amounts remitted by Malians living abroad are unknown, since only some of the remittances are handled through official financial circuits. Some estimates put the annual amounts at FCFA 120 billion to 150 billion.

2005 consist primarily of gold (60 percent) and cotton (27 percent). Exports account for 21.5 percent of GDP. Mali has a structural trade deficit. Its economy is heavily dependent on weather conditions and international prices for cotton, gold, and oil. Consumer prices vary greatly, in reaction to world oil price trends and factors affecting food crops. Prices were down by 3.1 percent in 2004, up by 6.4 percent in 2005 and up by an estimated 1.9 percent in 2006. These variations meant that Mali was unable to meet the WAEMU convergence criterion for consumer prices.

2.4 Mali benefited from the HIPC initiative and from the Multilateral Debt Relief Initiative (MDRI) starting in 2006. The priorities for debt relief are social sectors and the development of economic infrastructures.

2.5 External assistance, including budget support and program aid, accounts for a large share of budget resources. In the three years from 2003 to 2005, this share averaged 38 percent, not counting HIPC resources and 43 percent when HIPC resources are included.

- ***Overall Reform Program***

2.6 The first Poverty Reduction Strategy Paper (PRSP-1) called for institutional reforms that were set out in the Government's Institutional Development Program (PDI). This program was aimed at: i) reorganizing central government administrative units and improving public management; ii) increasing deconcentration, which includes deconcentration of budget allocations, one of the dimensions of public finance reform; iii) extending decentralization; iv) human resource capacity-building, and v) improving communications and relations with users. In practical terms, the program involved: i) restructuring staff and entities involved in planning, statistics, spatial and population planning, policy-making, and development tools, instruments, and management methods; ii) setting up the Auditor General's Office; iii) the Government's appointment of prosecutors and private sector consulting firms to help run economic and financial poles; iv) implementing a technical and financial support system for sub-national governments, and v) capacity building for control and judicial staff.

- ***The Reasoning behind the Reform of the Public Financial Management System***

2.7 Improvement of budget effectiveness and transparency is critical to the success of the poverty reduction strategy. The technical and financial partners that support the government in the implementation of the PRSP also support its policy to reform the PFM system. Since the implementation of the PRSP, they have supported a series of analyses of the operations of the PFM system, which led to some recommendations and proposals for reform. Implementation of some of the recommendations has already produced improvements in PFM.

2.8 The Government approved the PAGAMGFP in 2005 in order to enhance the chances of success for the second PRSP, which will cover the period from 2007 to 2011. The reform plan was drafted on the basis of an analysis of the recommendations made in all of the reports on the operation of Mali's PFM system. It aims to address the shortcomings and weaknesses highlighted in: i) control functions, ii) procurement systems, iii) monitoring of expenditures financed out of external funds; iv) the quality of budget preparation and execution; v) integration and interconnection of the expenditure chain; and vi) tax and customs administrations.

B. BUDGETARY OUTCOMES

• *Fiscal Performance*

2.9 In the last three fiscal years (2003-2005), the overall budget deficit (including grants) deteriorated somewhat, despite a steady improvement in revenues (excluding grants) and the relative stability of recurrent expenditures. The relative decline in grants offers a partial explanation of the situation, which could also be the result of an increase in the expenditures out-turn for HIPC programs. The stock of external debt remained fairly stable, as net external financing was positive. Overall, external financing (grants and net lending) accounts for a large share of budget financing, standing at nearly 8 percent of GDP in 2005. Starting in 2006, Mali also received additional resources from debt relief under the MDRI. The amount of debt cancelled under the Initiative stands at about FCFA 1,020 billion, accounting for nearly 55 percent of total outstanding debt.

Table 2.1: Central Government Budget (as a percentage of GDP)¹¹

	2003	2004	2005
Total revenues and grants	20.8	21.4	22
Total revenues	16.4	17.4	17.9
of which: Tax Revenues	13.6	15.0	15.8
Grants	4.5	4.0	4.1
Total expenditures and net lending	22.1	24.0	25.2
Expenditures (excluding interest)	21.4	23.3	24.6
Interest	0.7	0.7	0.6
Overall fiscal balance (including grants)	-1.3	-2.6	-3.2
Basic balance (excluding grants)	1.1	0.4	-0.2
Borrowing requirement (net)	0.8	2.3	3.5
External financing	4.1	2.9	3.8
Domestic financing	-3.3	-0.6	-0.3
External debt stock	64.0	63.1	65.4

• *Allocation of Resources*

2.10 The central government budget is drawn up each year using the macroeconomic guidelines set out by the Forecasting and Modeling Committee, the sector allocation of expenditures set out in the PRSP, and the objectives of the WAEMU convergence policies.

2.11 The Poverty Reduction Strategy Paper adopted in 2002 set out the allocation of budgetary resources for the entire 2003-2005 period according to the priorities chosen. This allocation served as a reference when preparing the budgets for the fiscal years covered by the PRSP and it was respected on the whole, as the following table shows.

¹¹ Source: IMF Report 06/310.

**Table 2.2: Budgetary Allocations by Sector
(as a percentage of total expenditures)**

	PRSP-1 Targets ¹²				Voted Budgets ¹³			
	2003	2004	2005	2003 to 2005	2003	2004	2005	2003 to 2005
General public services	16.4	17.0	17.4	16.9	27.2	23.3	20.7	23.7
Defense	7.7	7.6	7.4	7.6	8.3	8.3	7.4	8.0
Education	15.4	15.6	15.7	15.6	14.5	17	15.1	15.5
Health	7.1	7.2	7.2	7.2	5.4	6.3	6.7	6.1
Social services	2.2	2.3	2.2	2.2	4.3	6.1	5.9	5.4
Economic services	36.3	35.3	35.5	35.7	29	27.8	35.7	30.8
Other	15.0	15.1	14.6	14.9	11.2	11.1	8.6	10.3
Total expenditures	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

2.12 The allocation of expenditures by economic category shows that budget forecasts also comply with the convergence criteria, at least with regard to wage bill targets, the share of domestic project financing, and the fiscal balance.¹⁴

**Table 2.3: Actual Budget Allocations by Economic Category¹⁵
(as a percentage of GDP)**

	2003	2004	2005
Total expenditures and net lending	22.1	24	25.2
Current expenditure	12.3	13.4	13.3
Wages and salaries	4.1	4.7	4.9
Interest	0.7	0.7	0.6
Other current expenditure	7.4	8.1	7.8
Capital expenditure	8.5	9.3	9.5
<i>Of which: Externally financed</i>	5.5	5.9	6
Special funds and annexed budgets	1.3	1.3	2.4

C. LEGAL AND INSTITUTIONAL FRAMEWORK FOR PUBLIC FINANCIAL MANAGEMENT

Legal framework

2.13 The legal framework for PFM is made up of the Constitution, Law 96-060 on the Budget adopted by the National Assembly on June 8, 1996; Law 96-061 on the Fundamental Public Sector Accounting Principles adopted by the National Assembly on June 28, 1996; and Implementing Decree 97-192/PRM of June 9, 1997 on the Fundamental Public Sector Accounting Principles. This legislation, drawing its inspiration from French law, enshrines the fundamental PFM principles, which are: the rules of comprehensiveness and unity of budget, the one-year based budget rule, the one-purpose vote rule and the fiscal balance rule.

¹² Data taken from Table 4 in the PRSP Report of May 2002, page 81 and 82.

¹³ Source: IMF Report 06/310.

¹⁴ The following indicators are part of the WAEMU convergence criteria: (i) wages/fiscal revenue $\leq 35\%$; (ii) share of domestically financed investment/fiscal revenue $\geq 20\%$; and (iii) basic balance/GDP $\geq 0\%$.

¹⁵ Source: IMF Report 06/310.

Institutional Framework

2.14 The institutional framework is based on the principle of the separation of powers between the Executive (President of the Republic and the Government), the Legislature (National Assembly), and the Judiciary (Supreme Court and courts). The legislation on PFM assigns a role to each branch of government.

2.15 The Ministry of Economy and Finance coordinates the budget preparation, assures arbitration or prepares submission for arbitration by the higher authorities. The Ministry also consolidates the preliminary draft of the budget for submission to the government and the budget bill tabled in the National Assembly. The Ministry of Planning organizes the preparation of the Special Investment Budget (public investments made with external financing), which is incorporated into the budget bill. Deconcentrated government units in the regions, working under the responsibility of each region's governor, also take part in the budget process on an equal footing with the administrative managers from the Ministries.

2.16 Budget execution involves staff from the Budget Department, Financial Control [*Contrôle Financier*], the Treasury, and the Inspectorates. The Minister of Finance authorizes revenues and expenditures. The other ministers and regional governors are the secondary authorizing officers. Expenditure commitments are made and authorized by the secondary authorizing officers. Preliminary expenditure controls are carried out by the National Financial Audit Directorate [*Direction Nationale du Contrôle Financier – DNCF*], which signs off on all expenditure commitments. The financial controllers report to the authorizing officers. All payments are made by the Treasury accountants. A priori verification of compliance with public procurement rules and procedures is carried out by the Directorate General of Public Procurement.

2.17 Internal ex-post controls are carried out by the ministries' inspection staff, the Inspectorate of Finance at the Ministry of Economy and Finance and the General Public Services Audit Office (GPSAO). This Office also has the task of standardizing control methods and procedures, as well as standardizing audit reports.

2.18 Under the terms of Law 03-030 of August 25, 2003, the Government of Mali set up the Auditor General's Office (*Bureau du Vérificateur Générale*) with a view to achieving the objectives of good governance and fighting corruption. The Office is meant to be independent with regard to the executive branch. The Auditor General is appointed by the Head of State for a non-renewable seven-year term. The resources for its operations are set out in the central government budget.

2.19 The Supreme Court has an Accounts Section, which is responsible for auditing administrative and financial accounts. It issues a certificate of conformity and report that must be tabled with the draft Budget Execution Review Laws [*Loi de Règlement*] before the National Assembly. The Accounts Section of the Supreme Court also has the power to audit the accounts of all public entities or entities receiving government subsidies. It carries out on-site audits of such entities for this purpose.

2.20 The National Assembly exercises its control through its debates and votes on Budget Bills and the draft Budget Execution Review Laws. The budget timetable is determined by the

constitutional requirement that the Budget Bill be tabled by the beginning of October. Organic laws set out the provisions regarding the content of the Budget Laws and Budget Execution Review Laws, budget documentation, budget execution, and control procedures.

3. ASSESSMENT OF PUBLIC FINANCIAL MANAGEMENT SYSTEMS, PROCESSES, AND INSTITUTIONS

A. BUDGET CREDIBILITY¹⁶

3.1 Credibility, in terms of sound public financial management (PFM) practices, is evaluated on the basis of the deviation between original estimates and actual results as regards revenue and expenditure. As a whole, in Mali the budget is a good indicator of actual expenditure. Over the last three years (2003-2005), real spending has been contained within the budget limits approved by the National Assembly. Total real primary expenditure (i.e. not including debt service charges and externally financed project expenditure) has not been more than five percent below the projected amounts (see Table 3.1 below). This is a reflection of the government's efforts to maintain overall fiscal discipline.

Table 3.1: Comparison between budgeted and actual expenditure for fiscal years 2003 to 2005 (FCFA billion)

	2003	2004	2005
Approved primary expenditure ¹ (original budget law)	436.6	470.8	493.9
Actual primary expenditure (draft budget execution law)	429.3	456.3	484.5
Difference between approved and actual expenditure	7.3	14.5	9.4
Difference between approved and actual expenditure (%)	1.7%	3.1%	1.9%
(1): Domestic primary expenditure (not including debt service charges and externally financed project expenditure)			
Sources: Approved budgets and draft budget execution laws			

3.2 Analysis, by ministry or institution, of the deviation between budgeted expenditure and actual expenditure confirms the preceding assessment of budget credibility. Table 3.2 below provides the averages for these deviations, calculated in accordance with the PEFA method. It shows that the deviations were relatively high (above 5 percent) for only one of the three years under review.¹⁷

¹⁶ Updated PI-1, PI-2 and PI-3 estimates for 2006 and 2007 are presented in Chapter 5 of the main PEMFAR report.

¹⁷ Annex F contains detailed information on the calculation and the data sources for indicators PI-1 and PI-2. It must be noted that, in 2005, the item "General Services" does not include a budget appropriation (projected Franc CFA 13.8 billion and Franc CFA 28.2 billion out turn) related to an advance to the cotton company CDMT which, due to its nature, should not be considered as an expenditure and should be included in the item net lending of the TOFE. If this advance would have been considered as expenditure in 2005, then the difference in PI-1 would have been 1.0% instead of 1.9%, and the variance in PI-2 would have been 11.1% instead of 7.5%.

Table 3.2: Deviations between original budgets and actual expenditure for the 20 largest budget lines in fiscal years 2003 to 2005*

	Deviation in total expenditure (PI-1)	Variance in total expenditure	Variance exceeding overall deviation (PI-2)
2003	1.7%	5.8%	4.1%
2004	3.1%	5.7%	2.6%
2005	1.9%	9.5%	7.5%
* Both the data and the calculation are presented in detail in Annex F.			

3.3 The deviation between domestic revenue estimates (budgetary revenue except for grants and special revenue, including revenue from privatization) and actual revenue has not exceeded 8 percent over the last three fiscal years (see Table 3.3 below). This close match between revenue estimates and actual revenue is the result of sustained efforts to improve the performance of the tax authorities.

Table 3.3: Comparison between estimated and actual domestic budgetary revenue for fiscal years 2003 to 2005*

		National Budget	Suppl. Budgets Domestic Special Accounts & Funds	Total Domestic Revenue	Execution Rate (BEL/BL) as a percentage
2003	Budget Law	417.8	4.8	422.6	
	Budget Execution Law	397.0	2.7	399.7	94.6%
2004	Budget Law	458.3	3.9	462.2	
	Budget Execution Law	431.3	2.7	434.1	93.9%
2005	Budget Law	510.5	4.6	515.1	
	Budget Execution Law	482.1	3.5	485.6	94.3%

In FCFA billion. BL = Budget Law; BEL = Budget Execution Review Law

3.4 Monitoring of domestic and external debt by the General Directorate of Public Debt allows for both commitment and payment within the due dates. Thus, with respect to domestic and external contractual debt, Mali has not and is not accumulating arrears. As for debt on expenditure, Mali must follow WAEMU guidelines and rules regarding the TOFE and convergence criteria.¹⁸ Within this framework, all expenditures handled by the Treasury and remaining unpaid 90 days following the date of issue of their payment order [*ordonnancement*] are considered payment arrears. However, the mission was not able to obtain statements of outstanding payments that indicated the dates of issue of payment order. The management systems of Treasury departments do not provide a way to indicate, for each voucher processed by accountants, at least the dates of issue of payment orders so as to be able, if necessary, to calculate arrears according to the official definition. As a result, it is not possible to establish

¹⁸ Directives 04/98, 04/99, and 06/99.

formally the existence or absence of payments in arrears or to produce reliable data on the stock of arrears.

3.5 In the absence of an arrears monitoring system, the mission examined the Government Flow of Funds Table (TOFEs) for several periods. None of these documents explicitly mentions the existence of arrears, but representatives of Malian employers reported considerable delays for payments by the Treasury. A review of Treasury balances over several consecutive years also shows that, for certain accounts,¹⁹ the size of the balances at the start and end of the fiscal year could be explained by the existence of arrears. Finally, a statement of vouchers pending payment at the Treasury as of November 2, 2006²⁰ shows that the amount of these outstanding payments is relatively low. Based on these analyses, it was possible to conclude that arrears may exist and may even exceed 2 percent of expenditure excluding debt service and externally financed project expenditure, but they could not reach the 10 percent threshold. In addition, it is not possible to establish or confirm a decline in the stock of arrears over the last two fiscal years. Accordingly, a score of C is given to component (i) of Indicator PI-4.

3.6 The following matrix provides a summary of budget credibility indicators.

Indicator	Score	Brief Explanation
A. BUDGET CREDIBILITY		
PI-1. Aggregate expenditure out-turn compared to original approved budget	A	Using the PEFA method, based on primary expenditure, the deviations between the original approved budget and actual expenditure were: <ul style="list-style-type: none"> - 2003: 1.7% - 2004: 3.1% - 2005: 1.9%
PI-2. Composition of expenditure out-turn compared to original approved budget	B	Changes in the actual composition of the budget (according to administrative classification) in relation to the original approved budget composition amounted to: <ul style="list-style-type: none"> - 2003: 4.1% - 2004: 2.6% - 2005: 7.5% (data and calculations presented in Annex F)
PI-3. Aggregate revenue out-turn compared to original approved budget	B	Total actual revenue in comparison to revenue in the original approved budget: <ul style="list-style-type: none"> - 2003: 94.6% - 2004: 93.9% - 2005: 94.3%
PI-4. Stock and monitoring of expenditure payment arrears	D+	

¹⁹ These are the accounts #40 of Class 4, credited by coverage of mandates and debited by payments.

²⁰ A listing as of November 2, 2006 indicates a total figure of close to FCFA 15 billion for vouchers pending payment (expenditures excluding salaries and investments) at the Paymaster General of the Treasury. Vouchers recorded (i.e. entered in the Treasury information system) prior to September 1 total FCFA 5.3 billion.

Indicator	Score	Brief Explanation
(i) Stock of expenditure payment arrears and any recent change in the stock	C	<p>Mali does not accumulate arrears on external debt.</p> <p>The monthly, quarterly, and annual TOFEs do not indicate the existence of payment arrears on domestic expenditure (defined as vouchers processed by accountants and remaining unpaid 90 days following their payment order issue). But these TOFEs also do not show changes in outstanding payments (considered “arrears” or “funds en route” under WAEMU guidelines) at the level of lines to adjust to a cash basis.</p> <p>None of the documents provided to the mission mentions the existence of arrears, but the absence of reliable data makes it impossible to confirm this.</p> <p>The mission examined the data on outstanding payments, Treasury balances, and TOFEs for several fiscal years. The mission believes that arrears may exist and may exceed 2 percent of total expenditure, but could not be as high as the 10 percent threshold.</p> <p>There are no indications about a possibly significant reduction in arrears over the last two years.</p>
(ii) Availability of data for monitoring the stock of expenditure payment arrears	D	<p>The system does not produce data for a profile of the stock of unpaid vouchers by age and stage of execution. The management systems of Treasury departments do not provide a way to indicate, for each voucher processed at the accounting level, at least the date of payment order issue so as to be able, if necessary, to calculate arrears according to the official definition (WAEMU). These systems should also be able to give the “age” of vouchers processed by accountants since their commitment date (useful information for sound expenditure management).</p>

B. COMPREHENSIVENESS AND TRANSPARENCY

3.7 The draft budget presented to the National Assembly is accompanied by relatively extensive documentation, which is in fact more complete than the documentation required under the provisions of the law on budget laws (Law 96-060); it is close to the documentation required under WAEMU guidelines (WAEMU Directives 05-97 and 02-99). It consists of: (i) a statement explaining budget objectives (Introductory Statement); (ii) the draft budget law (appropriations broken down by type – economic classification); (iii) detailed tables of revenue and expenditure (Revenue Table and Expenditure Table); (iv) details of externally financed projects (Special Investment Budget [BSI]); (v) new measures and measures under way (Voted Services and New Measures in the Explanatory Annex); (vi) the Medium Term Budget Framework (MTBF) containing adjusted expenditure forecasts for the next five years; (vii) multiyear program budgets that show the objectives and activities of each ministry; and (viii) other budget annexes (debt service, monthly adjusted cash forecast, open appropriations, etc.).

