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## Energie du Mali, or the paradoxes of a “resounding failure”

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## Abstract

It is generally agreed the last public-private partnership in which EDM was engaged, from 2000 to 2005, was a “resounding failure”: international donors, professionals, and the totality of the Malian population are in agreement on this matter. The present study is opposed to such interpretations, which result from distorted and normative readings of the situation that obscure the complex processes at work. Despite frictions, misunderstandings, and oppositions between the principal partners, the observed evolutions are not necessarily negative. The latter have given rise to a different state of affairs than the one anticipated and announced during the partnership’s initial phase, and the reversal of the process has left traces that we intend to expose. But the vicissitudes of EDM have also allowed us to ask new questions, especially of decision-makers, and to bring up new ways of problematizing the supply of essential goods such as water and electricity. The fate of the EDM “fiasco” allows us to forecast a more harmonious, but also more complex resolution of the management of public utilities.

Two arguments are typically offered as explanations of the breach of the contract: the electoral explanation and the nationalist one. According to the first, the concession was destined to fail as soon as Amadou Toumani Touré was elected due to the latter’s so called populist promises and electioneering over the future of water and electricity. The second explanation, the nationalist one, claims that the difficulties that arose from the total non-payment of compensations to the concessionnaire were part of a deliberate strategy pursued by the Malian authorities, whose ultimate objective was, it is argued, re-nationalization. However, according to our point of view, the breach of contract instead made visible the impasse faced by the public authorities who sought to institute a new policy of concession contracts signed under different auspices. This breach

demonstrates that the withdrawal of the State cannot be achieved at any price. Thus, it has less to do with nationalism than with the integration of developmentalist rationales and recognition of the specificity of these sectors (water and electricity) in the management of public utilities. This change in perspective is directly linked to a modification of plans, political priorities, preconceived public policies, and conceptions of development. Amadou Toumani Touré’s team wanted to privilege a social rationale over a rationale of cost (adapting prices to buying power) and a developmentalist rationale over a financial one (lowering costs for industries, as well as more generally, to benefit economic development). Thus emerge a different conception of the role of the State and of development, a different conception of the profitability of a public service corporation, a different conception of the public good.

These conflicts and oppositions between conceding and concessionary authorities are not surprising if one looks at the history of PPPs in Mali since the time of colonization; the common and recurrent difficulties of these arrangements in countries around the world, particularly concerning water; and transformations of national and international circumstances. Rather, the singularity of the EDM case is explained by the actors’ inability to negotiate and find an arrangement. This situation can be understood, in our opinion, according to a series of factors. On the one hand, a variety of differences between the concerned parties — in terms of comprehension, interests, positions, interpretations, levels of analysis and perception — were not only wide but also permanent. For five years, everything was a sticking point between Malian partners and their foreign concessionnaires: priorities (management versus investment), rationales of action (commercial, financial, social, rent-seeking, the preservation of networks), processes of price formation (whether political, technical, accounting, or marginal price), the meaning of fun-

damental concepts (profitability, governance, partnerships, regulation). On the other hand, during this period the behavior of both sides was unstable and evolved over time: the criteria upon which enterprises were evaluated changed along with the position of international donors concerning the best ways to manage a public utility. Based on this fact, the partners adopted divergent interpretations of specific decisions (the distribution of dividends, the modification of the salary hierarchy, the payment or non-payment of compensations) or of certain evaluations (starting with the corporation's expenses); in other words, they advanced divergent interpretations on the economic and social reality of the situation. These variances are, moreover, constantly fueled by the intervention of international donors and the intensive utilization of experts.

Furthermore — and this is perhaps the most important point — the arrival of a private partner renders visible the divergences between Malian actors themselves, differences of opinion and perspective that are more profound than those brought to the fore during the course of debates over the choice and conception of the partnership. On a number of points, Malians were unable to come to an accord: the future of EDM, its institutional form, the role of the regulatory body and the contracting authority, the objectives of the contract, the proper conduct to take in relation to the partner, the interpretation of accounts. In a political system that is characterized by the straddling of positions of power and accumulation and by the rhizomatic functioning of the State, the president of the Malian Republic was not able to find a way to arbitrate the situation; it is this impossibility of expressing a choice that explains the fact that no decision was made to “save” the contract. The interlacing of concurrent and complementary networks that structure the state's balance of power is all the more obscure since “actors advance in an oblique manner, ‘like a chameleon,’” according to a Malian saying. The conflicts and the divergent

interests surrounding EDM must be understood in a context where techniques of sidestepping and shams characterize the political game. In the polycentric system characteristic of the rhizomatic State, it is particularly difficult to detect the orientations and the will of the “Malian State” because of the numerous circles of influence and proliferation of networks, whose positions are difficult to decipher due to their instability. It was extremely difficult for the foreign firm to work under these conditions. The inability to arbitrate the conflict or to better negotiate *ex ante* the partnership has to do perhaps with the fact that the hybrid state privileged the internal compatibility of its own tensions rather than an external coherence, however strong the pressure from the international donors proved to be. In the end, one may consider that negotiations over alternative solutions, specifically over leasing (*affermage*), were largely fictitious: they helped to occlude the true discussion, held behind closed doors, which was concerned primarily with finding a way to end the contract in the best possible conditions both for Bouygues and the Malian state.

However, the strength of social networks does not necessarily mean that the public sphere remained unaltered or that the reality of the situation was entirely unchanged. Our study shows that the EDM episode modified conceptions of the “public,” permitting for instance a reawakening to the importance of public utilities. It goes without saying that the state actors modified their conduct. Henceforth they are forced to ask a number of questions that were, in the past, obscured: questions concerning their financial responsibilities, their requirement of respecting the rules that the State itself previously fixed, the urgency of investing, the need to pursue a reflection, less on the fate of a corporation and more on the future of a sector. It seems to us that this detour through the PPP has allowed the issue of access to water and electricity to finally open up and truly takes into consideration the entirety of the Malian population.

