

## Concept Note

### Conference for the Development of Mali: The Northern regions at the centre of peace consolidation and economic recovery (22 October 2015, OECD - Paris)

#### I. Background

Mali experienced a severe political and security crisis in 2012 and 2013. The northern part of the country was occupied by armed groups active in those regions and in the rest of the Sahara-Sahel region, and the normal functioning of Malian institutions was interrupted by a coup. Since then, the situation has improved. In 2013, the joint intervention by African and French military forces and the mobilisation of the international community helped reduce the terrorist threat and support the return to normal constitutional order, leading to the election of Ibrahim Boubacar Keïta as President of the Republic and the holding of legislative elections. Following the intervention by the African forces under the MISMA, the United Nations established the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA), which was deployed on 1 July 2013.

In the area of socio-economic development, the efforts made by Mali to consolidate peace and promote recovery and development were supported by the “Brussels process” initiated at the Conference *Ensemble pour le renouveau du Mali* held in Brussels on 15 May 2013 as part of a two-year recovery plan, namely the *Plan for the Sustainable Recovery of Mali* (PRED, 2013-2014). This process, in which Mali’s bilateral and multilateral technical and financial partners participated, came to an end at the 5th follow-up conference, held in Bamako on 17 February 2015. In their conclusions, participants noted the possibility of the OECD hosting a Conference in Paris in the autumn of 2015, as part of overall efforts to support the post-Alger process, with the aim of discussing the Government’s most important priorities for the development of Mali and to identify new priority actions to be pursued within the context of the post-PRED.

Since then, the process of peace building and the restoration of State authority has continued. The mediation process initiated in 2014 by Algeria, the lead country in the international mediation effort, with the support of the United Nations, the African Union, the Economic Community of West African States, the Organisation of Islamic Cooperation, the European Union, Mauritania, Niger and Chad, led in May and June 2015 to the signing of the “Agreement for Peace and Reconciliation” in Mali between the Government, the Platform coalition and the Coordination of Azawad Movements. This agreement addresses all the aspects that must be taken into account in order to provide a definitive solution to the crisis, ranging from political and institutional reform, to defence and security matters, socio-economic and cultural development, reconciliation, justice, and humanitarian issues.

With regard to socio-economic aspects, the Agreement provides for *inter alia*:

- Creation of a Northern Development Zone (NDZ), covered by a specific Development Strategy (Articles 33 and 34), set out in multiannual special plans prioritising the actions to be pursued in the short, medium and long term;
- Commissioning of a Joint Evaluation Mission in northern Mali (MIEC/Nord Mali) led by the African Development Bank, the World Bank and the Islamic Development Bank with the aim of identifying needs in terms of rapid recovery, poverty reduction and development (Article 36);
- Organisation of a specific pledging conference in the two months following adoption of the Strategy for the Northern Development Zone to ensure its implementation (Article 37);
- Reinforcement of decentralisation efforts and of the role played by the regions, together with the creation of regional development agencies (Article 40).

These actions will be monitored by the *comité de suivi de l'accord* and its sub-committees (Articles 60 and 62).

## **II Objectives**

In the context of the Peace Agreement and at the request of the Government of Mali, as expressed by Prime Minister Modibo Keita in his General Policy Statement of 8 June 2015, the OECD will host a conference on the on-going development process in Mali which will focus on the needs of the northern regions in terms of emergency relief, economic recovery and development, and address the sustainable development of the whole country within a ten to fifteen years horizon.

The conference is framed as an exceptional high-level international event. Its themes will match the three key ingredients for development success identified at the Third International Conference on Financing for Development held in Addis Ababa (*cf.* the Addis Ababa Action Plan) on July 2015, namely:

- (i) international development co-operation and aid effectiveness;
- (ii) governance reforms within the context of an enhanced decentralisation process, including financial flows and the mobilisation and effective use of domestic public resources; and
- (iii) domestic and international businesses and private financing flows, including from remittances.

Beyond the short, medium and long term challenges, the aim is to ensure that the right mix of finance tools and aid partnerships, private sector flows and domestic revenues are used to strengthen peace, reconciliation and resilience, with a view to improving the economic and social welfare of the people of Mali, strengthening national cohesion, and encouraging regional integration.

## **III. Challenges**

### **1. In the short to medium term: peace dividends**

The conference will review the findings and recommendations of the Joint Evaluation Mission in Northern Mali (MIEC/Nord Mali), which is looking into the specific needs of the three regions in the North of Mali and which will provide material for the framing of the Specific Development Strategy for the Northern Development Zone. The Technical Committee of the Joint Evaluation Mission is led by the African Development Bank, the World Bank and the Islamic Development Bank, and brings together experts designated by the three banks, as well as from other technical and financial partners, and from the United Nations Development Programme (UNDP), as co-ordinator of the other agencies of the United Nations system. Sixteen thematic areas and three cross-cutting themes will be covered (*cf.* MIEC concept note), with discussions focusing on three main areas:

- the humanitarian situation and food security, as well as the requirements for a rapid recovery;
- poverty situation and needs in terms of basic social services;
- the state of economic infrastructure and the measures needed to promote sustainable development in the region.