Budget classification

3.8 The budget classification was established by Decree 03-163 of April 2004. It is consistent with the classifications defined by WAEMU Directives 04-98 and 04-99, which are in turn consistent with GFS 1986. The classification system thus meets an international standard, but not the GFS standard of 2001.

3.9 In the 2007 budget, appropriations are broken down by administrative classification, economic classification, and functional classification. In addition, in the explanatory annex containing the program budgets, appropriations are broken down by program for each ministry. A summary is presented by function and by ministry in the draft budget. However, the

presentations provided in the main execution document, i.e. the Budget Execution Review Law, are limited to economic and administrative classifications. Budget execution presentations by function or by program are not attached to the draft budget execution review law, even though the financial authorities are capable of doing this. Officials have announced a decision to systematically attach the missing statements to future draft budget execution review laws, and to complete the file of the current draft on fiscal year 2005. The latter decision could serve to improve very quickly the score that was given; this is the reason for the upward arrow added to the score of C for component i) of the indicator.

Indicator	Score	Brief Explanation
PI-5. Budget classification	C ▲	<p>The official budget nomenclature is consistent with WAEMU guidelines. It is also consistent with GFS 1986 but not with GFS 2001.</p> <p>The 2007 budget is presented on the basis of economic and administrative classifications. It also contains a presentation of expenditure by program.</p> <p>The 2004 draft budget execution review law (the most recent budget execution review law presented to the National Assembly) is presented on the basis of economic and administrative classifications. It does not contain out-turns by function or by program, nor on the basis of a sectoral classification in connection with at least the 10 GFS-COFOG classes.</p> <p>An arrow was added to the score to reflect the fact that presentation of the original budget and its execution are carried out in accordance with all the classifications, and that officials have decided to attach expenditure statements classified by function to the budget execution review laws.</p>

Comprehensiveness of information included in budget documentation

3.10 The documentation attached to the draft government budget provides considerable information on the projected budget parameters. The introductory statement contains an analysis of the economic and budgetary outlook and the hypotheses used in determining the fiscal forecasts.²¹ However, there is no analysis of fiscal risk associated, for example, with changes in macroeconomic variables, or with potential debt. The summary tables give appropriate information on the budget deficit, but not the composition of its financing. Details of the debt stock are not provided.

3.11 The expenditure and revenue tables contain summary data on revenues and expenditures, broken down by function, including appropriations for the year in progress and figures for the previous year, but not by ministry. The more detailed budget tables show budget appropriations for each ministry for the year in progress and the estimated amounts for the following year, but not actual expenditure for the previous year. The program budgets show, for each ministry and each multiyear objective, the activities and resources projected for the coming year (i.e. the relevant fiscal year).

3.12 In the explanatory annex, the forecasts for current commitments (voted services) are clearly distinguished from authorizations for new expenditures (new measures). However,

²¹ With the exception of the exchange rate, even though, for countries of the franc zone, the exchange rate is tied to the euro.

calculation of recurrent costs is not explicit, and the draft budget is not accompanied by an impact analysis for the new measures. Lastly, the budget documents also do not contain data on financial assets or any other information, such as net government position in relation to the banking system, which could give useful information to the legislators about financial capacities.

Indicator	Score	Brief Explanation
<p>PI-6. Comprehensiveness of information included in budget documentation</p>	<p>C ▲</p>	<p>The draft budget is presented to the legislature with the following documents:</p> <ul style="list-style-type: none"> - Introductory Statement - Draft Budget Law - Revenue Table - Expenditure Table - Special Investment Budget - Explanatory Annex: “Voted Services – New Measures” - Program Budgets - Other Budget Annexes <p>In terms of the PEFA assessment, the following criteria are met:</p> <ul style="list-style-type: none"> i) macroeconomic hypotheses (in the introductory statement); ii) budget deficit (in the introductory statement). Although the deficit as presented does not completely match the GFS standard (classification of privatization revenue), its definition does meet international standards; vii) a budget execution statement for the year in progress (this statement presents the original appropriations of the budget for the year in progress, still considered as objectives at the time of presentation of the draft budget for the following year, when there is no revised budget or decreed advances); viii) a summary of budget data on revenue and expenditure (Revenue Table and Expenditure Table broken down by function, but not by administrative classification). <p>The criteria that are not met are the following:</p> <ul style="list-style-type: none"> iii) information on deficit financing (its composition); iv) detailed information on debt stock; v) financial assets; vi) out-turn of budgets for previous and earlier fiscal years (in the presentation of the 2007 budget, execution for fiscal year 2005 is not given); ix) impact analyses (in the documents accompanying the draft budget there is an annex containing appropriations associated with new measures in relation to revenue and expenditure, but there is no impact analysis). <p>Adding an arrow to the score is justified by the decision to attach, to future draft budgets, statements that, at a minimum, meet criteria iv), v), and vi) inasmuch as the capacity to provide the required information already exists.</p>

Extent of unreported government operations

3.13 The government budget and its annexes relate to the operations of the central government. The budget and other reports cover: (i) expenditures of central departments and deconcentrated departments (regions), broken down by ministry and institution; (ii) expenditures financed from the ministries’ own revenues (supplementary budgets) or with allocated resources (special accounts); (iii) subventions to autonomous government agencies (AGAs) and public enterprises (PEs); and (iv) information on externally financed projects (Special Investment Budget).

3.14 Data on the resources and expenditures of AGAs, apart from information on transfers from the government, are not included in the budget. Compliance with PEFA standards assumes that all resources and expenditures of AGAs are recorded in the budget or the supporting documents. MEF information indicates that such unreported operations (AGA expenditures) account for a little more than 5 percent of total expenditure (excluding externally financed projects). There are no other sources besides MEF that centralize data on AGAs.

3.15 With respect to externally financed project expenditure,²² the Special Investment Budget (BSI) contains the details of donor-funded projects and presents them by ministry and by program. The BSI covers all loan-financed projects and virtually all grant financed projects. Information on the latter, however, is collected through the annual donor survey conducted by the departments of the National Directorate of Planning. On this basis, planning officials believe that grant financed projects not covered by the draft BSI are few in number. They also believe that more than 90 percent of revenues and expenditures financed by technical and financial partners (TFPs) for project aid are included in the fiscal reports (budgets and budget execution review laws).

Indicator	Score	Brief Explanation
PI-7. Extent of unreported government operations	C+	
(i) Level of extra-budgetary expenditure	<i>C</i>	Only the revenues and expenditures of autonomous government agencies (apart from transfers from the government) are not recorded in the government budget or as further information in the budget documents presented to the National Assembly. Such expenditures accounted for slightly more than 5 percent of total resources in 2005.
(ii) Income/expenditure information on donor funded projects	<i>A</i>	A small amount of expenditure on TFP funded projects is not included in the government budget or the additional information provided to the National Assembly. This involves certain grant financed projects. All loan financed expenditures are reported. The available data indicate that more than 90 percent of project revenues and expenditures financed by TFPs are included in the fiscal reports.

Transparency of intergovernmental fiscal relations

3.16 For administrative purposes, Mali is organized into regions, districts [*cercles*], and municipalities [*communes*] which comprise several villages and/or neighborhoods. The government is represented in each region by a governor, under whom entities exist to represent the principal functions of the ministries (Taxes and Customs, Treasury, Education, Health, Transportation, etc.). These departments execute deconcentrated government expenditures at the regional level. They also provide assistance to the decentralized departments of local governments (municipalities and regional assemblies).

3.17 Local governments have their own resources and autonomous budgets. Their resources consist of: (i) local tax revenues collected with the help of the tax authorities; (ii) government budget transfers (solidarity subsidies to make up for regional disparities); and (iii) investment

²² This indicator does not address budgetary aid.

grants funded by the government and TFPs through the National Local Government Investment Agency (ANICT).

3.18 Each of these three categories of local government resources is determined on the basis of clearly defined rules and procedures known to the beneficiaries. The tax revenue allocation rules are set by law. Allocation of the annual operating subsidy is based on a fixed share (the same for each local government) and a variable share; the latter is calculated on the basis of number of inhabitants and distance criteria. The actual allocation of appropriations to all local governments is reported to each of them. As regards investment grants, “drawing rights” are awarded each year by the ANICT board of directors, on which a number of TFPs are represented. These rights are calculated on the basis of well established rules (i.e. investment projects are analyzed on the basis of well established criteria).

3.19 For each Year N, local governments prepare a “primitive budget” which they submit to the Ministry of Territorial Administration and Local Government (MATCL) before September 30 of Year N-1, plus an “additional budget” that they submit to MATCL before June 30 of Year N.

3.20 The central authorities (MEF or MATCL) do not provide local governments with information on revenue forecasts or anticipated transfers at sufficiently frequent intervals for them to be able to prepare their draft budget on the basis of reliable projections. This would at least have been the case if MEF or MATCL sent to the districts, or to a regional entity (governor or regional administration) which would forward them to the districts, the amounts of the revenue projections and of the subsidy used in the preliminary or draft budget as soon as they are available in August of Year N-1. Local governments would then have had the opportunity to incorporate reliably and consistently calculated forecasts into their draft primitive budgets (harmonization of projections between districts and harmonization with the draft government budget). But in current practice, the data are not reported to them until after the legislature adopts the government budget.

Indicator	Score	Brief Explanation
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Indicator	Score	Brief Explanation
PI-8. Transparency of intergovernmental fiscal relations	C	
(i) Transparency and objectivity in the horizontal allocation among subnational governments	A	The three types of transfers to deconcentrated services (taxes, subsidies, and expenditures of the National Local Community Investment Agency [ANICT]) are carried out in accordance with transparent and well established criteria.
(ii) Timeliness of reliable information to subnational governments on their allocations	D	Local governments prepare a preliminary budget for Fiscal Year N which they submit to the supervisory authority (MATCL) before October 1 of Year N-1, plus an additional budget in June of Year N. Information on the transfers and subsidies which they may receive does not reach them until after the beginning of the fiscal year. For the 2006 budget, information on transfers was approved by the National Assembly in December 2005. Information on the allocations for each local government was provided by official letter from the Ministry of Territorial Administration and Local Government in March 2006.
(iii) Extent of consolidation of fiscal data for general government according to sectoral categories	D	Consolidated fiscal information (concerning at least revenue and expenditure) is not collected and reported for general government under at least one of the official classifications, or alternatively in accordance with sectoral categories (consistent with NAEMA).

3.21 Even though the central government and the decentralized departments of local governments use the same system of classification, no consolidated statement of budgetary expenditure by sector is prepared. Consolidated expenditure statements for all local governments, presented in accordance with an economic or functional classification, or alternatively in accordance with the sectoral classification of NAEMA (Nomenclature of Activity of Member States of AFRISTAT), are not available.

Oversight of aggregate fiscal risk from other public sector entities

3.22 Potential sources of aggregate government fiscal risk include the operations of autonomous government agencies (AGAs) or public enterprises (PEs) and local governments. As regards PEs, the risk disappears with their restructuring (privatization or liquidation of virtually all enterprises). Although the budget document presented to the National Assembly does not contain a detailed analysis of the potential implications of such risk, the information is generally gathered by MEF, which produces a concise annual report on the revenues and expenditures of AGAs. Overall, the government thus exerts a form of oversight of aggregate fiscal risk.

3.23 Since the beginning of 2006, MEF has instituted a procedure for the quarterly collection of data on the budget execution and financial position of AGAs. This procedure has not yet yielded significant results in terms of quarterly reports on budget execution (consolidated data, analyzed according to the budget classifications) and financial risks (Treasury, debts, any arrears). In addition, each year MEF centralizes the administrative accounts and financial accounts of AGAs. For 2005, out of 82 AGAs, 56 submitted their fiscal reports. The summary report, prepared by the National Directorate of the Treasury and Public Accounting (DNTCP), does not contain sufficiently detailed consolidations according to the budget classifications (administrative, economic, and functional) and does not include a risk analysis. There are also

no summary reports of financial accounts containing analyses of the financial position and financial risks of AGAs (analysis of financial positions, available funds, debt, etc.).

3.24 MEF and MATCL centralize the accounting statements (financial reports) of local governments. As in the case of AGAs, there are no summary reports and no analyses of financial position and risks.

Indicator	Score	Brief Explanation
PI-9. Oversight of aggregate fiscal risk from other public sector entities	C	
(i) Extent of central government monitoring of autonomous government agencies and public enterprises	C	In 2005, MEF received fiscal reports from 56 of 82 AGAs. MEF produced a summary report that is not, however, comprehensive. The report does not contain a risk analysis.
(ii) Extent of central government monitoring of subnational governments' fiscal position	C	Each year MEF receives information on the revenues and expenditures of deconcentrated departments, but it does not produce a summary report.

Public access to key fiscal information

3.25 It is not customary in Mali to regularly provide fiscal information and budget documents to the public. In theory, there are no formal limitations or restrictions, but in practice information on fiscal forecasts, positions, and performance is not easily available to the public. The MEF website was designed recently and it currently provides partial information, mostly of an administrative nature (a listing of the many regulations). Furthermore, there is no guide or manual for the general public or for users unfamiliar with budget techniques to facilitate their understanding of the budget. Finally, there are no budgetary analyses performed by agents and/or entities outside the government. A score of C was given for this indicator because, with respect to criterion vi), information is available in the budget documents and from the deconcentrated departments of MDAs, and no rule formally prevents the government from providing this information to requesting parties.

Indicator	Score	Brief Explanation
PI-10. Public access to key fiscal information	C	Information on fiscal forecasts, positions, and performance is not easily available to the public. Of the six PEFA criteria, only the one on making data available to the public on the resources of primary service units (criterion vi) can be considered as having been met. These data appear in the decrees allocating budget appropriations and in the quarterly budget authority orders, and can be provided to any person who requests them.

C. POLICY-BASED BUDGETING

Orderliness and participation in the annual budget process

3.26 The calendar for preparing the budget is driven by the obligation to file the draft budget before the legislative session opens on the first Monday of October (Articles 65 and 77 of the Constitution and Article 47 of the law on budget laws). This process, which has been followed

during the last three years, directly involves central government departments and deconcentrated government departments (falling under the regional governors). The main stages of the process are: i) preparation of the macroeconomic framework and the MTBFs in April and May; ii) three-day national workshop in May; iii) budget circular produced in late May or early June; iv) budget conferences in June and July; v) Special Investment Budget (BSI) reviews in July; vi) interministerial arbitration in late July or early August; vii) cabinet council chaired by the prime minister in August to approve the preliminary draft budget; and viii) meeting of the Council of Ministers to approve the draft budget. As soon as they receive the budget circular, some of the ministries organize sectoral budget conferences or program review workshops. The overall structure could be improved by increasing the amount of time given to ministries to prepare their draft budgets. At the present time, they have only four weeks.

3.27 For the draft budget for Year N+1, the macroeconomic framework is prepared during the first quarter of Year N by the Forecasts and Models Committee, established by decree in August 2003, which includes, among others, representatives of the National Directorates of Statistics and Planning and the General Directorate of the Budget (DGB). The Office of the DGB also prepares, during the same period, an updated Medium Term Budget Framework (MTBF). It then organizes, in May, a national workshop that brings together all the account managers of central and deconcentrated government departments. The purpose of this workshop is to assess the budget process already under way, take stock of the main strategic goals and the match between national budgets and strategies (in line with Mali's current PRSP), and set deadlines and calendars for preparing the draft budgets of the different sectors and regions.

3.28 The budget circular, prepared at the end of the national workshop, reflects the main strategic goals and priorities, as well as the components of the macroeconomic framework. There is not, however, any formal presentation and/or approval by the government. It is signed and sent by the Minister of Economy and Finance to all the ministries, along with the relevant budget package for each ministry. Even if it is assumed that the MTBF, on the basis of which the budget packages are defined, accurately reflects the national priorities already approved by the highest decision making bodies (adoption of PRSPs, for example), the latter should examine the annual updates and the priorities of the coming fiscal year before the preliminary draft budgets are established. But in practice, these highest decision-making bodies do not formally intervene until the budget proposals have been developed—first at the prime minister's cabinet council level, for arbitration, and then in the Council of Ministers, for adoption of the draft budget.

3.29 The government has always adhered to the constitutional provision regarding the schedule for filing the draft budget at the National Assembly, and the budget has always been approved prior to the beginning of the fiscal year to which it applies.

Indicator	Score	Brief Explanation
PI-11. Orderliness and participation in the annual budget process	B	
(i) Existence of and adherence to a fixed budget calendar	<i>B</i>	A clear calendar exists and is noted in the budget circular. It takes into account the legal deadline for filing the draft budget before the first Monday of October. Adherence to the calendar is good. However, the time given to the ministries to prepare their draft budgets is short. The budget circular for Fiscal Year 2007 allowed them only four weeks (from

Indicator	Score	Brief Explanation
		June 1 to 30, 2006).
(ii) Guidance on the preparation of budget submissions	<i>C</i>	In May, before the final version of the budget circular is produced, MEF organizes a seminar for all the financial directors (DAFs) of ministries and deconcentrated departments. The workshop discussions focus on past experience in budget preparation and the main thrusts for the coming budget. MEF provides to each ministry or institution the circular and the budget package (ceilings) that apply to it. But there is no prior approval of these packages by the government.
(iii) Timely budget approval by the legislature	<i>A</i>	For at least the last three fiscal years (2004, 2005, and 2006), the National Assembly has adopted the budget law on time.

Multiyear perspective in fiscal planning and public expenditure policy

3.30 In the explanatory annexes of the draft budget law (Article 41), the financial system calls only for a statement on “spreading over future years the payments resulting from program authorizations.” Multiyear programming of public expenditure has nevertheless been taking place since 1998 and has been improved since 2002, the year when the first Poverty Reduction Strategy Paper (PRSP 1) was prepared. In fact, MEF prepares each year a rolling Medium Term Budget Framework. The MTBF for the 2007 draft budget covers Fiscal Years 2007 to 2011. In principle, the MTBF is tied to the PRSP and the macroeconomic frameworks of the Forecasts and Models Committee. It is prepared in April-May in order to determine the indicative packages to be appended to the budget circular.

3.31 In addition, at the request of legislators, since 1998 the Malian government has prepared program budgets for each ministry which are attached to the draft government budget. These also are not explicitly required by the financial system. This practice provides the opportunity to introduce management by objectives.

3.32 At the budget conferences held in July, statements are prepared that compare elements of the MTBF, the program budgets, and the ministries’ proposals. If necessary, any arbitrated deviations are noted in the report submitted to the prime minister’s cabinet council which examines the preliminary draft budget.

3.33 There is, however, a need to bring fiscal forecasts more in line with sector strategies. Medium Term Expenditure Frameworks (MTEFs), developed on the basis of duly formulated strategies, do not yet exist for all sectors. Efforts have been undertaken in recent years in connection with the poverty reduction strategy. These efforts have resulted in strategies and assessments of three-year programs for a number of sectors: education, health, justice, social development, urban planning and public works, mining and water supply, and communication and new technologies. These sectors accounted for 48.2 percent of expenditure (excluding debt charges and externally financed project expenditure) in 2006. For certain other sectors, strategies are in the process of preparation or adoption. In 2006, DGB instituted studies aimed at defining a procedure for preparing standardized sectoral MTEFs consistent with the MTBF.

3.34 The government budget presents separately the budgets approved by vote and the new measures. The latter do not incorporate recurrent costs, or at least not in an explicit manner. This situation is likely the result of insufficient coordination between the General Directorate of the Budget and the National Directorate of Planning and Development, who is in charge of preparation and monitoring of the execution of the Special Investment Budget (BSI).