## Energie du Mali, Or the Paradoxes of a “Resounding Failure”

It is generally agreed the last public-private partnership in which EDM S.A.<sup>1</sup> was engaged, from 2000 to 2005, was a “resounding failure”: international donors, professionals, and the totality of the Malian population are in agreement on this matter. This study is opposed to such an interpretation. We argue that the latter results from distorted, normative readings of the situation that obscure the complexity of processes at play. Despite frictions, misunderstandings, and oppositions between the principal partners, the observed evolutions are not necessarily negative. They have given rise to a different state of affairs than the one anticipated and announced during the partnership’s initial phase, and the reversal of the process has left traces that we intend to expose. But the vicissitudes of EDM have also allowed us to ask new questions, especially of decision-

makers, and to bring up new ways of problematizing the supply of essential goods such as water and electricity. The fate of the EDM “fiasco” allows us to forecast a more harmonious, but also more complex resolution of the management of public utilities.

Our investigation consists of three parts. First we show that the negative evaluation that currently predominates results directly from historical slippages, biases, and perceptual distortions. Then we examine the wide differences in opinion between actors over what constitutes a “good” partnership by studying variances in understanding, self-interest, levels of analysis, positions, and interpretations. Finally, we examine the heterogeneity and ambivalence of positions held by Malian actors, a fact which helps explain the contract’s break.

<sup>1</sup> Created in 1960, EDM S.A. is conceded for the production, transportation, and distribution of electrical energy and drinking water in the territory of the Republic of Mali.

### Brief chronology of the institutional evolution of EDM

1961: EDM S.A., a public enterprise, is created from the Société Africaine d'Electricité (SAFELEC).

1961-1993: Electricité de France (EDF) provides technical assistance to EDM.

April 1993: The conditionality for the financing of the Manantali Dam, imposed by the international donors, is the delegation of EDM.

January 1994: devaluation of FCFA.

October 1994: Global Delegation of Management (GDM) contract signed.

January 1995: GDM in effect.

March 1998: effective termination of GDM contract.

April 1998: At a meeting in Paris, the international donors require EDM's imminent concession.

December 2000: The concession of EDM to Saur and IPS is signed and takes effect, including the privatization of a section of infrastructures

2001-2002: payment of compensation.

2003-2005: tensions between partners concerning the sum and payment of compensations.

November 2004: Bouygues sells the Saur group, with the exception of its African and Italian activities.

July 2005: Portions of Bouygues are sold to IPS.

August 2005: The contract of concession is ended and both parties decide to “part as friends.”

October 2005: Signature of the “parting as friends” agreement, which establishes the abandonment of all lawsuits, the principle of debarment, and the public non-denunciation of the adverse party.

# 1. Distortions of perceptions over time

## 1.1 The forgetting of history

Reading reports on the “EDM case” and interpreting a number of interviews that we conducted in Paris and in Bamako, one fact stands out: a certain forgetfulness or forgetting of history. This forgetfulness is shared by diverse actors. International donors, in particular the Agence française de développement (AFD), forget certain former experiences in which they were nevertheless implicated. Malians as well as the French operator seem to forget the lessons of the colonial experience, and this is all the more astonishing since Saur was present in Africa, particularly in the Ivory Coast, starting in 1959. And everyone seems to have forgotten the vicissitudes of a number of PPPs in other parts of the world. Over the course of our research, these previous and parallel experiences, however rich and complex, were never discussed by our informants. Thus, forgetfulness manifests itself in a variety of ways that this study seeks to track.

### *Dissimulating the colonial experience*

We might begin by mentioning the tendency to forget earlier experiences of partnership that took place in Mali and the rest of Africa during the colonial period. The colonial experience is not dissociable from what one would call today the public-private partnership: whether in conquest, in commerce, in the exploitation of forests, mines, and agriculture, or in the production of services, all forms of European expansion in Africa proceeded through an alliance of public and private interests.<sup>2</sup> Thus, Eau et Electricité de l’Afrique de l’Ouest (EEAO) was a private enterprise, as were the majority of public service corporations at the time.<sup>3</sup> Starting at the end of the First World War, EEAO ensured the production and distribution of water and electricity in several urban centers. If the name PPP did not exist at the time, the principle was nonetheless the same as the one currently advocated by international donors. During this period — the first phase of collaboration between the state

and the private sector, the most significant as well in terms of capital — the primary concern was public transportation, following the concession of the railway line connecting Dakar and Saint-Louis to the Société des Batignolles. For every kilometer of track, the corporation received a yearly revenue guaranteed by the state that was equivalent to 5% of its capital, a formula considered even today as modern.<sup>4</sup> Local budgets picked up where the metropolitan public resources left off in order to finance these concessions, in particular concerning electricity and water.<sup>5</sup> Kayes, the first colonial capital of Mali, inaugurated the city’s first central electric system and its first adduction system.<sup>6</sup> The partnership between the private sector and the metropolitan administration can be explained by the fact that a large part of the public utility’s recurrent expenses was folded into the local budget, even when its assets derived from small French investors and the stakes were of a global and metropolitan nature.<sup>7</sup> This process of modernization was a typically urban phenomenon, destined, with the telephone and the railway, to facilitate colonial military and commercial penetration into French Sudan. In the competition between

<sup>2</sup> B. Hibou, ed., *La Privatisation des Etats*, Paris, Karthala, 1999; R. Wettenhall, “The public-private interface: surveying the history” in G. Hodge and C. Greve, eds, *The Challenge of Public-Private Partnerships: Learning from International Experience*. Cheltenham, UK and Northampton, MA, Edward Elgar, 2005, pp. 22-43.