The international community has already mobilised substantial funds and numerous programmes and projects are ready to be implemented. However, the current security situation is not yet safe enough to allow the urgent assistance needed by the populations in the North to be deployed. The conference will provide an opportunity to examine the measures to be taken in this respect to facilitate aid delivery.

### **2. In the medium to long term: a more balanced territorial development**

Territorial disparities were a central issue in the negotiations. Through decentralisation processes, elections of regional councils and creation of the Northern Development Zone, they will also be key to the implementation of the Agreement over the next few years.

The challenges are numerous. The first objective will be to secure greater territorial, economic and social integration in the northern regions. The aim is to achieve a balanced development for the whole country, to promote greater coherence and increased trade between the regions in the North, South and Centre, and to strengthen the cohesion of development in Mali for the benefit of all its inhabitants. The aim is also to help those regions that are the least favoured in terms of structural investment (transport and telecommunications, environment, agriculture, etc.) and social investment (health, education, etc.) to catch up.

#### **IV. Main themes**

##### **1. International co-operation, aid effectiveness, and security/risk mitigation**

As part of the implementation of the Peace Agreement, the conference will provide an opportunity for an in-depth exchange on: (i) the development of northern Mali, under the overall development strategy envisaged by the Malian Government, with a view towards leveraging their socio-economic potential; (ii) how to address the most urgent needs and implement the projects identified in Annex III of the Peace Agreement, by the MIEC/Nord Mali mission, and the Specific Development Strategy for the northern regions.

This will require a review of the international funds and projects that specifically target the North, including quick impact projects (QIPs) such as those implemented by the United Nations and bilateral partners, financing mechanisms, including those mentioned in the General Policy Statement issued by the Prime Minister, namely the Development Fund for the North (FDN) and – in a second phase – the Strategic Assets Fund (FONSEM). It would also be timely to discuss means of improving aid effectiveness, the coherence of regional approaches and the relationship between humanitarian aid, rehabilitation and development.

The conference will also provide an opportunity to discuss and review the security constraints and the measures that the Government of Mali and the signatories of the Peace Agreement can put in place to enhance and guarantee the security of humanitarian aid and development officials, as well as that of economic actors.

##### **2. Decentralisation, governance reforms, mobilisation of aid and domestic resources**

The conference will also focus on the reform processes that are needed and those in progress. In particular, it will examine the related provisions set out in the Peace Agreement, which stress the need for a number of essential domestic reforms in the area of security and those concerning political and administrative governance. Notably, the Agreement provides for an extension of the competences of territorial entities, *inter alia* to give them greater control over development policies, together with the allocation of additional resources to local authorities. Decentralisation should go hand in hand with the implementation of a national policy concerning the transparency of public administration, which is in the process of being implemented.

Special attention will be paid to taxation at both national and local level, to the measures put in place to establish an effective tax system (Articles 13-16 of the Peace Agreement), and to the means of fighting tax evasion. This is a vital component of domestic resource mobilisation to provide the Government of Mali and the territorial authorities with the funds they need to invest in development, relieve poverty and deliver public services. Taxation measures must make it possible to provide the fiscal responsibility and sustainability needed to promote growth and reduce reliance on external funding flows in the long term. Fiscal modernisation, together with stronger transparency and accountability of public national and local bodies should bring better tax compliance, strengthen fiscal legitimacy, raise trust in the Government, and reduce corruption, trafficking and other illegal financial flows. The ability of regional authorities to create new taxes adapted to their local economic context (Article 13) will provide an additional lever for mobilising domestic resources. The introduction of mechanisms to ensure the fair

redistribution of public revenues to regions will strengthen national cohesion, in line with international good practices.

A side event on decentralisation, local governance and international co-operation among local authorities would be organised the day before the Conference in order to identify more precisely the conditions required for a more participatory form of local development, which is essential for stabilisation and for achieving a lasting and sustainable recovery.

### **3. Domestic and international private business and finance, including remittances**

Beyond the issues of international development finance and aid effectiveness, governance, and domestic mobilisation, it is also important to tackle the issue of the private capital investment needs of Mali, in a context where private business activity, innovation, and investment, both domestic and international, as well as micro-investments, are the major drivers of productivity, inclusive economic growth and job creation. Private international capital flows, particularly foreign direct investment and remittances from the diaspora (estimated to amount to 8% of GDP in 2013), together with a stable international financial system, are vital complements to national development efforts.

The conference will be an opportunity to discuss the needs of both North and South in terms of infrastructure, the enabling environment, the regulatory framework and fiscal and macroeconomic policies necessary to encourage entrepreneurship, international private investments – notably in the gold and telecommunications sectors – and promote a vibrant domestic business sector. While the business reforms initiated in 2013 and 2014 have improved perceptions of the business climate, new measures could speed up progress. Furthermore, the Malian banking sector must find sustainable solutions to finance the acquisition of assets. To this end, several OECD instruments based on international good practices might prove useful such as the Policy Framework for Investment (PFI), and the associated investment policy reviews, and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

A side event will be organised the day before the Conference to present the current situation, needs and opportunities to private economic actors, as part of the roadshow leading to the Bamako Private Investment Forum being planned by the Government of Mali and the World Bank in 2016.