3.35 The national procedures in effect require the clearance of the General Directorate of Public Debt (DGDP) or of the Minister of Economy and Finance for all funding agreements for public projects or budgetary aid. A national committee to monitor the viability of the public debt was established by Decree 04-295/P-RM of July 29, 2004. It meets in principle on a quarterly basis. The mission was unable to obtain a statement or reports from these meetings, but did receive a statement on the external public debt position as of June 30, 2006. Every two years, DGDP prepares a debt inventory, reconciled with the country's creditors under the HIPC Initiative. A report on debt sustainability was completed for 2004.

3.36 As a result of the country's efforts, particularly since implementation of the PRSP, Mali has made major progress with respect to organization, methods, and practices of budget preparation. MTEFs are prepared for a number of key sectors such as health, education, urban planning, public works, transportation, and justice, but not for all sectors. The existing MTEFs are consistent with the MTBF. But Mali cannot yet provide sufficient coverage of fiscal and financial risks, due to the lack of predictability of external financial support and the weakness of the national statistical system, which is a significant handicap, both in terms of the quality of the monitoring and forecasting of macroeconomic aggregates and in terms of sector policy formulation.

Indicator	Score	Brief Explanation
PI-12. Multiyear perspective in fiscal planning and public expenditure policy	B	
(i) Multiyear fiscal forecasts and functional allocations	<i>A</i>	For Fiscal Year 2007, MEF prepared a draft Medium Term Budget Framework (MTBF) for the period 2007-2011 reflecting the PRSP prepared for the same period. The draft MTBF was attached to the draft budget filed at the National Assembly. It had been prepared in April-May and was used in determining the indicative packages attached to the budget circular. At the budget conferences, arbitration occurs and the differences between the MTBFs and the annual proposals are explained in an arbitration report. In addition, the draft budget includes the program budgets of each institution.
(ii) Scope and frequency of debt sustainability analysis	<i>B</i>	A debt sustainability report exists for 2004. It covers both external and domestic debt.
(iii) Existence of costed sector strategies	<i>B</i>	Sector strategies, accompanied by assessments of three-year programs, exist for a number of sectors: education, health, justice, social development, urban planning and public works, mining and water supply, and communication and new technologies. These sectors account for 48.2 percent of total expenditure (excluding debt charges and externally financed project expenditure). The strategies for other sectors are in the process of preparation or approval.

Indicator	Score	Brief Explanation
(iv) Linkages between investment budgets and medium term expenditure estimates	C	The special investment budget gives priority to counterpart expenditures (national contribution to externally financed projects). Expenditures (operations and investments) are presented in the ministries' budgets in two parts: budgets approved by vote, and new measures. The latter do not explicitly incorporate recurrent costs or new investment impact analyses.

D. PREDICTABILITY AND CONTROL IN BUDGET EXECUTION

Transparency of taxpayer obligations and liabilities

3.37 Tax and customs obligations are set forth in a series of statutes and regulations, including Law 96-060 on budget laws, the general tax code, the general customs code, and the budget laws. These statutes are progressively updated in line with WAEMU guidelines and regulations. The nature of the taxes, the tax base, and assessment and collection procedures are thus clearly established. However, the General Directorate of Taxation (DGI) emphasizes that there are some taxes (few in number) for which the activities of certain categories of taxpayers do not allow all the required documentation to be produced. Discretionary power (of limited scope) is left to the tax authorities in such cases. Tax adjustments also sometimes leave latitude for interpreting specific situations. The discretionary power given to agents of the tax authorities is framed by a tax adjustment verification procedure at DGI. Representatives of the National Council of Malian Employers (CNPM) and those of the Chamber of Commerce and Industry of Mali (CCIM) did not express any particular concerns in this regard.

3.38 Customs officials have improved the accessibility of information on tax issues and customs procedures by creating an Internet site (www.douanes-mali.org) and by giving customs brokers access to the SYDONIA++ system. The tax authorities do not yet have an Internet site. They disseminate information to the public through traditional channels (publications, the media, targeted information, public notices, and reception facilities in the major urban centers). The officials consulted at the customs and tax departments and those consulted at CNPM and CCIM recognize that, in general, taxpayers in the major urban centers are well informed about their obligations, but not taxpayers in remote centers. They also recognize the delays in updating the information disseminated to the public.

3.39 The system of taxpayer appeals in place within the revenue administration is functioning but presents certain shortcomings, particularly as regards the effectiveness of monitoring of complaints. DGI is currently planning improvements. The General Directorate of Customs (DGD), for its part, has had the system of appeals set forth under the WTO agreements in place since the end of 2003. The effectiveness of this system has not yet been evaluated.

Indicator	Score	Brief Explanation
PI-13. Transparency of taxpayer obligations and liabilities	C+	
(i) Clarity and comprehensiveness of tax and customs liabilities	<i>B</i>	The rules on tax and customs liabilities are well established. There are some taxes (few in number) for which agents of the tax authorities possess limited discretionary power. Tax adjustments leave some room for interpreting specific situations, although the latitude is limited by the oversight procedure set in place at DGI. Representatives of employers (CNPM) and of the Chamber of Commerce (CCIM) did not express any particular concerns in this regard.
(ii) Taxpayers' access to information on tax and customs liabilities and administrative procedures	<i>C</i>	DGD has an Internet site through which it disseminates information, but it recognizes the delays in updating the information. Customs brokers connected to the Sydonia++ network have access to all data on taxation and administrative procedures through this system. DGI does not yet have an Internet site. It provides information through public notices, the press, and local radio stations. At its Bamako agencies, it also has reception and information facilities. Officials of the Chamber of Commerce and Industry and the National Council of Malian Employers point out that information on tax and customs liabilities and related administrative procedures are generally well known to taxpayers in the major urban centers, but not sufficiently well known in remote regions. They also note the slowness in updating the information.
(iii) Existence and functioning of a tax and customs appeals mechanism	<i>C</i>	For appeals, since October 2003 DGD has followed the provisions set forth under the WTO agreements. DGD believes it is too early to evaluate the effectiveness of the system now in place. DGI also has a system of appeals, but its effectiveness, in the opinion of DGI, presents shortcomings. Improvements are planned, particularly with respect to organizing the recording and monitoring of the appeals process.

Effectiveness of measures for taxpayer registration and tax and customs duty assessment

3.40 Taxpayer registration is defined by statute (Order 97-1620, issued in accordance with the General Tax Code). The Taxpayer Identification Number (TIN) is used by the tax and customs authorities and by the departments overseeing expenditure (budget and audit). It is assigned by DGI, which manages a national taxpayer file, updated on the basis of tax declarations or at the time of the annual surveys and censuses. There are no automatic linkages between the DGI database (taxpayer file) and the other management systems of MEF departments. Similarly, there are no linkages between this database and other major government databases (Social Security, Statistics, etc.).

3.41 Legal and regulatory provisions set forth in the General Tax Code define the sanctions and penalties for noncompliance with registration and declaration obligations. Enforcement of these provisions has become more effective since reorganization of the departments and implementation of a computer system in the Bamako centers, but not yet to a satisfactory degree in noncomputerized provincial centers. For DGD officials, the penalties are not a sufficient deterrent. For DGI officials, they should be corrected because they are difficult to enforce in their entirety.

3.42 The audit programs are prepared each year and approved by the General Directorates (Taxation and Customs). The programs are in general well respected, but the officials involved indicate that they are not yet prepared on the basis of well established risk assessment criteria.

Indicator	Score	Brief Explanation
PI-14. Effectiveness of measures for taxpayer registration and tax and customs duty assessment	C	
(i) Controls in the taxpayer registration system	C	Taxpayers are identified by the Taxpayer Identification Number (TIN) instituted by law. DGI manages the taxpayer file and updates it on the basis of tax declarations and annual censuses. The DGI file is not linked to other major databases of other MEN departments or other institutions (Social Security, Statistics, etc.). The TIN is used by all MEF departments (Customs, Taxation, Budget, Treasury, and Audit).
(ii) Effectiveness of penalties for noncompliance with registration and tax declaration obligations	C	Noncompliance with registration obligations is subject to penalties based on the legal and regulatory provisions of the General Tax Code. The enforcement of penalties was improved by reorganizing the departments and computerizing the Bamako centers, but not in the rest of the country. The penalties are not a sufficient deterrent (Customs) or are difficult to enforce in their entirety (Taxation). DGI thinks the system needs to be reformed. Representatives of employers (CNPM) and the Chamber of Commerce (CCIM) did not express any concerns regarding the system of sanctions.
(iii) Planning and monitoring of tax audit programs	C	The audit programs are adopted each year and are well enforced. They are not yet based on well established risk assessment criteria.

Effectiveness in collection of tax payments and customs duties

3.43 Tax arrears are found only at DGI and, for the most part, consist of tax that is irrecoverable but not listed as such. They most often involve public enterprises which have been restructured or liquidated or taxpayers who have disappeared. Including these irrecoverable arrears, the collection ratio was 10.2 percent in 2004 and 77.5 percent in 2005, i.e. an average of roughly 44 percent for the last two closed fiscal years. Nevertheless, a score of C can be given to component (i) because it best reflects the real collection ratios for arrears (i.e. excluding arrears, as identified, that should have been canceled). Reconciliation procedures are being worked out.

3.44 Customs duties and taxes are collected directly by Treasury agents assigned to the customs posts. The tax revenue taken in by tax collectors is promptly transferred, on a daily basis, to Treasury accountants. The data on collections and transfers to the Treasury are reconciled each week between the DGI tax collectors and Treasury officials. Monthly reconciliations, performed at the central level, are incomplete as a result of the delay in transmitting data from remote regional centers. A complete reconciliation is performed quarterly between the Planning and Tracking Unit (CPS) of DGI and the Central Treasury Accounting Office (ACCT). The data of these two departments are manually cross-checked.

Indicator	Score	Brief Explanation
PI-15. Effectiveness in collection of tax payments and customs duties	C+	
(i) Collection ratio for gross tax arrears, calculated as a percentage of tax arrears during that fiscal year	<i>C</i>	DGD has no tax arrears to collect. DGI's tax arrears are to a large extent irrecoverable arrears that are not listed as such. The collection ratio was 10.2 percent in 2004 and 77.5 percent in 2005 (average ratio of 44 percent). The ratio will be improved when the reconciliation procedures for irrecoverable arrears are completed. The score of C best reflects the level of effectiveness in collection, because the preceding ratios are skewed by irrecoverable arrears pending reconciliation.
(ii) Effectiveness of transfer of tax and customs duty collections to the Treasury by tax and customs officials	<i>A</i>	All tax and customs duty payments are either directly collected by Treasury agents assigned to customs posts or promptly transferred to the Treasury by tax collectors.
(iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears records, and receipts by the Treasury	<i>B</i>	The data on collections and transfers to the Treasury are reconciled each week between DGI tax collectors and Treasury officials. The delay in transmitting data from remote centers complete monthly controls at the central level impossible. A cross-check is performed quarterly between DGI and the Central Treasury Accounting Office (ACCT). This cross-check is done manually.

Predictability in the availability of funds for commitment of expenditures

3.45 A treasury committee, chaired by the Minister of Economy and Finance and including senior officials of finance departments and an IMF representative, holds a weekly meeting to examine the country's cash position. For this meeting, Treasury officials prepare a revenues and expenditures statement and a statement on funds availability. But no new estimate of anticipated receipts is formally prepared by the Treasury or the authorities that handle receipts. Remaining sums to be collected, as shown in the weekly Treasury statements, are calculated in reference to the budget estimates. The monthly cash forecast which accompanies the draft budget (estimates of resources and expenditures for each month of the fiscal year) is not adjusted during the year.

3.46 Quarterly decrees making credits spendable are issued by the Minister of Economy and Finance and sent to all the ministries. For each budget line of non-salary recurrent expenditures, these decrees set commitment ceilings for the coming quarter. Thus, commitment of expenditures for non-salary recurrent costs are authorized for a given period and known to the ministries between two and three months prior to that period. For the first quarter, the decrees making credits spendable are issued upon promulgation of the budget law. For salaries, the ceilings are set every six months.

3.47 The Malian government has not needed to resort to budget supplement laws over the last three fiscal years. There can be frequent in-year budget adjustments without influencing the budget structure. They are handled under the procedure for transferring appropriations by order of the Minister of Finance in accordance with Article 54 of the financial system; this procedure

limits the scope of the adjustments. The adjustments are reported in full in a document appended to the draft budget execution review law.

Indicator	Score	Brief Explanation
PI-16. Predictability in the availability of funds for commitment of expenditures	C+	
(i) Extent to which cash flows are forecast and monitored	<i>C</i>	A cash forecast (with a monthly breakdown of budget estimates of revenues and expenditures) is prepared each year and attached to the draft budget in accordance with Article 41 of Law 96-060. The forecast is not adjusted during the year. A treasury committee, chaired by the Minister of Economy and Finance, holds a weekly meeting to examine the country's cash position. For this meeting, Treasury officials prepare a revenues and expenditures statement, a statement on funds availability, and a statement on remaining sums to be collected in relation to budget estimates. There are no procedures and no formal system for adjusting the original cash flow forecasts.
(ii) Reliability and frequency of periodic in-year information to MDAs on ceilings for expenditure commitment	<i>C</i>	The expenditure ceilings for ministries are prepared each quarter (every six months for salaries) and sent to the line ministries (in the form of quarterly budget appropriation orders). The ministries know their commitment ceilings for the quarter at least two months in advance and at most three months.
(iii) Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs	<i>B</i>	Budget adjustments are frequently made in accordance with the procedure for transferring appropriations, but have no impact on the budget structure. They are carried out transparently (by order of the Minister of Finance and attached to the draft budget execution review law explaining all adjustments).

Monitoring and management of cash balances, debt, and guarantees

3.48 A national committee to monitor the viability of the public debt was established by decree in July 2004 and is required to hold quarterly meetings. Management of domestic and external contractual public debt (excluding debt on budget expenditures) is handled by the General Directorate of Public Debt (DGDP) of MEF. DGDP relies on: i) full recording of all funding agreements for public projects and budgetary aid, in connection with the stamp which it must first provide; ii) centralization of information provided by TFPs and project managers on disbursements of project or program loans; and iii) effective use of debt management software. Although DGDP is capable of so doing, the agency does not regularly produce, or does not disseminate during the year, all statistics on debt stock. However, it does prepare a quarterly report on debt service which is used, in particular, in preparing the WAEMU TOFE.

3.49 Cash balances are consolidated each day and each week for each line item. Cash balances are consolidated on a monthly basis for all line items.

3.50 Each year the budget law authorizes the government to contract borrowing equivalent to the estimated budget deficit, but does not specify ceilings for issuing guarantees. The requirement to first obtain clearance from MEF (DGDP) for all funding agreements does, however, provide a mechanism for maintaining debt within certain limits and according to the terms defined by government commitments under PRGF programs.

Indicator	Score	Brief Explanation
PI-17 Monitoring and management of cash balances, debt, and guarantees	C	
(i) Quality of debt data recording and reporting	C	The General Directorate of Public Debt (DGDP) centralizes and records all funding agreements, as well as disbursements related to loan funded projects or programs. This agency manages domestic and external debt service. For that purpose the agency has an appropriate computer application which it uses effectively. However, the data are not reconciled at in-year intervals. DGDP does not regularly produce, or does not disseminate during the year, all statistics on debt stock, although the agency is capable of so doing. DGDP produces a quarterly report and data on debt service (for the purpose of preparing the WAEMU TOFE).
(ii) Extent of consolidation of the government's cash balances	C	Cash balances are consolidated each day and each week for each line item. Cash balances are consolidated on a monthly basis for all line items.
(iii) Systems for contracting loans and issuance of guarantees	C	All agreements must first be reviewed by the General Directorate of Public Debt and cleared by the Minister of Economy and Finance. But the debt ceiling and its composition are not explicitly set by the budget law.

Effectiveness of payroll controls

3.51 The government's database for personnel management contains information on the administrative status of government employees. It is managed by the Civil Service Office. The payroll database falls under the General Directorate of the Budget (Central Pay Office). It contains, in addition to information on the administrative status of employees contained in the Civil Service database, information on how the wages of each employee are calculated and where they appear in the budget. The two databases are interfaced: any corrections to employees' administrative status that are entered in the Civil Service database are automatically reflected in the payroll database. Consistency between the two databases is properly maintained.

3.52 The payroll is prepared by the Central Pay Office. Nominative payrolls, adjusted on the basis of the payroll database, are made available to second-tier account managers (ministries and regions), which go ahead with salary expenditure commitments in accordance with the same procedures that apply to other operating expenses. Financial controllers focus, at the start of the year, on the nominative payrolls of each second-tier account manager and, during the fiscal year, on revised payrolls resulting from adjustments made in the Civil Service database. Such adjustments are made on a monthly basis by Civil Service employees assigned to the Central Pay Office, based on information sent by the personnel management departments of ministries. There may be delays of more than a month in updating the status of employees (for example, when hiring teachers for the start of the school year). But such delays are not of great significance and do not exceed three months.

3.53 Only authorized Civil Service employees can adjust the entries in the government database. Adjustments are made only on the basis of required documentary evidence, and a physical file is kept and stored. Adjustments to the payroll are grouped together in revised payrolls and submitted for the clearance of financial controllers.

3.54 There is no annual procedure for auditing the payroll and the payroll database. In 2004 a physical audit was performed on the basis of a comprehensive census. The number of irregularities observed was low (fewer than a hundred cases).

Indicator	Score	Brief Explanation
PI-18. Effectiveness of payroll controls	B+	
(i) Degree of integration and reconciliation between personnel records and payroll data	<i>A</i>	Adjustments made to the government database (Civil Service) are automatically reflected in the payroll database. Payrolls are prepared by the Central Pay Office (BCS), which falls under DGB. They are audited by the DAFs of the ministries and cleared by financial controllers. Management of contractual employees is performed under the same system but with separate databases.
(ii) Timeliness of changes to personnel records and the payroll	<i>B</i>	There may be delays of more than a month in updating records (for example, when teachers are hired for the start of the school year), but they are not of great significance and do not exceed three months.
(iii) Internal controls of changes to personnel records and the payroll	<i>B</i>	Only authorized Civil Service employees can adjust the entries in the government database. Adjustments are made only on the basis of required documentary evidence, and a physical file is kept and stored. Revised payrolls are cleared by financial controllers.
(iv) Existence of payroll audits to identify control weaknesses and/or ghost workers	<i>B</i>	In 2004 a physical audit was performed on the basis of a comprehensive census. The number of irregularities observed was low.

Competition, value for money, and controls in procurement

3.55 Procurement is governed by the provisions of Decree 95-401/P-RM of November 10, 1995 establishing the Procurement Code. This code is now in the process of being revised. It is supposed to be brought into compliance with WAEMU Directive 05/2005/CM by January 1, 2008.

3.56 The General Directorate of Public Procurement (DGMP) of MEF is responsible for verification and control of procurement. This agency intervenes: i) prior to the announcement of competitive bidding (verification of compliance with regulations); ii) when the bids are opened (a DGMP representative attends sessions of the bid opening committees but does not take part in deliberations); and iii) in providing clearance to authorize the contract. Approval is required from DGMP for contracts under FCFA 250 million. Approval is required from the Minister of Economy and Finance for contracts between FCFA 250 million and FCFA 1 billion. Approval is required from the government (Council of Ministers) for all contracts above FCFA 1 billion. All government contracts in excess of FCFA 10 million must be cleared in advance by DGMP. Yet this agency has very limited staffing (10 analysts at the time of the PEFA assessment) and thus lacks adequate capacity to carry out its mission under reliable conditions and within a reasonable timeframe.