<sup>3</sup> At the end of the Second World War, Eau et Electricité de l’Ouest Africain (EEAO) ranked 14th among the French Empire’s most successful public utilities (including Asia, Maghreb, and Africa). This corporation was, according to Jacques Marseille, “at the head of 30 other corporations that have left such a mark on the history of economic and financial relations between France and its empire, that one might speak about a financial oligarchy, dear to the Marxist problematic.” (Marseille, *Empire colonial et capitalisme français*, Paris, Albin Michel, 1984, p. 131)

<sup>4</sup> Ibid.

<sup>5</sup> C. Coquery-Vidrovitch, *Le financement de la mise en valeur coloniale, méthodes et premiers résultats*, presentation at a colloquium of the International Economic History Congress, Budapest, 1982.

<sup>6</sup> J. Roger de Benoist, *Le Mali*, Paris, L’Harmattan, 1989.

<sup>7</sup> The EEAO will later find itself, through a “nesting doll” effect, changing from private to public during the period of nationalization, then back again from public to private. Gaz et Eaux, a holding company, will take EEAO back at the end of its colonial existence, serving as receptacle for the Institut pour le Développement Industriel (IDI) (excepting its activities in Mali, which were resumed by the state in 1960 at the time of nationalization). Thanks to the privatizations of the Balladur period, Lazard took control of Gaz et Eaux through its subsidiary, Eurafrance.

European powers, the British Empire served as both the model and the motive for the French colonial enterprise. However, EEAO's results in terms of coverage area were less flattering. The "indigenous" people were totally excluded from access to public utilities and were only able to benefit from them much later on, and in a very partial manner, once provident societies were created. These societies were used essentially "to drill wells and construct roads in order to make up for the deficiencies of the normal budget."<sup>8</sup> In these concessions the private partner's conduct is far from consistently satisfying, as is illustrated by the case of the Compagnie Electricité et Eaux de Madagascar. Founded in 1923 under the control of the Banque de Paris et des Pays-Bas, this company was Madagascar's first corporation. It mobilized capital in the metropolises for stocks and bonds worth several million Francs. This company did not turn a profit until 1939, and then settled for "assuring meager profits through prohibitive prices without important investments."<sup>9</sup> The feeble number of consumers at the time of independence confirms that, despite the emergence of a discourse on development and measures favorable to it since 1945, there was not (in Madagascar, as elsewhere in Sub-Saharan Africa) a veritable break with the pre-War period. The colonial moment appears to have further pushed concession towards a rentier's model that favored savage capitalism.<sup>10</sup> The public authorities refused, in effect, to take responsibility for an investment that the private partner could not, itself, accept, since the solvent market was reduced to the sole privileged population of urban and white zones. This experience, whose underpinnings remained present after the independence movements, does not bode well for the return to a delegation of public utilities in African countries currently undergoing quasi-permanent economic and financial crisis.

### **Erasing a specific trajectory**

There is also a tendency to forget experiences from recent public-private partnerships in Mali. This forgetfulness is nevertheless selective. An institution like the AFD, for example, followed (not without some reticence) the World Bank's choice of concessions, since it recalled the misadventures of the Global Management Delegation. Similarly, Saur International was not able to respond to the 2000 offer without remembering the lessons that it had drawn from the

failure of its recent experience of partnership in Mali.<sup>11</sup> On the other hand, no actor — including AFD (then the *Caisse Centrale de Coopération Economique*, CCCE), which was involved with EDM — seems to have kept in mind the experience of Mali from 1940-1970. This period is nevertheless fundamental insofar as it determined, to a large extent, EDM's mode of functioning, its comprehension of the sector, and, most of all, its conception of partnership.

*Eaux et Electricité de l'Ouest Africain* went through the wave of nationalizations of 1946. After African independence, the utility widened its sphere of activities: 18 municipal power plants were turned over to the corporation between 1966 and 1968.<sup>12</sup> But simultaneously, the significant investments necessary for the production and distribution of electricity required the massive intervention of public capital in Africa. Private firms associated themselves thus with EDF, CCCE and local bodies to create Energie de l'AOF. In the Ivory Coast, Energie Electrique de Côte d'Ivoire (EECI) resulted from this evolution towards national corporations with mixed economies. Elsewhere, Energie de l'AOF became the Société Africaine d'Electricité, SAFELEC, which ran the networks in Niger, Upper Volta, Mauritania, and Mali. In 1961, Malian leaders were the only ones to decide to totally nationalize the private portion of SAFELEC that covered its territory, giving rise to EDM S.A.<sup>13</sup> EDF — whose shares were reduced, marginalized, then sold for one symbolic franc when it left for good in 1998 — assumed only passively its role of shareholder. Its discretion on the board of directors was compounded by a particular conception of its role, concerning day-to-day and long-term management, that

<sup>8</sup> Quoted from Jean Suret-Canale in *Afrique noire, l'ère coloniale*, Paris, Editions sociales, 1964, p. 524. Provident societies were created by the decree of July 4, 1919, modified in 1933 despite the heavy resistance of colonial merchants.

<sup>9</sup> J. Marseille, *Empire colonial et capitalisme français*, op.cit., p. 127

<sup>10</sup> A. Nicolai and C. Origet, "Electricité et Eaux de Madagascar: un service public dans un contexte colonial, un contexte colonial au service d'une entreprise," in *Laboratoire "Connaissance du Tiers-Monde," Actes du colloque Entreprises et entrepreneurs en Afrique (XIXe et XXe siècles)*, Paris, l'Harmattan, 1983, volume 1, pp. 443-461.

<sup>11</sup> La délégation globale de gestion à EDM, résumé et conclusion, Paris, AFD, 1999, mimeograph. We do not have documentation regarding Saur, but we can analyze its response to the failure of GDM a posteriori as distorted. According to Saur, this failure can be explained both by its more or less forced association with other private partners (HydroQuebec and EDF) and by its lack of control over the board of directors. According to this point of view, the concession was seen as a panacea. This is due to the chosen alliance with IPS and to the acquisition of what was perceived as total control with the holding of a large majority in the board of directors.

<sup>12</sup> J. Suret-Canale, *Afrique et capitaux: géographie des capitaux et des investissements en Afrique tropicale d'expression française*, Montreuil sous Bois, L'arbre verdoyant, 1987, tome 1, p. 342.

<sup>13</sup> SAFELEC will then cede its other assets to other local corporations to become a holding company, where EEAO is still present.

was very close to that of technical assistant whose function was limited to training. Whereas in France EDF instituted economic development programs and attempted a more ample territorial coverage, in Mali it did nothing to establish an energy plan that would take into account the changing needs of a country undergoing heavy demographic growth. Up until its privatization and concession, EDM continued in this minimalist vein. This reticence towards intervention certainly had a basis in the cooling of relations between Paris and Bamako. But it reflects most of all an approach that is more technical than managerial on the part of EDF, who was well enough aware of its inability to confront the enormity of financial needs necessary to the growth of production and distribution capacities. The essentially symbolic presence of EDF seems to have been perceived positively by the Malian leadership. The French corporation did not interfere with the government's financial policy. Nor did it hinder the relationships that the latter sought to develop with other partners in the hopes of accelerating the progressive modernization of electricity production and participating in the concessional financing of urban waterpower.

### **A splendid isolation**

We might also speak of a tendency to forget other contemporary experiences in other parts of the world, in particular the frequent renegotiations of water contracts. In Latin America, for example, 76% of concessions dealing with water have undergone negotiations, on average one and a half years after the signature of the contract.<sup>14</sup> For the totality of developing countries, 40% of all contracts concerning the distribution and decontamination of water go into arbitrage or cancellation.<sup>15</sup> Those implicated in the process in Mali do not seem to have kept in mind the experiences of other regions (in particular Latin America, Puerto Rico, Buenos Aires, La Paz) or of Africa itself.

However, even a cursory comparative study demonstrates how commonplace these conflicts are on a range of issues: the price of water, the tariff formula, responsibility for investments and their control, the distribution of investments by the private firms to both privileged and disadvantaged areas. Such a comparative study would also show that conflicts between regulatory bodies and private firms are relatively frequent, even in countries where there is a preexisting tradition of regulation.<sup>16</sup> Points of contention

include accusations of embezzlement and illegitimate export of currency; defining the responsibilities of different parties; evaluating costs in an uncontested manner; adjusting prices to the buying power of the population; and spreading the infrastructure to poor neighborhoods. Such an examination would likewise bring out several recurrent criticisms: the weakness, rigidity, or incompetence of the regulator, its inability to resolve conflicts, or its role in creating of instabilities; the opacity of the private partners' practices; the insufficiency of investments; the price level; the non-respect of promises; and lack of attention paid to the needs of the poor.<sup>17</sup>

A good portion of these stumbling points and criticisms have been known since the mid-1990s: one article evaluating the situation is entitled "3P: Problem, Problem, Problem."<sup>18</sup> However, these difficulties were clouded over until around 2001, primarily because private groups did reasonably well up until that date by means of systematic recourse to political maneuvering.<sup>19</sup> History has shown that this was a largely illusory way of resolving the fundamental problems of PPPs.

<sup>14</sup> J.L. Guasch, J.J. Laffont and S. Straub, *Renegotiation of Concession Contracts in Latin America*, Los Angeles, University of Southern California, 2002.

<sup>15</sup> A.K. Izaguirre, "Private Infrastructure: Activity Down by 13 % in 2003," *Public Policy for the Private Sector*, note n° 274, Washington D.C., The World Bank, 2004.

<sup>16</sup> And first and foremost in Great Britain; these conflicts were concluded with the departure of Saur and the withdrawal of Suez.

<sup>17</sup> Among the multitude of publications on the subject, we might cite: D. Rivera, *Private Sector Participation in the Water Supply and the Wastewater Sector: Lessons from Six Developing Countries*, Washington D.C., The World Bank, 1996; C. Ménard, "Enjeux d'eau: la dimension institutionnelle," *Revue Tiers Monde*, t.XLII, n°166, April-June 2001, pp.259-274; S. Jaglin, "L'eau potable dans les villes en développement: les modèles marchands face à la pauvreté," *Revue Tiers Monde*, t.XLII, n°166, April-June 2001, pp.275-303; B. Aubert et M. Patry, *Les partenariats public privé: une option à découvrir*, Rapport Bourgogne - CIRANO, Montréal, March 2004; A-C. Sjölander Holland, *The Water Business: Corporation versus People*, London and New York, Zed Books, 2005; special issue "La gouvernance de l'eau dans les pays en développement," *Sciences de la société*, vol.2, n°64, 2005, pp. 137-228, including articles by L. Breuil, "Quel modèle de gouvernance pour la gestion des services d'eau dans les pays en développement?" and C. Baron and A. Isla, "Modèle d'accès à l'eau dans les villes d'Afrique sub-saharienne"; E. Lobina, "Problems with private water concessions: a review of experiences and analysis of dynamics", *Water Resources Development*, vol.21, n°1, March 2005, pp.55-87; S. Trémolet, "Un point sur les privatisations de l'eau en Afrique," *Responsabilité et environnement. Annales des Mines*, April 2006, pp.59-68; *Le Monde*, 14 September 2006.