3.57 The statistics provided by DGMP for 2003 to 2005 indicate that open competitive bidding procedures are followed for roughly 60 to 70 percent of recorded government contracts, when all sources of financing are combined. The remaining contracts are awarded on the basis of limited competitive bidding or direct agreements.

Table 3.4: Breakdown of procurement methods by number of contracts and percentage of total

Procurement method	2003		2004		2005	
	Number	%	Number	%	Number	%
Open bidding	582	69.4%	673	64.1%	821	60.4%
Limited bidding	155	18.5%	261	24.9%	400	29.4%
Direct agreements	102	12.2%	116	11.0%	138	10.2%
Total	839	100.0%	1050	100.0%	1359	100.0%

Table 3.5: Breakdown of procurement methods by value of contracts (FCFA billion) and percentage of total

Procurement method	2003		2004		2005	
	Value	%	Value	%	Value	%
Open bidding	104.1	78.8%	87.8	74.2%	153.9	71.7%
Limited bidding	12.9	9.8%	14.5	12.3%	23.2	10.8%
Direct agreements	15.1	11.4%	16.0	13.5%	37.4	17.4%
Total	132.1	100.0%	118.3	100.0%	214.5	100.0%

3.58 The report of the Auditor General notes that the use of limited competitive bidding is not always justified under the regulations. This assessment was confirmed to the mission by the president of the National Council of Malian Employers (CNPM).

3.59 The procurement code currently in effect does not contain provisions that strictly limit the use of procurement methods other than open competitive bidding. This analysis was confirmed by the Diagnostic Study of Procurement Reforms in WAEMU Member States. Such limits will be introduced in the code when it is brought into compliance with the WAEMU directive stipulating that limited competitive bidding or direct agreements for government contracts should be used in exceptional circumstances only and must be duly justified.

Indicator	Score	Brief Explanation
PI-19. Competition, value for money, and controls in procurement	C	
(i) Evidence on the use of open competition for award of contracts that exceed the nationally established monetary threshold for small purchases	B	The statistics provided by DGMP indicate that open competitive bidding procedures are followed for roughly 60 percent of government contracts.
(ii) Extent of justification for use of less competitive procurement methods	D	The procurement code currently in effect does not contain provisions that strictly limit the use of procurement methods other than open competitive bidding. Revision of the procurement code will include the provision of the WAEMU directive stipulating that limited competitive bidding or direct agreements for government contracts should be used in exceptional circumstances only and must be duly justified.
(iii) Existence and operation of a procurement complaints mechanism	C	The analytical report on the procurement system indicates that the appeals mechanisms used in awarding government contracts are ineffective. These mechanisms are not managed by an independent entity.

3.60 Appeal mechanisms in awarding government contracts do in fact exist and are applied, but they are ineffective. They are not managed by an independent entity.

Effectiveness of internal controls for non-salary expenditure

3.61 The regulatory provisions on expenditure commitments are adhered to. The prior clearance of financial controllers [*contrôle financier*] required for expenditure commitments is awarded on the basis of the availability of spendable credits (pursuant to quarterly decrees for recurrent expenditures excluding salaries and interest on debt) and compliance with rules pertaining to competition (contract authorizations, pro forma invoices, etc.), prices, and suppliers (tax clearance). But there is no formal procedure for regulating commitments or adjusting them on the basis of an updated cash forecast or systematically updated resource estimates. The ceilings of the quarterly appropriation orders are calculated solely on the basis of budget appropriations and do not take into account resource levels that are actually expected. Thus, the commitment control system is not fully effective because it does not match commitments to anticipated resources.

3.62 There are other rules and procedures of internal controls such as the market price list, the verification of compliance of deliveries, and recording by stock accounting. Such rules are generally well known, but incomplete and sometimes ineffective. The market price list system focuses on just a small number of products and is not updated as quickly as it should be. Verification controls of the compliance of deliveries and recording by stock accounting present shortcomings identified by audits or reported by the Auditor General.

3.63 The rules in effect are generally complied with, but surveys and external audit reports have revealed that, in certain cases, the required documents are not always provided, and those that are provided are not systematically retained. Noncompliance with the rules is most often encountered in emergency situations.

Indicator	Score	Brief Explanation
PI-20. Effectiveness of internal controls for non-salary expenditure	C	
(i) Effectiveness of expenditure commitment controls	C	The prior clearance of financial controllers required for expenditure commitments is awarded only on the basis of the availability of open appropriations. The commitment control system is not fully effective because, in the absence of a forward-looking cash management system and a system of updated resource estimates, it does not match commitments to anticipated resources.
(ii) Comprehensiveness, relevance, and understanding of other internal control rules/procedures	C	There are other rules and procedures of internal controls which are generally understood, but incomplete or ineffective. The market price list is incomplete and not updated. Verifications of deliveries are insufficient (shortcomings noted by audits and the Auditor General).
(iii) Degree of compliance with rules for processing and recording transactions	C	The rules in effect are generally complied with, but surveys and external audit reports have revealed that, in certain cases, the required documents are not always provided, and those that are provided are not systematically retained. Noncompliance with the rules is most often encountered in emergency situations.

Effectiveness of internal audit

3.64 Most of the ministries have a department in charge of internal audits. The Inspectorate of Finance [*Inspection des finances*] at MEF has expanded jurisdiction for oversight of any institution or organization that receives grants or subsidies from public funding. This is also true of the General Public Services Audit Office (CGSP) established in September 2000. Both of these institutions suffer from inadequate intervention capacity given the scope of their areas of investigation. An effort has been made in recent years by CGSP to standardize audit procedures and reports and bring them into compliance with international standards. But there are still problems of coordination and programming between the various oversight institutions. CGSP is working to develop risk assessment criteria and an intervention coordination procedure to improve the programming and effectiveness of controls.

3.65 The reports of the Inspectorate of Finance and CGSP are systematically sent to the Minister of Economy and Finance, the Office of the Prime Minister, and the Office of the President of the Republic, but not to the Accounts Section of the Supreme Court (the highest audit institution that is not part of the executive).

3.66 The Office of the Prime Minister gives instructions to the institutions involved and the supervisory ministries on implementation of the recommendations in the audit and internal control reports.

3.67 The highest levels of government bodies monitor execution of the recommendations in the control and audit reports. Since the beginning of 2006, the Minister of Finance has been charged by the Prime Minister with reporting each month on the execution status of the recommendations. The execution reports are centralized at the MEF offices and then forwarded, along with summaries, to the Office of the Prime Minister. The mission was able to obtain a few copies of reports received by MEF.

Indicator	Score	Brief Explanation
PI-21. Effectiveness of internal audit	D+	
(i) Coverage and quality of the internal audit function	<i>D</i>	Internal audit departments exist but suffer from inadequate intervention capacity in relation to the scope of their areas of investigation. An effort has been made with respect to standardization of methods and reports, but problems of coordination and programming remain. The report of the Auditor General highlights these deficiencies. Audits currently do not focus enough on systemic issues.
(ii) Frequency and distribution of reports	<i>C</i>	Reports are prepared for all entities audited by internal audit departments. They are sent to MEF, the Office of the Prime Minister, and the Office of the President, but not to the Accounts Section of the Supreme Court, the highest audit institution outside the executive.
(iii) Extent of management response to internal audit findings	<i>B</i>	The Office of the Prime Minister gives instructions to the institutions involved and the supervisory ministries on implementation of the recommendations in the audit and internal control reports. The Prime Minister has asked the Minister of Economy and Finance to report to him each month on the execution status of these instructions and recommendations. The execution reports are centralized at the MEF offices and then forwarded, along with summaries, to the Office of the Prime Minister. Due to the high levels at which monitoring occurs, and its frequency, most of the recommendations and instructions are implemented. It is not yet possible to determine whether all officials have followed up promptly and comprehensively on all recommendations.

E. ACCOUNTING, RECORDING, AND REPORTING

Timeliness and regularity of accounts reconciliation

3.68 Verifications and reconciliations of accounting statements and Treasury accounts at the Central Bank are performed by ACCT on a daily basis. For accounts opened by Treasury accountants at commercial banks, the reconciliations are performed monthly, during the month following the period in question. Reconciliation statements are provided in detail for all the accounts.

3.69 To maintain government accounts, the Treasury has a computer application which needs improvement. The integrated Treasury balances given to the mission (fiscal years 2003, 2004, 2005 and first quarter 2006) reveal in fact a number of deficiencies in maintaining the accounts (inconsistencies between opening balances of one fiscal year and closing balances of the previous year, absence of Class 2 accounts [property accounts] and Classes 6 and 7 accounts [expense and revenue accounts] of the Government Chart of Accounts). The integrated balances also include large amounts for the balances of clearing accounts (#470 and #471 accounts) and equalization accounts (#48 accounts). There does not appear to be any regular clearance of these accounts. A program to improve the information system is in progress and is supposed to be finished by the end of 2006.²³

Indicator	Score	Brief Explanation
PI-22. Timeliness and regularity of accounts reconciliation	C+	
(i) Regularity of bank reconciliations	<i>A</i>	Reconciliations are performed daily for accounts at the Central Bank and monthly, during the following month, for accounts opened at other banks. Reconciliation statements are provided in detail for all the accounts.
(ii) Regularity of reconciliation and clearance of suspense accounts and advances	<i>D</i>	The integrated Treasury balances for fiscal years 2003, 2004, 2005 and first quarter 2006 show large amounts for the balances of clearing accounts (#470 and #471 accounts) and equalization accounts (#48 accounts). Thus, there is no regular clearance of these accounts, at least during the two months following the end of the year.

Availability of information on resources received by service delivery units

3.70 A public expenditure tracking survey (PETS) was recently conducted (within the last three years and completed in 2006) on the education sector. It assesses actual resources allocated to schools. In general, there is no systematic monitoring of budget execution (in physical and financial terms) at the most deconcentrated units (schools or medical centers).

Indicator	Score	Brief Explanation
PI-23. Availability of information on resources received by service delivery units	C	A PETS survey was recently conducted (within the last three years and completed in 2006) on the education sector. It assesses actual resources allocated to schools.

²³ An update on progress to improve the information system is provided in Chapter 5 of main PEMFAR report.

Quality and timeliness of in-year budget reports

3.71 Beginning in 1998, the Ministry of Economy and Finance developed an application for managing budget execution (this application, called PRED, was originally financed by USAID). The application was installed at DGB, at DNCF, and in all departments that manage appropriations at the ministry or regional level (second-tier account managers). The application has been mastered and used to prepare budgets and monitor their execution. But the absence of interconnections between different departments means that the General Directorate of the Budget cannot yet consolidate the information in a timely fashion. Data centralization performed by the National Financial Audit Directorate (DNCF) does not guarantee that the information is comprehensive and reliable because it is based on retrieval of data shown on the commitment forms reported by financial controllers. Similarly, the data in the computer applications of the National Directorate of the Treasury and Public Accounting (DNTCP) are retrieved from commitment forms that have reached the intake stage.

3.72 At the present time, despite the availability of the PRED application, MEF cannot be said to possess an integrated information system that allows it to produce data according to budget classifications at the various stages of the expenditure process (from commitment through payment). Its departments do not yet produce quarterly reports analyzing budget execution based on such information. The existing information (at DNTCP and DNCF) is incomplete. The entire expenditure chain is covered, but there is no way to establish linkages or consistency between appropriations, commitments, and orders to pay, on the one hand (DNCF data), and payment on the other (DNTCP data). In addition, since the data are retrieved at each stage of the expenditure chain, their reliability is not altogether certain.

3.73 The situation should, however, rapidly improve because the programs under way aim to integrate the information systems of DGB (Budget), DNCF (financial audits), and DNTCP (accounting) by the end of 2006. Furthermore, the mission was informed of the existence of a fiber optic network that provides opportunities to interconnect MEF departments with those of second-tier account managers.

Indicator	Score	Brief Explanation
PI-24. Quality and timeliness of in-year budget reports	D+	
(i) Scope of reports in terms of coverage and compatibility with budget estimates	C	<p>During the year, DNCF publishes detailed data on a quarterly basis, or monthly upon request, that is classified in accordance with the budget nomenclature (administrative and economic classifications). This information is limited to appropriations, commitments, and orders to pay.</p> <p>For the purposes of the WAEMU TOFE, DNTCP produces expenditure data each quarter, classified by type and only at the payment stage.</p> <p>These data are used to produce budget execution tracking reports, but at an overly aggregated level.</p> <p>There is no way to establish linkages between the two categories of data (DNTCP, DNCF), nor to produce expenditure statements covering all stages of the expenditure chain.</p> <p>The budget execution tracking reports prepared on the basis of these data are also excessively aggregated.</p>

Indicator	Score	Brief Explanation
(ii) Timeliness of the issue of reports	D	Analytical reports on budget execution during the year are prepared for the purpose of monitoring the policies developed under WAEMU (convergence). These are quarterly reports, but take more than 8 weeks to produce.
(iii) Quality of information	C	The existing information (at DNTCP and DNCF) is produced on the basis of data retrieved at each stage of the expenditure chain. As a result, its reliability is not altogether certain.

Quality and timeliness of annual financial statements

3.74 Since 2003 Mali has followed the WAEMU chart of accounts. In addition, Article 45 of Law 96-060 on budget laws stipulates that the draft budget execution review law [*loi de règlement*] filed by the government at the National Assembly must be accompanied by a “general statement of conformity, prepared by the Accounts Section of the Supreme Court, between the accounting statements produced by Treasury accountants and the administrative accounts maintained by account managers.” In principle, the treasury accounts [*comptes des gestion*] must be sent to the Accounts Section of the Supreme Court (ASSC) within six months of the end of the complementary period, i.e. the end of the month of July of the year following the fiscal year in question. But the mission was unable to establish the existence of accounting statements. Regarding preparation of the certificate of conformity, Treasury officials say they send the position of each line item to ASSC at the end of each month, along with documentary evidence. These data are not consolidated at the end of the year.

3.75 In addition, as already noted above, the integrated balances given to the mission exhibit deficiencies. Treasury officials have encountered difficulties with their computer applications. Actions are under way to introduce modifications and improvements to the systems in use by the end of 2006.

Indicator	Score	Brief Explanation
PI-25. Quality and timeliness of annual financial statements	D+	
(i) Completeness of the financial statements	D	A budget execution review law is produced each year, but the information is incomplete because it is not accompanied by treasury accounts and administrative accounts. MEF does not prepare a consolidated financial statement.
(ii) Timeliness of submission of the financial statements	C	Draft budget execution review laws (BELs) are filed late at the Accounts Section of the Supreme Court. The 2004 BEL was filed in April 2006. The 2005 BEL has not yet been filed.
(iii) Accounting standards used	C	The official accounting standards follow the WAEMU directive on public accounting. Accounts have been presented in the same format from one year to the next since 2004, when the accounting system was changed. However, the mission noted numerous inconsistencies in the Treasury balances provided for fiscal years 2003, 2004, 2005 and first quarter 2006. Organizational weaknesses combined with the shortcomings of the information systems hinder effective implementation of all standards.

F. EXTERNAL SCRUTINY AND AUDIT

Scope, nature, and follow-up of external audit

3.76 Two institutions are responsible for external audit: the Accounts Section of the Supreme Court (ASSC) and the Office of the Auditor General (BVG).

3.77 As a result of its limited capacities (linked to a constitutional cap on the number of magistrates), the Accounts Section performs few audit missions each year. At the present time, its resources are primarily focused on: i) audits of projects financed by the United Nations system (a government commitment); ii) preparation of the report on treasury accounts and the certificate of conformity; and iii) audits of all political parties subsidized by government.

3.78 BVG was established by Law 03-030 of August 25, 2003 and is intended to serve as an “independent administrative authority.” It has greater resources (relatively large budget allocations and foreign aid), but its practices are sometimes disputed. Legal adjustments are likely necessary to spell out its position in relation to other audit entities, its areas of intervention, the status of its employees, and the status (legal value) of its reports. In 2005, it audited five enterprises, the General Directorate of Public Procurement, and two ministries.

3.79 All the entities audited in 2005 by ASSC and BVG account for less than 50 percent of public expenditure.

3.80 There were major delays in ASSC’s presentation of the audit reports for 1999 to 2004. The draft budget execution review laws for the corresponding fiscal years are now being reviewed by the National Assembly. The audit report on treasury accounts for 2005 is not yet available.²⁴

Indicator	Score	Brief Explanation
PI-26 Scope, nature, and follow-up of external audit	D	
(i) Scope/nature of audit performed (including adherence to auditing standards)	<i>D</i>	The Accounts Section of the Supreme Court (ASSC) performs few audit missions as a result of its limited capacities (linked to a constitutional cap on the number of magistrates). Its current priorities are: preparation of the report on budget execution and the certificate of conformity; audits of political parties’ accounts; audits of the administrative accounts and treasury accounts of certain local governments; audits of certain projects financed by the United Nations system. The Office of the Auditor General (BVG) has greater resources, but legal adjustments are needed to clarify its status. In 2005, it audited five enterprises, the General Directorate of Public Procurement, and two ministries. All the entities audited in 2005 by ASSC and BVG account for less than 50 percent of public expenditure.
(ii) Timeliness of submission of audit reports to legislature	<i>D</i>	The audit reports for fiscal years 1999 to 2004 were produced very late because of inadequate human and material resources at ASSC. The delays were reduced for fiscal years prior to 2004. ASSC submitted the 2004 budget execution review law to the National Assembly in September 2006. The audit of fiscal year 2005 has not yet been done.
(iii) Evidence of follow-up on audit recommendations	<i>D</i>	The National Assembly has run into considerable delays in reviewing budget execution review laws and audit reports. There is no evidence of follow-up on recommendations.

²⁴ An update on status of ASSC audited accounts is presented in Chapter 5 of the main PEMFAR report.

Legislative scrutiny of the annual budget law

3.81 The National Assembly developed and approved internal rules of procedure for reviewing draft budget laws (document available). The draft budget is first examined by the Finance and Planning Commission, which encompasses a number of task forces (broken down by sector) that organize hearings with representatives of government and institutions involved in the specific issues. Once it completes its work, the Finance and Planning Commission presents its report at a plenary session of the Assembly. The PEFA mission received a copy of this report pertaining to the 2006 draft budget. It also obtained a report of the Commission's hearing with the Director General of the Budget concerning the same draft budget. These two documents show that the National Assembly does indeed analyze all issues related to budget policies, multiyear outlooks (beyond three years), the results of prior fiscal years and the fiscal year in progress, and projections for the next fiscal year.

3.82 The rules for amending budget appropriations during the fiscal year are clearly laid out by the financial system, but do not strictly limit the scope and nature of such amendments. The rules are followed and the changes in budget appropriations are reported in detail, in accordance with Law 96-060 on budget laws, in a document accompanying the draft budget execution review law.

Indicator	Score	Brief Explanation
PI-27 Legislative scrutiny of the annual budget law	B+	
(i) Scope of the legislature's scrutiny	<i>A</i>	A copy of the Finance Commission's report on the 2006 draft budget and the report on a hearing with the Director General of the Budget show that the National Assembly reviews all relevant issues pertaining to the draft budget.
(ii) Extent to which the legislature's procedures are well established and respected	<i>B</i>	The National Assembly developed and approved internal procedures for reviewing draft budget laws (document available). Adherence to these rules was stressed by all members of the National Assembly's Finance and Planning Commission with whom the mission met. The mission considers that the rules are followed, or at least the main provisions. But it was not possible to determine whether all the provisions are strictly enforced.
(iii) Adequacy of time for the legislature to provide a response to budget proposals, both the detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined)	<i>A</i>	In practice, the government adheres to the obligation to file the draft budget by the first Monday of October. The National Assembly then has more than two months to examine and approve it.
(iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature	<i>B</i>	The rules for amending budget appropriations during the fiscal year are clearly laid out by the financial system, but do not strictly limit the scope and nature of such amendments. These rules are followed. Changes in budget appropriations are reported in detail in a document accompanying the draft budget execution review law.