<sup>18</sup> L. Bowman, "P3 – Problem, Problem, Problem," *Project Finance*, n° 206, June 2000, p. 25.

<sup>19</sup> Thus, in Buenos Aires, the 1997 elevation in water prices provoked a reaction by the regulator, who was accused by the French parties (operators and institutions such as ISTD, GEMDEV, and AFD) of not being politically autonomous and of being technically incompetent. See, for example, *Institut de la Gestion déléguée. L'analyse de six expériences de gestion déléguée dans le monde*, Paris, Ministère de l'Équipement - Institut de la gestion déléguée – ISTD, 1999. The problem with the Argentine regulator was displaced to a higher political level, but this treatment of one of the fundamental questions concerning PPPs augured other difficulties in the country. Suez and EDF were de facto forced to pay a fine of 2 million pesos (500,000 euros) for the non-respect of their obligations concerning investment and quality of service in 2005. In 2006 they broke from their subsidiary Aguas Argentinas.

### **The mirage of success in the Ivory Coast**

Because of this tendency to forget history and to erase differences between particular historical moments, one often says that the situation Mali is particular, even exceptional. However, in light of the experience of other public-private partnerships mentioned above, this experience is in fact rather commonplace. But this is obscured in Mali by the commonly held belief in “urban service and sustainable development,” imported from the Ivory Coast. According to ISTED (Institut des Sciences et des Techniques de l'Équipement et de l'Environnement pour le Développement), for example, whose studies circulate widely in the Francophone world, this set of regulations, qualified as contractual, is distinguished “favorably” from the “independent” regulation of specialized agencies. For, ISTED claims, this system of regulation prioritizes confidence and partnership.<sup>20</sup> In 1999, the French Ministry of Public Works lauded Saur's practice in the Ivory Coast, explicitly citing the practice of regulation in Argentina as a counter-example; the latter was seen as being unconvivial and centered solely on the application of the investment plan contained in the concession contract.<sup>21</sup> The situation in Mali is frequently evaluated against the backdrop of the Ivory Coast — without, however, taking into account the well-known<sup>22</sup> and highly particular conditions of “success” in that country. Aside from the presence of Saur since 1959,<sup>23</sup> these conditions include nearly a half-century of collaboration between the public and private sectors, well before the wave of PPPs; the ownership of more than 50% of capital by Ivorians; the absence of an independent regulator; a particular type of concession confined more to leasing and with an important portion of investments realized indirectly or through public funds.

### **A new era**

Public-private partnerships were conceived in the 1970s and 1980s within a budgetary and managerial rationale (new public management) and were designed specifically for industrialized nations already benefiting from infrastructures with developed foundations. Developing countries at the turn of the new millennium, however, are faced with an entirely different set of problems. For industrialized countries, the objective is to improve the productivity of public utilities and, indirectly, to intensify the taxation of municipal

management through the commercial sale of water. For developing countries, however, the goal is to mask new debts that have been carried over to users and to offer, in the mid-term, a minimum of essential services to the poor who are completely deprived.

### **Intrinsic uncertainties in the PPP**

Lastly, the contributions of studies on PPPs have largely been forgotten. This is especially true of incomplete contract theory analyses that define the conditions of a partnership's “success.” According to this theory, the numerous uncertainties of PPPs necessarily lead to recurrent revisions of the contract's functioning and stipulations. Once the investment has been realized, the opportunism of one of the parties has the chance to express itself.<sup>24</sup> The public partner can thus envision taking back the concession if it wishes to attribute the contract to another firm; inversely, the private partner can request to revise the contract, pushing for price elevations, time extensions, or an end of contract performance guarantee from the state (which essentially means the state's increased indebtedness<sup>25</sup>). This is a matter of “contingent liabilities.” The possibilities of renegotiating the concession contract grow as soon as investment risk is subjected to a series of factors, including political factors. The investment period for a public utility is generally 50 years, but the expectation of electors, consumers, and elected officials is obviously not as long. There exists an inevitable bias against long-term viability and in favor of initially low prices that will, no doubt, go under revision if the operator loses money. It is for this reason that

<sup>20</sup> Institut de la Gestion déléguée, *L'analyse de six expériences de gestion déléguée dans le monde*, op.cit.

<sup>21</sup> “The contract, in Argentina, functioned up until 1996/1997, when a renegotiation appeared necessary” (Ibid). The private partner refused to execute construction work because it did not want to finance them and required a revision of prices. The regulator accused the partner of not respecting its engagements and requests arbitration from the ministry in charge. It appears that the latter, sensitive to the political pressure from France, accorded the private firm the revisions that it requested. But ISTED denounced “the rigidity of the system of regulation, the inefficacy of regulation, its political weakness and its highly relative independence with regard to the ministry in charge” (Ibid, p. 24).

<sup>22</sup> A. Henry, “Taux de recouvrement 98%” in AFD, *L'Afrique des entreprises*, Paris, La Documentation française, 1998, pp. 91-99.

<sup>23</sup> Bouygues buys Saur in 1984, and thus its subsidiary in the Ivory Coast.