Legislative scrutiny of external audit reports

3.83 Adoption of draft budget execution review laws (BELs) has fallen well behind schedule, and the time taken by the National Assembly to review the drafts usually exceeds 12 months. The National Assembly is scheduled to review, during its current session (fourth quarter 2006), the BELs for fiscal years 1999 to 2004. The draft BELs are not always filed according to the timelines established by the organic law defining the financial regime of the Government (the 2004 BEL was filed in April 2006 and the 2005 BEL has not yet been filed). The major priority placed by ASSC on preparing budget execution review laws and accounts certification has reduced much of the backload. Future efforts need to focus on the Treasury's timely preparation of high-quality consolidated accounting statements to facilitate legislative scrutiny of the reports.

3.84 In their discussions with the mission, members of the Finance Commission of the National Assembly noted their inadequacies and inexperience in reviewing BELs and organizing audits and hearings. They have organized training sessions to address these deficiencies.

Indicator	Score	Brief Explanation
PI-28 Legislative scrutiny of external audit reports	D	
(i) Timeliness of examination of audit reports by the legislature (for reports received within the last three years)	<i>D</i>	Examination of budget execution review laws in the National Assembly is well behind schedule (more than 12 months). The National Assembly is currently reviewing the BELs for fiscal years 1999 to 2004. It was not possible to establish the availability of the certificate of conformity for 2005.
(ii) Extent of hearings on key findings undertaken by the legislature	<i>D</i>	Members of the Finance Commission of the National Assembly recognize their inadequacies and inexperience in reviewing BELs and organizing audits and hearings. They have organized training sessions to address these deficiencies.
(iii) Issuance of recommended actions by the legislature and implementation by the executive	<i>D</i>	The National Assembly does not formally take any action relative to execution or monitoring the execution of recommendations from external audit institutions (ASSC or BVG).

G. DONOR PRACTICES

Predictability of direct budget support

3.85 Forecasts of budget support are generally not reliably known until the budget is presented to the legislature, i.e. in October of each year. The procedures of certain institutions may make it possible to know their estimates earlier, but not for all years. The European Union, for example, has three-year programming of budget support, so reliable annual forecasts can be obtained for at least two fiscal years (the second and third years targeted by funding agreements). In most cases, however, budgetary aid from TFPs is not known until the draft budget has been filed at the National Assembly, i.e. after the beginning of the fiscal year.

3.86 There is no system of three-year programming of disbursements of budget support from donors.

Indicator	Score	Brief Explanation
D-1 Predictability of direct budget support	D	
(i) Annual deviation of actual budget support from the forecast provided by the donor agencies at least six weeks prior to the government submitting its budget proposals to the legislature	<i>D</i>	Forecasts of budget support are generally not reliably known until the budget is presented to the legislature, or sometimes even before the start of the fiscal year. In most cases, budgetary aid from TFPs is not known until the draft budget has been filed at the National Assembly, i.e. after the beginning of the fiscal year.
(ii) In-year timeliness of donor disbursements (compliance with aggregate quarterly estimates)	<i>D</i>	There is no system of three-year programming of disbursements of budget support from donors.

Financial information provided by donors for budgeting and reporting on project and program aid

3.87 The National Directorate of Planning regularly receives forecasts from most TFPs regarding project funding. In July, at the time of the budget conferences, this agency possesses the bulk of the necessary data for listing, in the Special Investment Budget, externally financed projects and national counterpart financing.

3.88 Donors do not provide periodic in-year data on disbursements of project support. The only data available are those generated by a quarterly survey of project managers by the National Directorate of Planning.

Indicator	Score	Brief Explanation
D-2 Financial information provided by donors for budgeting and reporting on project and program aid	D+	
(i) Completeness and timeliness of budget estimates by donors for project support	<i>C</i>	The National Directorate of Planning centralizes budget estimates for most TFPs in July to develop the draft Special Investment Budget. The data provided by donors are not always consistent with national classifications.
(ii) Frequency and coverage of reporting by donors on actual donor flows for project support	<i>D</i>	Donors do not provide periodic in-year data on disbursements of project support.

Proportion of aid that is managed by use of national procedures

3.89 All budgetary aid (HIPC included) adheres to national procedures. In contrast, for all project aid, the procedures followed do not comply with national procedures for procurement, nor with those for budget expenditure execution (commitments, orders to pay, payments). Over the last three fiscal years (2003 to 2005), budgetary aid including HIPC has always accounted for

less than 45 percent of total foreign aid.²⁵ In 2005, it accounted for 35.7 percent of total aid (27.4 percent excluding HIPC).

Indicator	Score	Brief Explanation
D-3 Proportion of aid that is managed by use of national procedures	D	All budgetary aid (HIPC included) adheres to national procedures. For project aid, the procedures followed do not comply with procedures for expenditures from the government's own resources. In 2005, budgetary aid, including HIPC, accounted for less than 50 percent of total foreign aid.

4. GOVERNMENT REFORM PROCESS

A. RECENT AND ONGOING REFORMS

4.1 Improving public financial management is one of the objectives of the PRSP and the Institutional Development Program. Such improvement is the target of a specific government program called: “Program to Improve and Modernize Public Financial Management” (PAGAMGFP). The plan was adopted in May 2005 and it covers the period from 2005 to 2008. It aims to:

- adapt and modernize the general public finance framework,
- enhance governance and transparency,
- enhance the effectiveness of the tax and finance administrations,
- improve the quality of budget preparation and execution,
- incorporate external financing into national budgetary procedures,
- interlink the public expenditures management information system,
- enhance the performance of Administrative and Financial Directorates and similar entities,
- enhance the efficiency of public procurement,
- implement a continuing education program for public financial management staff.

4.2 The PAGAMGFP resulted in the drafting of annual action plans, which were prepared in consultation with all stakeholders, including technical and financial partners. These action plans are covered in the central government budget.

4.3 Furthermore, laws and regulations are made in compliance with WAEMU Directives and Regulations, or will be made compliant according to the timetable set out (Public Procurement Code).

B. INSTITUTIONAL FACTORS SUPPORTING REFORM PLANNING AND IMPLEMENTATION

4.4 The Government instituted its program of PFM system reforms to improve the efficiency of public expenditures and to achieve its strategic policy objectives, especially those set out in the PRSP. The Government will have to meet many challenges to ensure the success of the

²⁵ Source of data: IMF report op. cit.

PAGAMGFP: mobilizing PFM stakeholders and promoting their ownership of the reforms and building the capacities for implementing, monitoring, and evaluating reforms.

Mobilizing Stakeholders and Ownership of Reforms

4.5 Recent improvements in PFM have demonstrated the importance of the authorities' commitment to successful reforms. This commitment means commitments by stakeholders at every level and in every part of the government. Greater awareness and better dissemination of information about reforms and objectives facilitates ownership of the process by stakeholders and enhances mobilization. This mobilization should extend beyond senior civil servants in financial units. Some Ministries, such as the Ministry of Economy and Finance, the Ministry of Local Government and the Ministry of Planning, will play a key role, but the accountability of other ministries and institutions must not be overlooked. Action plans should be clear-cut, along with the division of tasks and the degrees of accountability at each level for implementation. These plans should be incorporated into the program budgets of the ministries and institutions.

Need to Overcome Weak Implementation Capacities

4.6 The pace of reform could be held up by weak implementation capacities, which could lead to delays in projects and programs and to increased costs. Weak technical capacities are a major constraint that must be overcome, particularly with regard to deconcentrated units.

Coordination and Execution of Reforms

4.7 The scope of the reforms is very broad, covering a wide variety of areas and involving a broad range of government units. Therefore, special attention should be devoted to program implementation and monitoring procedures. Programs for ministries and institutions should be prepared in consultation with the stakeholders concerned to ensure synergy and optimal allocation of resources and implementation capacities, given their relative rarity. Frameworks are required for coordination and consultations between players in the ministries and regions and between ministries. The system called for in the PAGAMGFP, with a Technical Committee and Technical Secretariat working in coordination with the ministerial structures and the PRSP committees, could be the solution to these concerns.

Annex 1: Performance Indicators Summary

Public Financial Management Performance Indicators		Scoring method	Component scores				Aggregate score
			i.	ii.	iii.	iv.	
A. PUBLIC FINANCIAL MANAGEMENT SYSTEM OUT-TURNS: Credibility of the Budget							
PI-1	Aggregate expenditure out-turn compared to original approved budget	M1					A
PI-2	Composition of expenditure out-turn compared to original approved budget	M1					B
PI-3	Aggregate revenue out-turn compared to original approved budget	M1					B
PI-4	Stock and monitoring of expenditure payment arrears	M1	C	D			D+
B. CROSS-CUTTING FEATURES Comprehensiveness and Transparency							
PI-5	Classification of the budget	M1					C▲
PI-6	Comprehensiveness of information included in budget documentation	M1					C▲
PI-7	Extent of unreported central government operations	M1	C	A			C+
PI-8	Transparency of intergovernmental fiscal relations	M2	A	D	D		C
PI-9	Oversight of aggregate fiscal risk from other public sector entities	M1	C	C			C
PI-10	Public access to key fiscal information	M1					C
C. BUDGET CYCLE							
C (i) Policy-Based Budgeting							
PI-11	Orderliness and participation in the annual budget process	M2	B	C	A		B
PI-12	Multiyear perspective in fiscal planning, expenditure policy and budgeting	M2	A	B	B	C	B
C (ii) Predictability and Control in Budget Execution							
PI-13	Transparency of taxpayer obligations and liabilities	M2	B	C	C		C+
PI-14	Effectiveness of measures for taxpayer registration and tax assessment	M2	C	C	C		C
PI-15	Effectiveness in collection of tax payments	M1	C	A	B		C+
PI-16	Predictability in the availability of funds for commitment of expenditures	M1	C	C	B		C+
PI-17	Recording and management of cash balances, debt and guarantees	M2	C	C	C		C
PI-18	Effectiveness of payroll controls	M1	A	B	B	B	B+
PI-19	Competition, value for money and controls in procurement	M2	B	D	C		C
PI-20	Effectiveness of internal controls for non-salary expenditure	M1	C	C	C		C
PI-21	Effectiveness of internal audit	M1	D	C	B		D+
C (iii) Accounting, Recording and Reporting							
PI-22	Timeliness and regularity of accounts reconciliation	M2	A	D			C+
PI-23	Availability of information on resources received by service delivery units	M1					C
PI-24	Quality and timeliness of in-year budget reports	M1	C	D	C		D+
PI-25	Quality and timeliness of annual financial statements	M1	D	C	C		D+
C (iv) External Scrutiny and Audit							
PI-26	Scope, nature and follow-up of external audit	M1	D	D	D		D
PI-27	Legislative scrutiny of the annual budget law	M1	A	B	A	B	B+
PI-28	Legislative scrutiny of external audit reports	M1	D	D	D		D
D. DONOR PRACTICES							
D-1	Predictability of Direct Budget Support	M1	D	D			D
D-2	Financial information provided by donors for budgeting and reporting on project and program aid	M1	C	D			D+
D-3	Proportion of aid that is managed by use of national procedures	M1					D

Annex 2: Brief explanation of scores for each indicator

Indicator	Score	Brief Explanation
A. BUDGET CREDIBILITY		
PI-1. Aggregate expenditure out-turn compared to original approved budget	A	Using the PEFA method, based on primary expenditure, the deviations between the original approved budget and actual expenditure were: <ul style="list-style-type: none"> - 2003: 1.7% - 2004: 3.1% - 2005: 1.9%
PI-2. Composition of expenditure out-turn compared to original approved budget	B	Changes in the actual composition of the budget (according to administrative classification) in relation to the original approved budget composition amounted to: <ul style="list-style-type: none"> - 2003: 4.1% - 2004: 2.6% - 2005: 7.5% <p>(data and calculations presented in Annex F)</p>
PI-3. Aggregate revenue out-turn compared to original approved budget	B	Total actual revenue in comparison to revenue in the original approved budget: <ul style="list-style-type: none"> - 2003: 94.6% - 2004: 93.9% - 2005: 94.3%
PI-4. Stock and monitoring of expenditure payment arrears	D+	
(i) Stock of expenditure payment arrears and any recent change in the stock	C	Mali does not accumulate arrears on external debt. The monthly, quarterly, and annual TOFEs do not indicate the existence of payment arrears on domestic expenditure (defined as vouchers processed by accountants and remaining unpaid 90 days following their payment order issue). But these TOFEs also do not show changes in outstanding payments (considered “arrears” or “funds en route” under WAEMU guidelines) at the level of lines to adjust to a cash basis. None of the documents provided to the mission mentions the existence of arrears, but the absence of reliable data makes it impossible to confirm this. The mission examined the data on outstanding payments, Treasury balances, and TOFEs for several fiscal years. The mission believes that arrears may exist and may exceed 2 percent of total expenditure, but could not be as high as the 10 percent threshold. There are no indications about a possibly significant reduction in arrears over the last two years.
(ii) Availability of data for monitoring the stock of expenditure payment arrears	D	The system does not produce data for a profile of the stock of unpaid vouchers by age and stage of execution. The management systems of Treasury departments do not provide a way to indicate, for each voucher processed at the accounting level, at least the date of payment order issue so as to be able, if necessary, to calculate arrears according to the official definition (WAEMU). These systems should also be able to give the “age” of vouchers processed by accountants since their commitment date (useful information for sound expenditure management).

Indicator	Score	Brief Explanation
PI-5. Budget classification	C ▲	<p>The official budget nomenclature is consistent with WAEMU guidelines. It is also consistent with GFS 1986 but not with GFS 2001.</p> <p>The 2007 budget is presented on the basis of economic and administrative classifications. It also contains a presentation of expenditure by program.</p> <p>The 2004 draft budget execution law (the most recent budget execution law presented to the National Assembly) is presented on the basis of economic and administrative classifications. It does not contain out-turns by function or by program, nor on the basis of a sectoral classification in connection with at least the 10 GFS-COFOG classes.</p> <p>An arrow was added to the score to reflect the fact that presentation of the original budget and its execution are carried out in accordance with all the classifications, and that officials have decided to attach expenditure statements classified by function to the budget execution laws.</p>
PI-6. Comprehensiveness of information included in budget documentation	C ▲	<p>The draft budget is presented to the legislature with the following documents:</p> <ul style="list-style-type: none"> - Introductory Statement - Draft Budget Law - Revenue Table - Expenditure Table - Special Investment Budget - Explanatory Annex: "Voted Services – New Measures" - Program Budgets - Other Budget Annexes <p>In terms of the PEFA assessment, the following criteria are met:</p> <ul style="list-style-type: none"> i) macroeconomic hypotheses (in the introductory statement); ii) budget deficit (in the introductory statement). Although the deficit as presented does not completely match the GFS standard (classification of privatization revenue), its definition does meet international standards; vii) a budget execution statement for the year in progress (this statement presents the original appropriations of the budget for the year in progress, still considered as objectives at the time of presentation of the draft budget for the following year, when there is no revised budget or decreed advances); viii) a summary of budget data on revenue and expenditure (Revenue Table and Expenditure Table broken down by function, but not by administrative classification). <p>The criteria that are not met are the following:</p> <ul style="list-style-type: none"> iii) information on deficit financing (its composition); iv) detailed information on debt stock; v) financial assets; vi) out-turn of budgets for previous and earlier fiscal years (in the presentation of the 2007 budget, execution for fiscal year 2005 is not given); ix) impact analyses (in the documents accompanying the draft budget there is an annex containing appropriations associated with new measures in relation to revenue and expenditure, but there is no impact analysis). <p>Adding an arrow to the score is justified by the decision to attach, to future draft budgets, statements that, at a minimum, meet criteria iv), v), and vi) inasmuch as the capacity to provide the required information already exists.</p>

Indicator	Score	Brief Explanation
PI-7. Extent of unreported government operations	C+	
(i) Level of extra-budgetary expenditure	C	Only the revenues and expenditures of autonomous government agencies (apart from transfers from the government) are not recorded in the government budget or as further information in the budget documents presented to the National Assembly. Such expenditures accounted for slightly more than 5 percent of total resources in 2005.
(ii) Income/expenditure information on donor-funded projects	A	A small amount of expenditure on TFP funded projects is not included in the government budget or the additional information provided to the National Assembly. This involves certain grant financed projects. All loan financed expenditures are reported. The available data indicate that more than 90 percent of project revenues and expenditures financed by TFPs are included in the fiscal reports.
PI-8. Transparency of intergovernmental fiscal relations	C	
(i) Transparency and objectivity in the horizontal allocation among subnational governments	A	The three types of transfers to deconcentrated services (taxes, subsidies, and expenditures of the National Local Community Investment Agency [ANICT]) are carried out in accordance with transparent and well established criteria.
(ii) Timeliness of reliable information to subnational governments on their allocations	D	Local governments prepare a preliminary budget for Fiscal Year N which they submit to the supervisory authority (MATCL) before October 1 of Year N-1, plus an additional budget in June of Year N. Information on the transfers and subsidies which they may receive does not reach them until after the beginning of the fiscal year. For the 2006 budget, information on transfers was approved by the National Assembly in December 2005. Information on the allocations for each local government was provided by official letter from the Ministry of Territorial Administration and Local Government in March 2006.
(iii) Extent of consolidation of fiscal data for general government according to sectoral categories	D	Consolidated fiscal information (concerning at least revenue and expenditure) is not collected and reported for general government under at least one of the official classifications, or alternatively in accordance with sectoral categories (consistent with NAEMA).
PI-9. Oversight of aggregate fiscal risk from other public sector entities	C	
(i) Extent of central government monitoring of autonomous government agencies and public enterprises	C	In 2005, MEF received fiscal reports from 56 of 82 AGAs. MEF produced a summary report that is not, however, comprehensive. The report does not contain a risk analysis.
(ii) Extent of central government monitoring of subnational governments' fiscal position	C	Each year MEF receives information on the revenues and expenditures of deconcentrated departments, but it does not produce a summary report.