<sup>24</sup> “Incomplete contract theory suggests that the party which sinks an investment is vulnerable to opportunism by its counterpart. It is thus surprising to find that this argument seems to stand on its head when it comes to infrastructure concessions granted by governments to private companies: it is routine for franchise holders to renegotiate better contract terms after building and sinking the infrastructure” in O. Hart, *Firms, Contracts and Financial Structure*, Oxford, Clarendon Press, 1995, p. 174

<sup>25</sup> A. Alesina, and G. Tabellini, “A Positive Theory of Fiscal Deficits and Government Debt,” *Review of Economic Studies*, 57, 1990, pp. 403-414.

supervision and regulatory bodies were instituted to help decouple cycles of concession from political periods, by introducing new rhythms to balance the contract's purpose and the needs of each of its partners. When private firms declare that "amendments 'nourish' the contract," they can be seen as advocating the use of recurrent renegotiations in their strategies. Public authorities can also interrupt the construction of infrastructure if, on the advice of experts or anticipating the sentiments of electors, the investment appears no longer to be opportune.<sup>26</sup> But the incomplete-

ness of concession contracts leaves room for the flexibility of costs and prices, as well as for diminished investments, frequently demanded by the private firms. Within this flexible framework, the most important issue for the private firm is to achieve a return on capital invested without going below a predetermined threshold. This is accomplished either by raising prices or delaying investments.<sup>27</sup> In addition to the incompleteness of the contract, the private partner's ownership of capital confers upon it a position of incontestable power.

## 1.2 Asynchronous experiences

These tendencies to forget history explain the biased nature of perceptions and the divergence of actors over partnership in Mali.

### *An unclear image of the concessionnaire*

A primary disjunction concerns the divergent ways in which Saur is perceived. The third-largest French company handling the distribution of water and electricity and the fourth largest in the world, Saur is a specialist in the transportation and distribution of energy. Bouygues bought the corporation in 1984, at a time when the market for municipal water was undergoing dramatic changes. The explosion of privatizations and international delegations allowed Bouygues to create Saur International, which, while belonging to the group and benefiting from its prominence, maintained financial autonomy. The expectations of Malians, however, seemed to focus primarily on the image of the Bouygues group — a powerful and diversified actor in media, telephone communications, as well as the construction of cathedrals and mosques — rather than on its relatively more modest subsidiary in international services. Mali saw in Bouygues the capacity to make important investments, find financial backing, and thus circumvent the insurmountable obstacles blocking the development of infrastructures. The concession of EDM arose, moreover, from the promise to modernize the corporation and Mali itself.

This hope for modernization is perhaps the necessary precipitate in the "chemistry" of the partnership, an element that allows for the dissimulation of previous experiences and lessons. When the Malian actors signed the conces-

sion contract with Saur International, they were not simply signing with Bouygues, they were signing with a French actor. The latter appeared, then, as a known actor with understood patterns of behavior that the Malians knew how to control, and which they knew was capable of adapting to changing situations. If the foreign firm associated Mali with its other experiences in Africa, certain Malian actors understood the partnership of EDM through the lens of the Ivory Coast, where Saur and Bouygues were present often in an adjacent manner (energy). These hasty explanation and biased perceptions also help to explain the misunderstandings that only continued to grow between the various partners.

### *Archaeology of French-style partnerships*

A second discrepancy can be found in the false perception in Mali of the "concession à la française" ("French-style concession"). Indeed, the conduct of French firms results from the specific history of concession in France, which is far more complex than the actors of the EDM partnership imagined. For the latter, the gestation time of PPPs in France appears to be compressed and simplified. Trials and errors, latency periods between a decision's acceptance and enactment, reversals of opinion: all of these complexities are oversimplified or even entirely obscured.

<sup>26</sup> The story of the metro in Cincinnati. See A. Singer, *The Cincinnati Subway: History of Rapid Transit*, Chicago, Arcadia Publishing, 2003.

<sup>27</sup> S. Galiani, P. Gertler and E. Schargrotsky, "Water for life. The impact of the privatization of water services on child mortality", *Journal of Political Economy*, 113, 2005; A-C. Sjölander Holland, *The Water Business...*, *op.cit.*

Evaluations of EDM often forget the rocky periods of formalization of many PPPs. These include ambiguous transitions to semi-public status, private status, or public status within a rationale of privatization; reversals and turn-arounds; fads and changes of perspective linked to international circumstances and national decisions. To forget these vicissitudes is to ignore the specific history of PPPs in the country of the foreign firm. And this history is crucial to understanding the private partner's points of view and habitual practices, since these are conditioned by prior experiences.

In France, the system of delegating public utilities (in other words a commodity conception of services) emerged during the Second Empire; this defines its specificity even when compared to the United States or Britain. Schematically speaking, one might say that there was a transformation from the commodity conception of the sector in the mid-19th century to a non-commodity conception after WWI, followed by a return to a commodity conception in the 1980s, although under different conditions. The first transformation can be explained by the heavy limitations of the 19th century commodity model in the context of the early 20th century; the former appeared especially inadequate when considering the need for generalized individual access to water and the extension of basic infrastructures, particularly in rural areas, where access to electricity remained exceptionally weak.<sup>28</sup> Serious investments in infrastructure were not made until after the 1920s, during the invention of modern "publicness" and with it a non-commodity vision of the public good. The state was expected to finance reconstruction, assured by private enterprises, and to entrust the latter with public service missions. There was a general acknowledgement of public economic responsibility, especially following the Russian Revolution. With "Planism," Vichy introduced an early form of "regulating" private operations that had an impact on both the population and the nation. After the end of the Second World War, nationalization temporarily froze cooperation between the public and private sectors; the management of water and heating, however, was an exception, since it was often placed under the responsibility of territorial collectives. The years of liberalization witnessed a generalized recourse to delegation, even if water remained largely non-commodity following past experience.<sup>29</sup> The current revival of PPPs in France must be

understood within the context of this specific trajectory that has necessary repercussions on the experience in Mali. The French system of delegation, for example, was always attenuated: investment was always partially financed by public funds, and this explains the predominance of a culture of leasing over one of hard-and-fast concession.