Indicator	Score	Brief Explanation
PI-10. Public access to key fiscal information	C	<p>Information on fiscal forecasts, positions, and performance is not easily available to the public.</p> <p>Of the six PEFA criteria, only the one on making data available to the public on the resources of primary service units (criterion vi) can be considered as having been met. These data appear in the decrees allocating budget appropriations and in the quarterly budget authority orders, and can be provided to any person who requests them.</p>
PI-11. Orderliness and participation in the annual budget process	B	
(i) Existence of and adherence to a fixed budget calendar	B	<p>A clear calendar exists and is noted in the budget circular. It takes into account the legal deadline for filing the draft budget before the first Monday of October. Adherence to the calendar is good. However, the time given to the ministries to prepare their draft budgets is short. The budget circular for Fiscal Year 2007 allowed them only four weeks (from June 1 to 30, 2006).</p>
(ii) Guidance on the preparation of budget submissions	C	<p>In May, before the final version of the budget circular is produced, MEF organizes a seminar for all the financial directors (DAFs) of ministries and deconcentrated departments. The workshop discussions focus on past experience in budget preparation and the main thrusts for the coming budget.</p> <p>MEF provides to each ministry or institution the circular and the budget package (ceilings) that apply to it. But there is no prior approval of these packages by the government.</p>
(iii) Timely budget approval by the legislature	A	<p>For at least the last three fiscal years (2004, 2005, and 2006), the National Assembly has adopted the budget law on time.</p>
PI-12. Multiyear perspective in fiscal planning and public expenditure policy	B	
(i) Multiyear fiscal forecasts and functional allocations	A	<p>For Fiscal Year 2007, MEF prepared a draft Medium Term Budget Framework (MTBF) for the period 2007-2011 reflecting the PRSP prepared for the same period. The draft MTBF was attached to the draft budget filed at the National Assembly. It had been prepared in April-May and was used in determining the indicative packages attached to the budget circular.</p> <p>At the budget conferences, arbitration occurs and the differences between the MTBFs and the annual proposals are explained in an arbitration report.</p> <p>In addition, the draft budget includes the program budgets of each institution.</p>
(ii) Scope and frequency of debt sustainability analysis	B	<p>A debt sustainability report exists for 2004. It covers both external and domestic debt.</p>
(iii) Existence of costed sector strategies	B	<p>Sector strategies, accompanied by assessments of three-year programs, exist for a number of sectors: education, health, justice, social development, urban planning and public works, mining and water supply, and communication and new technologies. These sectors account for 48.2 percent of total expenditure (excluding debt charges and externally financed project expenditure). The strategies for other sectors are in the process of preparation or approval.</p>

Indicator	Score	Brief Explanation
(iv) Linkages between investment budgets and medium term expenditure estimates	C	<p>The special investment budget gives priority to counterpart expenditures (national contribution to externally financed projects).</p> <p>Expenditures (operations and investments) are presented in the ministries' budgets in two parts: budgets approved by vote, and new measures. The latter do not explicitly incorporate recurrent costs or new investment impact analyses.</p>
PI-13. Transparency of taxpayer obligations and liabilities	C+	
(i) Clarity and comprehensiveness of tax and customs liabilities	B	<p>The rules on tax and customs liabilities are well established.</p> <p>There are some taxes (few in number) for which agents of the tax authorities possess limited discretionary power.</p> <p>Tax adjustments leave some room for interpreting specific situations, although the latitude is limited by the oversight procedure set in place at DGI. Representatives of employers (CNPM) and of the Chamber of Commerce (CCIM) did not express any particular concerns in this regard.</p>
(ii) Taxpayers' access to information on tax and customs liabilities and administrative procedures	C	<p>DGD has an Internet site through which it disseminates information, but it recognizes the delays in updating the information. Customs brokers connected to the Sydonia++ network have access to all data on taxation and administrative procedures through this system. DGI does not yet have an Internet site. It provides information through public notices, the press, and local radio stations. At its Bamako agencies, it also has reception and information facilities. Officials of the Chamber of Commerce and Industry and the National Council of Malian Employers point out that information on tax and customs liabilities and related administrative procedures are generally well known to taxpayers in the major urban centers, but not sufficiently well known in remote regions. They also note the slowness in updating the information.</p>
(iii) Existence and functioning of a tax and customs appeals mechanism	C	<p>For appeals, since October 2003 DGD has followed the provisions set forth under the WTO agreements. DGD believes it is too early to evaluate the effectiveness of the system now in place.</p> <p>DGI also has a system of appeals, but its effectiveness, in the opinion of DGI, presents shortcomings. Improvements are planned, particularly with respect to organizing the recording and monitoring of the appeals process.</p>
PI-14. Effectiveness of measures for taxpayer registration and tax and customs duty assessment	C	
(i) Controls in the taxpayer registration system	C	<p>Taxpayers are identified by the Taxpayer Identification Number (TIN) instituted by law.</p> <p>DGI manages the taxpayer file and updates it on the basis of tax declarations and annual censuses.</p> <p>The DGI file is not linked to other major databases of other MEN departments or other institutions (Social Security, Statistics, etc.).</p> <p>The TIN is used by all MEF departments (Customs, Taxation, Budget, Treasury, and Audit).</p>

Indicator	Score	Brief Explanation
(ii) Effectiveness of penalties for noncompliance with registration and tax declaration obligations	C	<p>Noncompliance with registration obligations is subject to penalties based on the legal and regulatory provisions of the General Tax Code.</p> <p>The enforcement of penalties was improved by reorganizing the departments and computerizing the Bamako centers, but not in the rest of the country.</p> <p>The penalties are not a sufficient deterrent (Customs) or are difficult to enforce in their entirety (Taxation). DGI thinks the system needs to be reformed.</p> <p>Representatives of employers (CNPM) and the Chamber of Commerce (CCIM) did not express any concerns regarding the system of sanctions.</p>
(iii) Planning and monitoring of tax audit programs	C	The audit programs are adopted each year and are well enforced. They are not yet based on well established risk assessment criteria.
PI-15. Effectiveness in collection of tax payments and customs duties	C+	
(i) Collection ratio for gross tax arrears, calculated as a percentage of tax arrears during that fiscal year	C	<p>DGD has no tax arrears to collect.</p> <p>DGI's tax arrears are to a large extent irrecoverable arrears that are not listed as such.</p> <p>The collection ratio was 10.2 percent in 2004 and 77.5 percent in 2005 (average ratio of 44 percent). The ratio will be improved when the reconciliation procedures for irrecoverable arrears are completed. The score of C best reflects the level of effectiveness in collection, because the preceding ratios are skewed by irrecoverable arrears pending reconciliation.</p>
(ii) Effectiveness of transfer of tax and customs duty collections to the Treasury by tax and customs officials	A	All tax and customs duty payments are either directly collected by Treasury agents assigned to customs posts or promptly transferred to the Treasury by tax collectors.
(iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears records, and receipts by the Treasury	B	<p>The data on collections and transfers to the Treasury are reconciled each week between DGI tax collectors and Treasury officials.</p> <p>The delay in transmitting data from remote centers makes complete monthly controls at the central level impossible.</p> <p>A cross-check is performed quarterly between DGI and the Central Treasury Accounting Office (ACCT). This cross-check is done manually.</p>
PI-16. Predictability in the availability of funds for commitment of expenditures	C+	

Indicator	Score	Brief Explanation
(i) Extent to which cash flows are forecast and monitored	<i>C</i>	<p>A cash forecast (with a monthly breakdown of budget estimates of revenues and expenditures) is prepared each year and attached to the draft budget in accordance with Article 41 of Law 96-060. The forecast is not adjusted during the year.</p> <p>A treasury committee, chaired by the Minister of Economy and Finance, holds a weekly meeting to examine the country's cash position.</p> <p>For this meeting, Treasury officials prepare a revenues and expenditures statement, a statement on funds availability, and a statement on remaining sums to be collected in relation to budget estimates.</p> <p>There are no procedures and no formal system for adjusting the original cash flow forecasts.</p>
(ii) Reliability and frequency of periodic in-year information to MDAs on ceilings for expenditure commitment	<i>C</i>	The expenditure ceilings for ministries are prepared each quarter (every six months for salaries) and sent to the line ministries (in the form of quarterly budget appropriation orders). The ministries know their commitment ceilings for the quarter at least two months in advance and at most three months.
(iii) Frequency and transparency of adjustments to budget allocations, which are decided above the level of management of MDAs	<i>B</i>	Budget adjustments are frequently made in accordance with the procedure for transferring appropriations, but have no impact on the budget structure. They are carried out transparently (by order of the Minister of Finance and attached to the draft budget execution law explaining all adjustments).
PI-17 Monitoring and management of cash balances, debt, and guarantees	C	
(i) Quality of debt data recording and reporting	<i>C</i>	<p>The General Directorate of Public Debt (DGDP) centralizes and records all funding agreements, as well as disbursements related to loan funded projects or programs. This agency manages domestic and external debt service.</p> <p>For that purpose the agency has an appropriate computer application which it uses effectively.</p> <p>However, the data are not reconciled at in-year intervals.</p> <p>DGDP does not regularly produce, or does not disseminate during the year, all statistics on debt stock, although the agency is capable of so doing.</p> <p>DGDP produces a quarterly report and data on debt service (for the purpose of preparing the WAEMU TOFE).</p>
(ii) Extent of consolidation of the government's cash balances	<i>C</i>	Cash balances are consolidated each day and each week for each line item. Cash balances are consolidated on a monthly basis for all line items.
(iii) Systems for contracting loans and issuance of guarantees	<i>C</i>	All agreements must first be reviewed by the General Directorate of Public Debt and cleared by the Minister of Economy and Finance. But the debt ceiling and its composition are not explicitly set by the budget law.
PI-18. Effectiveness of payroll controls	B+	

Indicator	Score	Brief Explanation
(i) Degree of integration and reconciliation between personnel records and payroll data	<i>A</i>	Adjustments made to the government database (Civil Service) are automatically reflected in the payroll database. Payrolls are prepared by the Central Pay Office (BCS), which falls under DGB. They are audited by the DAFs of the ministries and cleared by financial controllers. Management of contractual employees is performed under the same system but with separate databases.
(ii) Timeliness of changes to personnel records and the payroll	<i>B</i>	There may be delays of more than a month in updating records (for example, when teachers are hired for the start of the school year), but they are not of great significance and do not exceed three months.
(iii) Internal controls of changes to personnel records and the payroll	<i>B</i>	Only authorized Civil Service employees can adjust the entries in the government database. Adjustments are made only on the basis of required documentary evidence, and a physical file is kept and stored. Revised payrolls are cleared by financial controllers.
(iv) Existence of payroll audits to identify control weaknesses and/or ghost workers	<i>B</i>	In 2004 a physical audit was performed on the basis of a comprehensive census. The number of irregularities observed was low.
PI-19. Competition, value for money, and controls in procurement	C	
(i) Evidence on the use of open competition for award of contracts that exceed the nationally established monetary threshold for small purchases	<i>B</i>	The statistics provided by DGMP indicate that open competitive bidding procedures are followed for roughly 60 percent of government contracts.
(ii) Extent of justification for use of less competitive procurement methods	<i>D</i>	The procurement code currently in effect does not contain provisions that strictly limit the use of procurement methods other than open competitive bidding. Revision of the procurement code will include the provision of the WAEMU directive stipulating that limited competitive bidding or direct agreements for government contracts should be used in exceptional circumstances only and must be duly justified.
(iii) Existence and operation of a procurement complaints mechanism	<i>C</i>	The analytical report on the procurement system indicates that the appeal mechanisms used in awarding government contracts are ineffective. These mechanisms are not managed by an independent entity.
PI-20. Effectiveness of internal controls for non-salary expenditure	C	
(i) Effectiveness of expenditure commitment controls	<i>C</i>	The prior clearance of financial controllers required for expenditure commitments is awarded only on the basis of the availability of open appropriations. The commitment control system is not fully effective because, in the absence of a forward-looking cash management system and a system of updated resource estimates, it does not match commitments to anticipated resources.
(ii) Comprehensiveness, relevance, and understanding of other internal control rules/procedures	<i>C</i>	There are other rules and procedures of internal controls which are generally understood, but incomplete or ineffective. The market price list is incomplete and not updated. Verifications of deliveries are insufficient (shortcomings noted by audits and the Auditor General).
(iii) Degree of compliance with rules for processing and recording transactions	<i>C</i>	The rules in effect are generally complied with, but surveys and external audit reports have revealed that, in certain cases, the required documents are not always provided, and those that are provided are not systematically retained. Noncompliance with the rules is most often encountered in emergency situations.

Indicator	Score	Brief Explanation
PI-21. Effectiveness of internal audit	D+	
(i) Coverage and quality of the internal audit function	<i>D</i>	Internal audit departments exist but suffer from inadequate intervention capacity in relation to the scope of their areas of investigation. An effort has been made with respect to standardization of methods and reports, but problems of coordination and programming remain. The report of the Auditor General highlights these deficiencies. Audits currently do not focus enough on systemic issues.
(ii) Frequency and distribution of reports	<i>C</i>	Reports are prepared for all entities audited by internal audit departments. They are sent to MEF, the Office of the Prime Minister, and the Office of the President, but not to the Accounts Section of the Supreme Court, the highest audit institution outside the executive.
(iii) Extent of management response to internal audit findings	<i>B</i>	The Office of the Prime Minister gives instructions to the institutions involved and the supervisory ministries on implementation of the recommendations in the audit and internal control reports. The Prime Minister has asked the Minister of Economy and Finance to report to him each month on the execution status of these instructions and recommendations. The execution reports are centralized at the MEF offices and then forwarded, along with summaries, to the Office of the Prime Minister. Due to the high levels at which monitoring occurs, and its frequency, most of the recommendations and instructions are implemented. It is not yet possible to determine whether all officials have followed up promptly and comprehensively on all recommendations.
PI-22. Timeliness and regularity of accounts reconciliation	C+	
(i) Regularity of bank reconciliations	<i>A</i>	Reconciliations are performed daily for accounts at the Central Bank and monthly, during the following month, for accounts opened at other banks. Reconciliation statements are provided in detail for all the accounts.
(ii) Regularity of reconciliation and clearance of suspense accounts and advances	<i>D</i>	The integrated Treasury balances for fiscal years 2003, 2004, 2005 and first quarter 2006 show large amounts for the balances of clearing accounts (#470 and #471 accounts) and equalization accounts (#48 accounts). Thus, there is no regular clearance of these accounts, at least during the two months following the end of the year.
PI-23. Availability of information on resources received by service delivery units	C	A PETS survey was recently conducted (within the last three years and completed in 2006) on the education sector. It assesses actual resources allocated to schools.
PI-24. Quality and timeliness of in-year budget reports	D+	
(i) Scope of reports in terms of coverage and compatibility with budget estimates	<i>C</i>	During the year, DDCF publishes detailed data on a quarterly basis, or monthly upon request, that is classified in accordance with the budget nomenclature (administrative and economic classifications). This information is limited to appropriations, commitments, and orders to pay. For the purposes of the WAEMU TOFE, DNTCP produces expenditure data each quarter, classified by type and only at the payment stage. These data are used to produce budget execution tracking reports, but at an overly aggregated level. There is no way to establish linkages between the two categories of data (DNTCP, DDCF), nor to produce expenditure statements covering all stages of the expenditure chain. The budget execution tracking reports prepared on the basis of these data are also excessively aggregated.

Indicator	Score	Brief Explanation
(ii) Timeliness of the issue of reports	<i>D</i>	Analytical reports on budget execution during the year are prepared for the purpose of monitoring the policies developed under WAEMU (convergence). These are quarterly reports, but take more than 8 weeks to produce.
(iii) Quality of information	<i>C</i>	The existing information (at DNTCP and DNCF) is produced on the basis of data retrieved at each stage of the expenditure chain. As a result, its reliability is not altogether certain.
PI-25. Quality and timeliness of annual financial statements	D+	
(i) Completeness of the financial statements	<i>D</i>	A budget execution law is produced each year, but the information is incomplete because it is not accompanied by treasury accounts and administrative accounts. MEF does not prepare a consolidated financial statement.
(ii) Timeliness of submission of the financial statements	<i>C</i>	Draft budget execution laws (BELs) are filed late at the Accounts Section of the Supreme Court. The 2004 BEL was filed in April 2006. The 2005 BEL has not yet been filed.
(iii) Accounting standards used	<i>C</i>	The official accounting standards follow the WAEMU directive on public accounting. Accounts have been presented in the same format from one year to the next since 2004, when the accounting system was changed. However, the mission noted numerous inconsistencies in the Treasury balances provided for fiscal years 2003, 2004, 2005 and first quarter 2006. Organizational weaknesses combined with the shortcomings of the information systems hinder effective implementation of all standards.
PI-26 Scope, nature, and follow-up of external audit	D	
(i) Scope/nature of audit performed (including adherence to auditing standards)	<i>D</i>	The Accounts Section of the Supreme Court (ASSC) performs few audit missions as a result of its limited capacities (linked to a constitutional cap on the number of magistrates). Its current priorities are: preparation of the report on budget execution and the certificate of conformity; audits of political parties' accounts; audits of the administrative accounts and treasury accounts of certain local governments; audits of certain projects financed by the United Nations system. The Office of the Auditor General (BVG) has greater resources, but legal adjustments are needed to clarify its status. In 2005, it audited five enterprises, the General Directorate of Public Procurement, and two ministries. All the entities audited in 2005 by ASSC and BVG account for less than 50 percent of public expenditure.
(ii) Timeliness of submission of audit reports to legislature	<i>D</i>	The audit reports for fiscal years 1999 to 2004 were produced very late because of inadequate human and material resources at ASSC. The delays were reduced for fiscal years prior to 2004. ASSC submitted the 2004 budget execution law to the National Assembly in September 2006. The audit of fiscal year 2005 has not yet been done.
(iii) Evidence of follow-up on audit recommendations	<i>D</i>	The National Assembly has run into considerable delays in reviewing budget execution laws and audit reports. There is no evidence of follow-up on recommendations.
PI-27 Legislative scrutiny of the annual budget law	B+	
(i) Scope of the legislature's scrutiny	<i>A</i>	A copy of the Finance Commission's report on the 2006 draft budget and the report on a hearing with the Director General of the Budget show that the National Assembly reviews all relevant issues pertaining to the draft budget.

Indicator	Score	Brief Explanation
(ii) Extent to which the legislature's procedures are well established and respected	<i>B</i>	The National Assembly developed and approved internal procedures for reviewing draft budget laws (document available). Adherence to these rules was stressed by all members of the National Assembly's Finance and Planning Commission with whom the mission met. The mission considers that the rules are followed, or at least the main provisions. But it was not possible to determine whether all the provisions are strictly enforced.
(iii) Adequacy of time for the legislature to provide a response to budget proposals, both the detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined)	<i>A</i>	In practice, the government adheres to the obligation to file the draft budget by the first Monday of October. The National Assembly then has more than two months to examine and approve it.
(iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature	<i>B</i>	The rules for amending budget appropriations during the fiscal year are clearly laid out by the financial system, but do not strictly limit the scope and nature of such amendments. These rules are followed. Changes in budget appropriations are reported in detail in a document accompanying the draft budget execution law.
PI-28 Legislative scrutiny of external audit reports	D	
(i) Timeliness of examination of audit reports by the legislature (for reports received within the last three years)	<i>D</i>	Examination of budget execution laws in the National Assembly is well behind schedule (more than 12 months). The National Assembly is currently reviewing the BELs for fiscal years 1999 to 2004. It was not possible to establish the availability of the certificate of conformity for 2005.
(ii) Extent of hearings on key findings undertaken by the legislature	<i>D</i>	Members of the Finance Commission of the National Assembly recognize their inadequacies and inexperience in reviewing BELs and organizing audits and hearings. They have organized training sessions to address these deficiencies.
(iii) Issuance of recommended actions by the legislature and implementation by the executive	<i>D</i>	The National Assembly does not formally take any action relative to execution or monitoring the execution of recommendations from external audit institutions (ASSC or BVG).
D-1 Predictability of direct budget support	D	
(i) Annual deviation of actual budget support from the forecast provided by the donor agencies at least six weeks prior to the government submitting its budget proposals to the legislature	<i>D</i>	Forecasts of budget support are generally not reliably known until the budget is presented to the legislature, or sometimes even before the start of the fiscal year. In most cases, budgetary aid from TFPs is not known until the draft budget has been filed at the National Assembly, i.e. after the beginning of the fiscal year.
(ii) In-year timeliness of donor disbursements (compliance with aggregate quarterly estimates)	<i>D</i>	There is no system of three-year programming of disbursements of budget support from donors.