This specific history explains the existence of what one could call a "French praxis" of public-private partnerships, characterized by the flexibility of contracts, close relationships with the political realm, especially at the local level, and thus a knowledge of how to handle political interventionism. Privileged relationships are established with local authorities over long periods of time. This is done, for example, through amendment agreements that continually "enrich" the contract by taking into account the evolution of public constraints, the international situation, exogenous shocks, and shifting perspectives of the private firms or conceding authorities. The process of amendments (revoyure) is normally an integral part of the contract's functioning in French-style partnerships, but this process is difficult to put into practice in Mali. The French praxis of the PPP likewise places a good deal of importance on capital — whether relational, concerning social influence or legal savoir-faire. It privileges the development of networks, characterized by complicity and respect, between local elected officials, technical services of the local administration, and private enterprise.<sup>30</sup> In the case of Mali, Saur International believed it had control over its networks, but this position of power ultimately appeared either temporary (following political changes) or partial (due to their more political than technical nature).

<sup>28</sup> Only about 20% of rural communes had access to electricity in at the beginning of the 1920s. The legal framework created no obligation to service these communes, and the economic interest for private corporations in these zones was marginal. In this context, many rural communes chose to form inter-communal unions (*syndicats intercommunaux d'électrification*, SICAE) in order to finance the infrastructures of electricity distribution themselves with the help of farmers interested in the development of energy. Electricity was bought wholesale from urban producers, and the network of service could then be conceded to local private enterprises or used directly by the unions. A national fund for rural electricity (*Fonds national d'électrification rurale*, FACE) was not instituted until 1936 in order to subsidize a portion of the investments of these unions. This institutional solution, largely used in rural areas and based upon local partnerships (between communes, with the aid of farmers and local construction companies) permitted the spread of electrical services to all of the rural communities just before nationalization and the constitution of a national public service in 1946. Several SICAE still make use of the rural networks today.

<sup>29</sup> C. Pezon, "De l'apparition à la gestion d'un modèle marchand des services d'eau potable en France (1850-2000)," *Sciences de la Société*, n° 64, February 2005, pp. 75-97.

<sup>30</sup> H. Bonin, "Le modèle français du capitalisme de l'eau dans la compétition européenne et mondiale depuis les années 1990," *Sciences de la Société*, n° 64, February 2005, pp. 55-73.

### ***A temporary fad***

The signing of the contract by Saur International expresses a third perceptual distortion over time, this time linked to the euphoria of the late 1990s. In 2000, the major foreign firms want to get involved in Mali (Bouygues wins the bid, but Veolia expresses interest and appears disappointed by its failure), even though the troubled history of PPPs all over the world was by then well known. Today, the prudence of these same actors can be read as recognition that their engagement turned out to be in error. However, it is easy to say that the EDM contract was unrealistic in retrospect; at the time, the fad for PPPs was so overwhelming, reinforced by the support of the international donors, that a clear assessment of its risks was not entirely possible. In the case of Saur International, we might add a few specific explanations. On the one hand, the corporation was moved by a business rationale to sign the contract, given its desire to expand its activities and to profit from its available technical skills. The appetite for contracts might be explained, furthermore, with reference to a bureaucratic rationale that is proper to any capitalist enterprise. This rationale was reinforced after Bouygues's acquisition of Saur, which saw the adoption of an expansionist policy and the desire to surpass the position of 4th ranking world actor. On the other hand, Saur International appears to have firmly believed that electricity was less political and more profitable than water and would contribute to the financial health of EDM. This belief was compounded by the fact that Saur saw Mali within the wider context of the region, hoping to sell surplus electricity from the Ivory Coast. Finally, might one not consider the hypothesis that Bouygues also saw the contract as an opportunity to access other markets, more attractive in terms of profit (following the example of the cell phone or building and public works), just prior to the African Cup of Nations? Today, however, one might seek to understand the impact that Bouygues's changes in strategy had on the failure of the contract. The sale of Saur, in November 2004, resulted in the restructuring of the corporation, with the withdrawal of activities in public utilities and a general reorganization of the group. In Africa, Saur appears to have increased its policy of selectivity, partially in response to the conduct or the decisions of certain states. In the case of Mali, the French firm seems to have reevaluated its political risks, thereby

giving added reason to its valorization of capital.

Similar discrepancies between perceptions of the situation can be seen, at a given moment, within Saur International itself. Tensions between former agents of Saur and agents of Bouygues seem to have arisen, in particular over the situation in Mali. Starting in 2002, for example, the former tended to prefer compromise and adapting to the new political situation according to the rationale of incomplete contracts. The latter, on the other hand, was ready to act more decisively and to enter into an explicit power dynamic that it did not necessarily control. This was the side that ultimately won out, and although the decision to leave was not made until much later, the adoption of such a hard line certainly did not favor renegotiation, especially considering that similar frictions were also present among Malian actors.