Indicator	Score	Brief Explanation
D-2 Financial information provided by donors for budgeting and reporting on project and program aid	D+	
(i) Completeness and timeliness of budget estimates by donors for project support	<i>C</i>	<p>The National Directorate of Planning centralizes budget estimates for most TFPs in July to develop the draft Special Investment Budget.</p> <p>The data provided by donors are not always consistent with national classifications.</p>
(ii) Frequency and coverage of reporting by donors on actual donor flows for project support	<i>D</i>	<p>Donors do not provide periodic in-year data on disbursements of project support.</p>
D-3 Proportion of aid that is managed by use of national procedures	D	<p>All budgetary aid (HIPC included) adheres to national procedures.</p> <p>For project aid, the procedures followed do not comply with procedures for expenditures from the government's own resources.</p> <p>In 2005, budgetary aid, including HIPC, accounted for less than 50 percent of total foreign aid.</p>

Annex 3: List of People Met

No.	First name, Last name	Position
MINISTRY OF ECONOMY AND FINANCE		
No.	First name, last name	Position
1	Abou Bacar TRAORE	Minister of Economy and Finance
2	Sambou WAGUE	Secretary General of the Ministry of Economy and Finance
3	Ms SIDIBE Zemillatou CISSE	Technical adviser and Focal Point for the PEFA mission team
National Assembly of Mali		
Finance, Planning and Economy Commission		
4	Dr. Abdoul BA	Member of the Finance Commission
5	Yassa TAORE	Member of the Finance Commission
6	Alou Youssouf TRAORE	Member of the Finance Commission
7	Amadou DAMA	Member of the Finance Commission
8	Sidy DIAWARA	Member of the Finance Commission
9	Madani TRAORE	Member of the Finance Commission
10	Youssouf SIDIBE	Chairman of the Finance Commission
11	Yacouba MAGASSOUBA	Member of the Finance Commission
12	Mahamane SANTARA	Rapporteur General of the Finance Commission
13	Moussa Sadiu TRAORE	Member of the Finance Commission
14	Ms FOMBA Fatimata NIANGALY	Member of the Finance Commission
15	Nianga TEMBELY	Member of the Finance Commission
16	Djibril DICKO	Member of the Finance Commission
17	Abdoulaye FOFANA	Parliamentary Assistant
ACCOUNTS SECTION OF THE SUPREME COURT OF MALI		
18	Ouena Baba NIARE	Chairman of the Accounts Section
19	Mamadou DRAME	Adviser to the Accounts Section
GENERAL DIRECTORATE OF THE BUDGET		
20	Abdoulaye TOURE	Director General of the Budget
21	Georges MURE RAVSUD	Technical Assistant, General Directorate of the Budget
22	Ismaïla KONATE	General Directorate of the Budget
23	Moctar KONE	SDPSB/DGB
24	Moussa SISSOKO	IT Unit, DGB
25	Ousmane “Baba” KONE	IT Unit, DGB
26	Lamine KOITA	SDPSB/DGB
	Koman COULIBALY	General Directorate of the Budget

No.	First name, Last name	Position
NATIONAL FINANCIAL AUDIT DIRECTORATE		
27	Alhassane Ag Hamed MOUSSA	National Financial Audit Director
28	N’Golo TRAORE	Deputy National Director, National Financial Audit Directorate
29	Bakary COULIBALY	CDOP /DNCF
30	Issa KEITA	CDCD/DNCF
31	Eli DIALLO	CDSPA/DNCF
NATIONAL DIRECTORATE OF THE TREASURY AND PUBLIC ACCOUNTING		
32	Aboubacar Alhousseyni TOURE	National Director
33	Oumar BA	Head of the IT Unit
34	N’Golo COULIALY	Head of the Public Accounting Division
35	Souleymane ONGOIBA	Deputy National Director
36	Ms DIARRA AMATCLa COULIBALY	Paymaster of the Treasury
37	Ms AMATCLa SOW	Receiver General of the Treasury
38	Fangatigui DOUMBIA	Central Accounting Agency of the Treasury
39	Alhousseyni B. TOURE	Division Head, DNTCP
40	Boubacar Ben BOUILLE	Central Accounting Agency of the Treasury
41	Ousmane COULIBALY	Central Accounting Agency of the Treasury
42	Ibrahim TRAORE	Public Accounting Division
43	Fily COULIBALY	DBF
44	Abou Dramane OUATTARA	DBF
45	Ms SAMAKE AMATCLa	DA
46	Siaka CAMARA	Division Head, Local Government Oversight
DIRECTORATE GENERAL OF CUSTOMS		
47	Moumouni DEMBELE	Deputy Director General
48	Bakary DIABATE	Head of the Research Division
49	Soukalo DEMBELE	Assistant Director of Investigations
50	Seydou KONATE	Planning and Development Coordinator
51	Moctar SISSOKO	IT and Statistics Center
52	Daouda A. KONATE	Assistant Director of General Administration
DIRECTORATE GENERAL OF TAXATION		
53	Dionké DIARRA	Director General
54	Boubou KANTE	Assistant Director for IT
55	Mohamed L. TOURE	Assistant Director for Research and Audit
56	Ms SY Albertine Combarry	PAMORI Assistant

No.	First name, Last name	Position
57	Boubacar BALAHIRA	CPS Planning
58	Salif DIALLO	SDLFC/ Directorate General of Taxation
DIRECTORATE GENERAL OF PUBLIC DEBT		
59	Boubacar Sidiki WALBANI	Director General
60	Seydou BAGAYOKO	Deputy Director General
61	Dolo GUINDO	Assistant Director for Operations
NATIONAL DIRECTORATE FOR PLANNING AND DEVELOPMENT		
62	Modibo DOLO	National Director
63	Alassane MAIGA	Deputy Director
64	Bamoiussa KONE	Division Head, Program Evaluation and Investment Monitoring
DIRECTORATE GENERAL OF PUBLIC PROCUREMENT		
65	Satigui SIDIBE	Director General
66	Soungalo KONE	Deputy Director General
67	Youssef DIARRA	External Auditor for Methods and Procedures
68	Mamadou C. THIAM	Special Consultant
69	P. Bocari CISSOUMA	Special Consultant
70	Mamadou BA	Directorate General of Public Procurement
NATIONAL DIRECTORATE FOR STATISTICS AND INFORMATION TECHNOLOGY		
71	M. SACKO	Deputy Director
INSPECTORATE OF FINANCE		
72	Djibril KEITA	Deputy Inspector in Chief
73	Tiécoura COULIBALY	Inspector
74	Oumar FOFANA	Inspector in Chief
GENERAL PUBLIC SERVICES AUDIT OFFICE		
75	Amadou GADIAGA	Controller General
76	Ms DIALLO Oumou TRAORE	Deputy Controller General
77	Arouna BOUARE	Public Utilities Controller
78	Daoudou COULIBALY	Public Utilities Controller
AUDITOR GENERAL'S OFFICE		
79	Sidi Sosso DIARRA	Auditor General
80	Modibo DIALLO	Deputy Auditor General
CHAMBER OF COMMERCE AND INDUSTRY OF MALI		
81	Ousmane SIDIBE	Assistant to the Chairman of the CCIM
82	Bazoumana DIALLO	Accountant of the CCIM

No.	First name, Last name	Position
83	Ibrahima ONGOIBA	Accounts Division
84	Fily MALLE	Legal Affairs Division, CCIM
85	Almoustapha MAIGA	Administration and Finance Division
86	Hamadou KAREMBE	Company Creation Center
NATIONAL EMPLOYERS' COUNCIL OF MALI		
87	Moussa Balla COULIBALY	Chairman
88	Lassina TRAORE	Secretary General
WORLD BANK		
89	Abdoulaye KONATE	PEFA Mission Focal Point for the Technical and Financial Partners
90	Marcelo ANDRADE	PEFA mission team member
91	Alain CATALAN	
INTERNATIONAL MONETARY FUND/AFRITAC		
92	Gisèle SUIRE	Adviser, Expenditure Management
93	Felicienne Padonou GUINIKUKOU	Adviser, Government Expenditure Management
EUROPEAN UNION DELEGATION		
94	Irène HORJS	Head of the EU Delegation
95	Jean Christophe VERIEU	Economic Adviser
96	Anne Claire PERNOUD	Program Director
MINISTRY OF EDUCATION		
Administrative and Financial Directorate		
97	Mr. SANOGO	Deputy Director, AFD
99	Mr DEMBELE	Head of the Monitoring Section
99	Mr. HAMA	Head of the Finance Division
MINISTRY OF AGRICULTURE		
Administrative and Financial Directorate		
100	Séga N. SISSOKO	Administrative and Financial Director
101	Ibrahim FOFANA	Deputy Administrative and Financial Director
102	Paul Marie KONE	Head of the Supply and Procurement Division
103	Ms DEMBELE Nahoua BERTHE	Head of the Stock Accounting Division
104	Mahamadou Lamine KOUYATE	Head of the Human Resources Division
105	Mahamadou KEITA	Head of the Finance Division
106	Ousmane DAGNON	Head of the IT center
REGION OF KOULIKORO		
107	Mamadou Issa TAPO	Governor

No.	First name, Last name	Position
108	Bougouzanga COULIBALY	CAEF/GR
109	Amadou THIAM	Treasurer and Paymaster
110	Lassina SYLLA	Regional Budget Director, Koulikoro
111	Ms FALL Alima DRABO	Regional Customs Directorate
112	Jacques CISSE	Regional Taxation Director
113	Sékou Célestin MAIGA	Head of Division, DRKB
114	Sayon DIARRA	Regional Financial Audit Director
115	Samba SANGARE	Technical Controller, Head of ANICT
116	Amadou DOLO	Consultant for Administrative and Legal Affairs
NATIONAL LOCAL GOVERNMENT DIRECTORATE		
117	Nouhoum Sangaré	Administrative and Financial Director
118	Ms SOX Oumou BAGAYOKO	DAD/NLGD
119	Pathé MAIGA	NLGD
MINISTRY OF HEALTH Administrative and Financial Directorate		
120	Konimba TRAORE	Administrative and Financial Directorate, Ministry of Health
TECHNICAL AND FINANCIAL PARTNERS		
121	Mathias ROBERTS	DCE
122	Frank Hendrik TOORNSTRA	World Bank
123	Hijman Van PRAAG	Netherlands
124	Quesner BRICE	World Bank
125	Jacob WASLANDER	Netherlands
126	Nouhoum TRAORE	Dutch Embassy
127	Lionel VIGNACQ	French Embassy, SCAC
128	Darquis GAGNE	Canadian Embassy
129	Anne-Claire PERNOUD	DCE
130	Marcelo ANDRADE	World Bank
131	Abdoulaye KONATE	World Bank
132	Alain CATALAN	World Bank
133	Nouhoum SANGARE	Canadian Development Assistance
134	Koudeidiatou ISSABRE	African Development Bank
135	Winker BRESAL	Swedish Development Assistance

Annex 4: List of documents consulted

GENERAL DIRECTORATE OF THE BUDGET

Documents relating to the budget debate for the 2007 Budget Bill (source: Ministry of Economy and Finance)

1. DRAFT 2007 BUDGET

- Presentation
- Budget Bill
- Revenue table
- Expenditure table
- Special Investment Budget
- Explanatory Annex: “Entitlements – New Measures”
- Budget - Program

2. OTHER BUDGET ANNEXES

- Schedule A: Details of Revenues
- Schedule B: Three-year investment program
- Schedule C: Debt schedule
- Schedule D: Appropriation Forecasting Regulation Standards
- Schedule E: Estimated Expenditure Appropriations Table
- Schedule F: Budget Appropriations Table
- Schedule G: List of Program Budgets by Department
- Schedule H: Monthly Cash Flow Plan
- Schedule I: List of Quasi-Fiscal Taxes and Their Evaluation
- Schedule J: Deferrable Economic Activity Codes

3. EXECUTION STATEMENT AT JUNE 30, 2006

- Presentation
- Revenue Table
- Expenditure Table

OTHER DOCUMENTS PROVIDED BY THE GENERAL DIRECTORATE OF THE BUDGET

- 2003 Budget
- 2004 Budget
- 2005 Budget
- 2006 Budget
- 2003 Budget Execution Law
- 2004 Budget Execution Law
- 2005 Budget Execution Law
- Circular 001434/MEF/SG of May 15, 2006: Re: Announcement of the National Consultative Workshop for the Start of Preparations for the 2007 Budget Bill to National

Directorate of the Treasury and Public Accounting, National Financial Audit Directorate, and Directorate General of Public Procurement

- Circular 001393/MEF/SG of May 11, 2006: Re: National Consultative Workshop for Preparations for the 2007 Budget Bill to the Lead Development Partners
- Circular 001360/MEF/SG of May 10, 2006: Re: National Consultative Workshop for Preparations for the 2007 Budget Bill to the Secondary Budget Authorizing Officers, Heads of Institutions and Ministers
- Decree 03-163/P-RM of April 16, 2003 on Budget Classifications
- Explanatory Memo on the Expenditure Coding System
- Act 05-068 of December 28, 2005 on the 2006 Budget, passed by the National Assembly on December 15, 2005
- Budget Execution Statement as of September 30, 2006
- Act 04-57 of December 27, 2004 on the 2005 Budget, passed by the National Assembly on December 17, 2004
- Budget Execution Statement as of December 31, 2005.
- Budget Execution Statement as of December 31, 2004.
- Act 03-35 of December 26, 2003 on the 2004 Budget
- Budget Execution Statement as of December 31, 2003 (without the external financing of the Special Investment Budget and without debt)
- Act 02-082 of December 31, 2002 on the 2003 Budget, passed by the National Assembly on December 28, 2002
- Act 003 of January 6, 2006 Creating the General Directorate of the Budget
- Act 060/P-RM of February 15, 2006 on the Organization and Operating Procedures of the General Directorate of the Budget.
- Circular 001631/MEF/SG of June 1, 2006 to All Secondary Budget Authorizing Officers: Re: Directives on preparation of the 2007 Budget and Annexes
- Annex II Comprehensive Medium Term Budget Framework 2007-2011
- Breakdown of Expenditure by Section, 2007 Budget, Administrative Classification
- Proposed Breakdown of Transfers 2007
- Report on Budgetary Choices 2007
- Answers to questions from the Commission on Finance, Planning and the Economy submitted to the Director General of the Budget during the debate on the 2006 Budget Bil.
- Annexes to the Circular of June 1, 2006: 2007 Budget Allowances
- Questions from the Commission on Finance, Planning and the Economy submitted to the Director General of the Budget during the debate on the 2006 Budget Bill
- 2007 Technical Budget Choices Sheet
- Comparison of Budget allocations (including external financing) and the breakdown of budget expenditure in the 2002-2006 PRSP.
- Comparisons of external financing in the Budget and in the 2002-2005 PRSP, in FCFA billions
- Technical Memo from the Central Pay Office on the links between the Civil Service databases and the Balance
- Documents on sector strategies and MTEFs

EDUCATION

- Act 06-045 of September 5, 2006, Education Orientation Act
- Medium Term Expenditure Framework for the Education Sector Investment Program II
- Education Sector Investment Program
- 2007-2009 Program Budget

HEALTH

- Act 02-49 of July 22, 2002, Health Orientation Act
- Medium Term Expenditure Framework for Health
- Health and Social Development Program
- 2007-2009 Program Budget

PUBLIC WORKS – TRANSPORT – URBAN PLANNING

- Statement of General Transport Policy
- Transport Policy Memo
- National Housing Strategy
- Social Housing Construction Program (3500)
- Medium Term Expenditure Framework for Public Works and Transport
- 2007-2009 Program Budget

CULTURE, YOUTH, AND SPORTS

- 2006-2008 National Youth Promotion Program
- 2007-2009 Program Budget

EMPLOYMENT

- Medium Term Expenditure Framework
- 2007-2009 Program Budget
- National Employment Action Program to Reduce Poverty (PNA/ERP)

MINES - WATER

- National Energy Policy, February 2006
- National Water Policy, February 2006
- Mining Development Program and Plan of Action (2005 – 2010)
- 2007-2009 Program Budget

AGRICULTURE

- Act 06-045 of September 5, 2006, Agriculture Orientation Act
- National Animal Farming Development Policy of Mali, February 2004 Diagnosis and Critical Analysis of the Animal Farming Sub-Sector in Mali, Volume II: Challenges and Strategies, Volume III: Policy Guidance Framework

JUSTICE

- 10-Year Development Program for the Justice System
- Program Budget

COMMUNICATIONS AND NEW TECHNOLOGIES

- National Information Technology Policy and Strategic Plan
- Institutional Development Program and Action Plan
- Program Budget

DECENTRALIZATION, DECONCENTRATION, AND GOVERNMENT REFORM

- Institutional Development Program and Action Plan
- 2005-2014 National Decentralization Policy Paper
- National Support Program for Local Government (PNACT II)
- Decentralization MTEF
- Government Reform MTEF

AUDITOR GENERAL'S OFFICE (*Bureau du Vérificateur Générale*)

- 2004-2005 Annual Report of the Auditor General (*Vérificateur Générale*) of Mali
- 10 Questions and Answers about the Auditor General
- Act 03-030 of August 25, 2003 instituting the Auditor General

GENERAL DIRECTORATE OF PUBLIC PROCUREMENT

- Summary of procurement contracts approved and numbered by the DGPP between January 1 and December 30, 2005, Total FCFA 214,565,806,188
- Summary of procurement contracts approved and numbered by the DGPP between January 1 and December 30, 2004, Total FCFA 27,740,085,041
- Summary of procurement contracts approved and numbered by the DGPP between January 1 and December 31, 2003, Total FCFA 132,100,962,593
- Summary of procurement contracts approved and numbered by the DGPP between January 1 and December 31, 2002, Total FCFA 65,359,890,102
- Summary statement of procurement contracts executed by Department in 2005.
- CDROM containing documents on legislation and procedures relating to the award of procurement contracts
- Public Procurement Code

NATIONAL DIRECTORATE FOR PLANNING AND DEVELOPMENT

- Presentation of the Three-Year Investment Program (2006-2008), March 2006
- Special Investment Budget Execution Law (2005) as of December 31 (Report adopted by the Council of Ministers on May 3, 2006) April 2006
- 2006 Special Investment Budget, September 2005
- report on the economic and social situation in Mali in 2004 and the outlook for 2005 (adopted by the Council of Ministers on June 29, 2005), June 2005

- Report on the Fourth Review of Development Projects and Programs in Mali as of December 31, 2002 (September 2003)
- Decision 04-003/PRIM-MDP-CAB of April 29, 2004 on the list of the members of the Technical Secretariat of the Forecasting and Modeling Committee
- Decision 03-366/PM-RM of August 29, 2003 on the Creation and Operating Procedures of the Forecasting and Modeling Committee

NATIONAL DIRECTORATE OF STATISTICS AND INFORMATION TECHNOLOGY

- 2006 Statistical Yearbook, Mali
- Business Conditions Bulletin, Second Quarter 2006

NATIONAL FINANCIAL AUDIT DIRECTORATE

- Report on the Performance Indicators for the National Financial Audit Directorate as of June 30, 2006 (August 17, 2006)
- Manual of Audit Procedures for Financial Controllers (March 2006)
- DECREE 05-256/P-RM of June 6, 2005 on the Staffing Organization for Regional Financial Audit Directorates
- DECREE 05-257/P-RM of June 6, 2005 on the Staffing Organization for Local Financial Audit Offices
- DECREE 04-546/P-RM of November 23, 2004 on the Organization and Operating Procedures for the National Financial Audit Directorate
- DECREE 04-547/P-RM of November 23, 2004, on the Staffing Organization of the National Financial Audit Directorate
- DECREE 04-548/P-RM of November 23, 2004, on the Staffing Organization of the Regional Financial Audit Offices
- DECREE 04-549/P-RM of November 23, 2004, on the Staffing Organization of the Financial Audit Offices within Ministerial Departments and Agencies
- DECREE n° 85_30/P-RM of December 19, 1985, Creating the National Financial Audit Directorate
- Form AD No. 3 Payment Order, Section 820/820
- Purchase Order Form, Section 820/990 UF 3-0-0-0-01-0132-000-0020-01-0

GENERAL PUBLIC SERVICES AUDIT OFFICE

- Decree 00-051/P-RM of September 27, 2000 Instituting the General Public Services Audit Office
- Decree 01-067/P-RM of February 12, 2001 on the organization and operating procedures of the General Public Services Audit Office
- Decision 021/2005/CGSP on the creation of the Quality Control Unit for Reports by the General Public Services Audit Office
- Instruction 00004/PRIM-CAB of June 21, 2002 on monitoring the implementation of the recommendations in the oversight and inspection reports

INSPECTORATE OF FINANCE

- Decree 01-076/P-RM of February 12, 2001 on the organization and operating procedures of the Inspectorate of Finance
- Decree 01-127/P-RM of March 9, 2001 on the staffing organization of the Inspectorate of Finance
- Decree 03-295/P-RM of July 22, 2003 on the staffing organization of the Inspectorate of Finance
- Act 01-009 of May 28, 2000 ratifying Decree 00-059/P-RM of September 28, 2000 creating the Inspectorate of Finance
- Decree 03-301/P-RM of July 22, 2003 amending Decree 01-076 of February 12, 2000 on the organization and operating procedures of the Inspectorate of Finance
- Letter 1585/PM-CAB of December 7 2005 on monitoring the implementation of the recommendations made by audits done by the Inspectorate of Finance
- Letter 0006/MEF-IF of February 26, 2006 on monitoring the implementation of recommendations made in audit reports of the Inspectorate of Finance.
- Transmission letter 00053/MEF-IF Table of audits completed and reports submitted to the Minister of Economy and Finance

NATIONAL DIRECTORATE OF THE TREASURY AND PUBLIC ACCOUNTING

- 2005 Treasury Balance
- 2004 Treasury Balance
- 2003 Treasury Balance
- Accounting Classification
- 2005 Government Agency Budget execution law
- Explanatory memo on the 2006 Budget execution as of April 30 and the outlook as of December 31.
- Circular 020/DNTCP.DN of August 22, 2002 Re: 2002 Budget Execution Statement
- Circular 004/DNTCP-DSCTCP of January 9, 2006 Re: Centralization of local government financial and accounting data 200-
- 2005 Local Government Budget execution law
- 2005 Government Flow of Funds Table (provisional)
- Quarterly News Bulletin from the Ministry of Economy and Finance, Issue 14 (September 2006) available on the website www.timbagga.com.ml/tresor

DIRECTORATE GENERAL OF PUBLIC DEBT

- Decree 04-295/P-RM of July 29, 2004 creating the National Committee for Monitoring the Sustainability of Public Debt
- Report on Mali's Sustainable Recovery Strategy (July 2004) Memo on the Mali's external debt position as of June 30, 2006
- Memo on Mali's external debt position as of June 30, 2006

DIRECTORATE GENERAL OF CUSTOMS

- Contribution from the Directorate General of Customs for the PEFA public financial management performance measurement
- Report on fighting fraud (third quarter) by the Sub-Directorate for Customs Investigations
- Customs-Treasury cross-check (June 2006)
- Decree 03-580/P-RM of November 30, 2003 on the implementation procedures for the act governing relations between the government and users of government services

NATIONAL LOCAL GOVERNMENT DIRECTORATE

- Act 044 of July 7, 2000 on the tax revenues of municipalities, circles and regions
- Act 96-058 on the tax revenues of the District of Bamako and the Constituent Municipalities
- Memo on the distribution coefficients for the Local Government Budget Allocations
- Certification of the local government accounts from the Koulikoro region in September 2006
- Decision 06-003/CA-ANICT on the 2006 distribution of drawing rights between administrative regions
- Decision 06-010-DG ANICT of June 20, 2006 on the announcement of 2006 local government drawing rights

NATIONAL ASSEMBLY

- Members' Guide to Budget Debates
- Members' Guide to the National Budget Process
- Glossary of Common Public Finance Terms
- Report of the plenary session of the Commission on Finance, Economy, and Planning on the discussion of the 2006 Budget Bill

ACCOUNTS SECTION OF THE SUPREME COURT

- Act 96-071, Organic Act on the Organization and Operating Rules of the Supreme Court and its Hearing Procedures

Annex 5: Meetings Held

<p>October 16, 2006</p> <ul style="list-style-type: none"> ▪ First contact with World Bank staff ▪ Meeting with the Director General of the Budget (temporary Focal Point for the mission team) for the terms of reference of the mission and documentary research ▪ Meeting with the Secretary General of the Minister of Economy and Finance (courtesy visit and preparations for an informal meeting with all central economy and finance department directors) ▪ Meeting with the Central Directors from the Ministry of Economy and Finance (presentation of the PEFA methodology and approach, and list of documents to be found) ▪ Meeting with the Minister of Economy and Finance (courtesy visit, introduction to the mission team members, brief presentation of the work plan)
<p>October 17, 2006</p> <ul style="list-style-type: none"> ▪ World Bank documentation ▪ Meeting with the European Union Delegation in Bamako ▪ Meeting with the Government of Mali's technical and financial partners ▪ Documentary review
<p>October 18, 2006</p> <ul style="list-style-type: none"> ▪ Meeting with the temporary Focal Point (Director General of the Budget) to set up the schedule of meetings with the various institutions ▪ Documentary review
<p>October 19, 2006</p> <ul style="list-style-type: none"> ▪ Submission of documents by the Focal Point ▪ Documentary review
<p>October 20, 2006</p> <ul style="list-style-type: none"> ▪ Meeting at the Central Bank of West African States with Ms Gisèle Suire, Expenditure Management Adviser, and Ms Félicienne Guinkoukou, AFRITAC West Public Expenditure Management Adviser for the International Monetary Fund ▪ Meeting with Ms Sidibe, Focal Point for the PEFA mission team to Mali after her return.
<p>October 24, 2006</p> <ul style="list-style-type: none"> ▪ General Directorate of the Budget from 9:00 to 11:00 am ▪ General Directorate of Financial Audit
<p>October 25, 2006</p> <ul style="list-style-type: none"> ▪ National Directorate of the Treasury and Public Accounting and Central Accounting Agency of the Treasury from 11:00 am to 1:00 pm ▪ General Directorate of Customs
<p>October 26, 2006</p> <ul style="list-style-type: none"> ▪ Directorate General of Public Debt ▪ Inspectorate of Finance ▪ Directorate General of Planning
<p>October 27, 2006</p> <ul style="list-style-type: none"> ▪ Accounts Section of the Supreme Court ▪ Economic Commission of the Mali National Assembly ▪ General Public Services Audit Office
<p>October 30, 2006</p>

<ul style="list-style-type: none"> ▪ Auditor ▪ Administrative and Financial Directorate of the Ministry of Education ▪ Administrative and Financial Directorate of the Ministry of Agriculture
<p>October 31, 2006</p> <ul style="list-style-type: none"> ▪ National Directorate of Statistics and Information Technology ▪ Chamber of Commerce and Industry of Mali ▪ National Employers' Council of Mali
<p>November 1, 2006</p> <ul style="list-style-type: none"> ▪ Trip to the administrative region of Koulikoro
<p>November 2, 2006</p> <ul style="list-style-type: none"> ▪ Meeting with the National Focal Point for the mission team
<p>November 3, 6, and 7, 2006</p> <ul style="list-style-type: none"> ▪ Meetings for the validation of the scoring of the indicators with the various directorates of the Ministry of Economy and Finance ▪ Administrative and Financial Directorates of the Ministries of Education, Health and Local Government ▪ General Public Services Audit Office
<p>November 7, 2006</p> <ul style="list-style-type: none"> ▪ Meeting with the National Assembly Finance, Economy, and Planning Commission. ▪ Report to the Minister of Economy and Finance on the PEFA mission team's preliminary findings
<p>November 9, 2006</p> <ul style="list-style-type: none"> ▪ Report to the Ministry of Economy and Finance of the preliminary findings of the mission team with regard to various directorates
<p>November 10, 2006</p> <ul style="list-style-type: none"> ▪ Working session with all of the Ministry of Economy managers, chaired by the Secretary General, for explanations and exchanges of information about the scoring of the indicators.
<p>November 13, 2006</p> <ul style="list-style-type: none"> ▪ Continuation of the working session started on November 10 (finalization with the Directorates of the Budget, the Treasury and Public Procurement)
<p>November 14, 2006</p> <ul style="list-style-type: none"> ▪ Submission of the mission team's findings
<p>November 20, 2006</p> <ul style="list-style-type: none"> ▪ Meeting at the Ministry of Economy and Finance, chaired by the Secretary General Submission of the preliminary findings to the national managers and representatives of the technical and financial partners

Annex 6: Calculating the Ratios for PI-1 and PI-2

Data sources: Budget Execution Laws

Amounts are in FCFA millions.

About the method:

The ratio to be calculated for PI-1 is the ratio (in absolute terms and in percentage) of the differential between the aggregate expenditure forecast and the aggregate expenditure out-turn. Debt expenses and projects financed by external support are not counted. The 2003 ratio stood at 1.7 percent.

The ratio to be calculated for the PI-2 is equal to the sum of the differentials between forecasts and out-turns for each institution, compared to the aggregate expenditure forecasts and adjusted for the relative differential between the aggregate forecast and the aggregate out-turn.

2003 data

Item	Forecasts (1)	Out-turns (2)	Absolute differential (3) = ABS (1-2)	Relative differential (4) = (3)/(1)
General expenditures	118,855	122,970	4,115	3.5%
Ministry of Education	77,683	75,917	1,765	2.3%
Ministry of Defense	37,017	40,646	3,628	9.8%
Ministry of Public Works and Transport	32,707	27,262	5,445	16.6%
Ministry of Health	26,244	23,514	2,729	10.4%
Ministry of Agriculture	24,196	22,364	1,832	7.6%
Ministry of Foreign Affairs and Intl. Coop.	13,537	12,911	626	4.6%
Ministry of the Interior and Civil Defense	11,541	10,951	591	5.1%
Min. of Social Dev. and Solidarity w/ Aged	11,133	11,076	56	0.5%
Ministry of Economy and Finance	10,714	11,205	491	4.6%
Prime Minister's Office	7,874	6,509	1,365	17.3%
Ministry of Local Government	7,287	7,701	414	5.7%
Presidency of the Republic	7,129	7,083	46	0.6%
Ministry of Government Property and Lands	6,643	6,542	102	1.5%
Ministry of Communication and New Tech.	5,846	5,948	102	1.7%
Ministry of Mining, Energy, and Water	5,595	5,039	557	9.9%
National Assembly	5,595	5,429	166	3.0%
Ministry of Justice	5,268	5,122	146	2.8%
Ministry of Youth and Sport	4,470	4,582	112	2.5%
Ministry of the Environment	3,685	3,735	50	1.4%
Other	13,545	12,768	777	5.7%
Total	436,565	429,272	7,293	1.7%
Sum of the differentials from forecasts (absolute value and percentage)			25,116	5.8%

2004 data

Item	Forecasts (1)	Out-turns (2)	Absolute differential (3) = ABS (1-2)	Relative differential (4) = (3)/(1)
General services	91,239	96,823	5,584	6.1%
Ministry of Education	87,257	83,697	3,560	4.1%
Ministry of Defense	43,345	42,548	797	1.8%
Ministry of Public Works and Transport	36,301	34,840	1,461	4.0%
Ministry of Health	32,079	28,416	3,664	11.4%
Ministry of Agriculture	26,279	22,801	3,479	13.2%
Min. of Social Dev. and Solidarity w/ Aged	21,982	21,854	128	0.6%
Ministry of Foreign Affairs and Intl. Coop.	13,873	13,679	194	1.4%
Ministry of Economy and Finance	13,363	13,743	380	2.8%
Ministry of the Interior and Civil Defense	11,887	11,783	104	0.9%
Ministry of Local Government	11,021	10,749	272	2.5%
Ministry of Mining, Energy, and Water	10,934	6,720	4,214	38.5%
Ministry of Government Property and Lands	9,426	9,419	7	0.1%
Prime Minister's Office	8,711	7,801	909	10.4%
Presidency of the Republic	8,077	7,664	412	5.1%
Ministry of Youth and Sport	6,371	6,241	131	2.1%
National Assembly	5,998	5,860	138	2.3%
Ministry of Communication and New Tech.	5,907	6,083	177	3.0%
Ministry of Justice	5,825	5,763	62	1.1%
Ministry of Culture	3,756	3,579	178	4.7%
Other	17,193	16,247	946	5.5%
Total expenditure	470,826	456,310	14,516	3.1%
Sum of the differentials from forecasts (absolute value and percentage)			26,798	5.7%

2005 data

Item	Forecasts (1)	Out-turns (2)	Absolute differential (3) = ABS (1-2)	Relative differential (4) = (3)/(1)
Ministry of Education	99,988	94,269	5,719	5.7%
General services*	65,098	83,045	17,947	27.6%
Ministry of Defense	45,630	44,939	692	1.5%
Ministry of Health	34,768	32,032	2,736	7.9%
Ministry of Public Works and Transport	33,442	29,902	3,540	10.6%
Ministry of Agriculture	23,457	20,937	2,521	10.7%
Min. of Social Dev. and Solidarity w/ Aged	22,721	22,635	86	0.4%
Ministry of the Interior and Civil Defense	17,330	15,534	1,796	10.4%
Ministry of Economy and Finance	15,112	13,940	1,172	7.8%
Ministry of Foreign Affairs and Intl. Coop.	14,907	14,922	15	0.1%
Ministry of Mining, Energy, and Water	12,917	7,684	5,233	40.5%
Ministry of Local Government	11,445	11,168	278	2.4%
Prime Minister's Office	11,120	10,112	1,009	9.1%
Presidency of the Republic	9,995	9,892	103	1.0%
Ministry of Youth and Sport	7,290	7,114	177	2.4%
Ministry of Justice	7,205	7,874	669	9.3%
National Assembly	6,798	6,806	7	0.1%
Ministry of Communication and New Tech.	6,675	6,490	185	2.8%
Ministry of Government Property and Lands	6,399	6,265	134	2.1%
Ministry of Culture	4,638	4,073	566	12.2%
Other	36,971	34,843	2,127	5.8%
Total expenditure	493,906	484,473	9,433	1.9%
Sum of the differentials from forecasts (absolute value and percentage)			46,711	9.5%

Outcomes

Year	For PI-1	For PI-2	
	Total expenditure differential (1)	Total differentials	Deviation from overall variation
2003	1.7%	5.8%	4.1%
2004	3.1%	5.7%	2.6%
2005	1.9%	9.5%	7.5%

Annex 7: PFM-PR Validation workshop of January 2007 - List of Participants

Workshop with opening by the Mr. Sambou WAGUE, General Secretary
of Ministry of Economy and Finance

N°	Name	Surname	Institution
Ministry of Economy and Finance			
1	Mme SIDIBE	Zamilatou	Technical Advisor/MEF PEFA Focal Point
2	Jean Louis de	MIRAS	Technical Advisor/MEF
3	Assitan	KOUYATE	Chargé de Mission/MEF
4	Mohamed Chérif	KEÏTA	Chargé de Mission/MEF-(CAISFF)
5	Abdoulaye	TOURE	Director of General Directorate of Budget (DGB)
6	Georges	MURERVAUD	DGB/AT
7	Ismaila	KONATE	DGB
8	Alhassane Ag Mohamed Hamed Moussa		National Director of National Financial Audit Directorate (DNCF)
9	Issa	KEITA	DNCF
10	Eli	DIALLO	DNCF
11	Aboubacar A.	TOURE	National Director of National Directorate of the Treasury and Public Accounting (DNTCP)
12	Seydou	DIWARA	DNTCP
13	Abdoulaye	TRAORE	DNTCP
14	N'Golo	KOULIBALY	DNTCP
15	Alhousseynou B.	TOURE	DNTCP
16	Oumar	BA	DNTCP
17	Mme DIARRA A. COULIBALY		DNTCP
18	Dionké	DIARRA	Director of General Directorate of Taxes (DGI)
19	Boubacar	BALAMIRA	DGI
20	Baba	KOKAÏA	DGI
21	Cheick	KEÏTA	Director of General Directorate of Customs (DGD)
22	Soukalo	DEMBELE	DG Douanes (SD/Surveys)
23	Hamady M.	TOUNKARA	DG Douanes (SD-Revenues)
24	Adama	COUMARE	D.G. Public Debt
25	Mamadou	BA	DG Public Procurement
26	Soungalo	KONE	DG Public Procurement
27	Mamany	BAGAYOKO	D.N .Domaines et Cadastre
28	Abdoul Karim	KONE	D.G.Administration Biens de l'Etat
29	SANOOGO	Ousmane	DAF/Ministry of Economy and Finance
30	Ramata	KEITA	DAF/Ministry of Economy and Finance
31	Maimouna	DOUMBIA	DAF/Ministry of Economy and Finance

N°	Name	Surname	Institution
32	Daffa dite Assitan	DIAWARA	DAF/Ministry of Economy and Finance
33	Mahamadou	DIALLO	DAF/Ministry of Economy and Finance
34	Bounafou	TOURE	Unit to Support PFM Reform (CARFIP)
35	Mariame	SANOURA	CARFIP
36	Ousmane	COULIBALY	CARFIP
37	SIDIBE Madina	COULIBALY	CARFIP
38	Fangatigui	DOUMBIA	CARFIP
39	Bakary	BOUARE	CARFIP
40	Aliou	DIAKITE	CARFIP
41	Bonou	Raphaël	CARFIP
42	Ibrahim	FAYE	CARFIP
43	Soumahoro	Melama	Traning Center
44	Mahamadou	CISSE	CAISFF/MEF
45	Tiéécoura	COULIBALY	Inspectorate of Finance
Other National Institutions			
46	Mamadou	DRAME	Accounts Section of the Supreme Court
47	Yacouba	KONE	Accounts Section of the Supreme Court
48	Harouna	BOUARE	General Public Services Audit Office (CGSP)
49	Aguibou	GUISSE	CGSP
50	Harouna	DIARRA	High Council of Local Government (HCCT)
51	Mahamadou Dindera M AÏGA		HCCT
52	Daouda	TOGO	HCCT
53	Ousmane	CISSE	National Directorate of Planning and Development
54	Fatoumata	COULIBALY	National Directorate of Statistics
55	Kalifa	DIAKITE	Commission for Institutional Development
56	Demba	KANTE	DAF/Ministry of Education
57	Oumar	DEMBELE	DAF/MET
58	Souleymane	TRAORE	DAF/ Ministry of Health
59	Mahamadou	KEÏTA	DAF/Ministry of Agriculture
60	Abdoulaye	DIAKITE	C.N.J
61	Hélène	JOURDAM	AT/ National Local Government Investment Agency
Development Partners			
62	Abdoulaye	KONATE	World Bank
63	Franck	TOORNSTRA	World Bank
64	Virginie	BRIAND	World Bank
65	Alassane	DIABATÉ	International Monetary Fund

N°	Name	Surname	Institution
66	Mathias	ROBERT	European Commission
67	Koudéïdiatou Issabré-SOW		African Development Bank
68	Lionel	VIGNACQ	Embassy of France/SCAC
69	Bangaly	TRAORE	Agence Française de Développement
70	DYNOODT	RONNY	Embassy of Belgium
71	Abdoul-Malick	MAÏGA	Japanese International Cooperation Agency