### ***The myth of the turn of the millennium***

This forgetting of history and these temporal imprecisions set the stage for the belief that the turn of the millennium would function as a veritable turning point. Indeed, in 2000, the Malian public became suddenly aware that EDM would soon be privatized and conceded, a move that would be implemented in December. However, the idea to privatize and concede EDM had been put forth at least since the beginning of the 1990s, in a rationale of restricting public finances. The claim that concession was "imposed" — implemented rapidly and according to a poorly prepared plan, an argument that is often used to justify the project's failure — appears thus highly dubitable. The Prime Minister at the time shared the managerial and financial vision of the IMF. He also wanted to lighten the burden represented by EDM, a burden both in terms of recurrent subsidies that weighed on the state budget, and a burden in terms of delicate public management. It was at this time that EDM was nicknamed *Energie du Mal* ("Energy of Evil"), and the state badly needed to improve the popular image of public utilities. One might recall that the African elites who adopted liberal theses did so much later than other regions of the world, and that the arguments they used were less concerned with economic efficiency than with good governance and the fight against corruption. African elites were, and still are, particularly responsive to liberal critiques of embezzlement, poor allocation of resources, poor management,

favoritism, and clientelism.<sup>31</sup> At the end of the 1990s, the possibility of leasing was abandoned, as the state was judged incapable of managing and mobilizing the resources necessary for investment.

According to the current discourse, the forgetting of recent history often leads one to say that the (“bad”) choice of concession/privatization was made in 2000. But a more attentive reading of events shows that this choice was enacted much earlier. It had already been formulated in the Paris agreement of April 1998<sup>32</sup> and was certainly conceived at least as early as 1994, when the Global Management Delegation was formed. Conditionalties such as the implementation of a structural adjustment program, financing of the Manantali Dam, and an initiative in favor of poor countries in drastic debt (HIPC, Heavily Indebted Poor Countries) no doubt played a significant role in the decision-making process in Mali. But in no case did these conditionalties function as constraints. Nor did they suggest a refusal, on the part of decision-makers, to appropriate a certain type of management. Rather, concession was considered at the time to be an opportunity in terms of price, management, financial health, investment, and quality. This context has today been forgotten.

At EDM, expectations concerning the much-awaited Manantali Dam contributed to the anticipation of a financially successful future for the PPP. This purportedly abundant and inexpensive source of energy would have helped the private partner in its double aim to improve profitability and provide a service compatible with the income of EDM's clients. However, frustrations over the deferral of the realization of investments connected to the Manantali Dam, followed by disappointments over the contribution of hydroelectricity to the renewal of energy in Mali tarnished the country's relationship with the international financial community. In any case, the latter was no longer able to keep its promises, whether willing or not.

### **The return of risks**

These differing perceptions of the situation in Mali further result in the PPP's evolution over time, notably toward the public actor's renewed assumption of risks.<sup>33</sup> In the beginning, the PPP was considered to be an equitable distribution of contributions, benefits, and responsibilities between parties,<sup>34</sup> an optimal sharing of risks through the introduc-

tion of a risk premium in the corporation's cost-benefit analysis<sup>35</sup> (this was the reason why the contract was signed in the first place). A lack of certainty is a necessarily integral part of a PPP since it is impossible to put everything in a contract.<sup>36</sup> This explains why specialized firms are systematically covered by diverse methods, for example the development of networks of influence, the cultivation of close-knit relationships, and the elaboration of amendments to the contract. Little by little, however, private actors began to request revisions in the terms of their engagements, as they found themselves faced with accumulated difficulties in the implementation of delegation contracts. They sought in particular to transfer risk onto public actors, a solution that ended up in a reformulation of the contract and a fundamental transformation of the significance of the PPP.

The large water companies such as Veolia and Suez thus overtly demanded, at the Kyoto forum in 2003, that “others” assume certain financial risks (meaning, of course, the bilateral, multilateral, or national public authorities) in order to secure these companies' continued investments in developing countries. In fact, it has grown more and more common to see the beneficiary state, the World Bank, or other international donors assume these responsibilities, faced with the threat of withdrawal by Western firms.<sup>37</sup> Spurred by corporations, international donors today seek to implement better guarantees for the private sector in terms of investment and funding. The Camdessus Report, for example, proposed to establish a guarantee against political risks, foreign exchange risks, and costs linked to the financing of the private sector. This was to be accomplished through export credit agencies and indirect subsidies to the private sector via funds financed by public authorities.<sup>38</sup> Compared to this general evolution, the situation in Mali appears once

<sup>31</sup> J. Coussy, “Etats africains, programmes d'ajustement et consensus de Washington,” *L'Economie politique*, n° 32, octobre 2006, pp. 29-40.

<sup>32</sup> A meeting of international donors and Malian leaders held after the failure of the Global Delegation of Management (signed in 1994). The meeting outlined the new institutional form that EDM would take in subsequent years.

<sup>33</sup> A commonplace process, underscored for example by F. Marty, S. Trosa et A. Voisin, *Les partenariats public privé*, Paris, La Découverte, collection repères, 2006.

<sup>34</sup> R. Wettenhall, “The public-private interface...”, article cited above.

<sup>35</sup> C. Greve and G. Hodge, “Introduction” in G. Hodge and C. Greve (eds), *The Challenge of Public-Private Partnerships*, pp. 1-21.

<sup>36</sup> O. Williamson, *The Economic Institutions of Capitalism*, New York, The Free Press, 1985.

<sup>37</sup> A-C. Sjölander Holland, *The Water Business*.

<sup>38</sup> M. Camdessus, *Financing Water for All – Report of the World Panel on Financing Water infrastructure*, report presided over by Michel Camdessus and written by James Winpenny, 2003 ([www.worldwatercouncil.org/download/Camdessus\\_Report.pdf](http://www.worldwatercouncil.org/download/Camdessus_Report.pdf)).

again to be rather commonplace: in its de facto re-nationalization of EDM, the state did nothing but re-assume the financial risks associated with investment and management.

Criticisms concerning the insufficient social preoccupations of the PPP further discredited the partnership. These arguments typically pointed out the minimal expansion of services to the public and were especially critical of the continuous elevation of prices, or the increase in subsidies necessary to compensate the required elevation of prices (as stipulated in the terms of the contract, even if these were contested by some). A reasoned examination of historical moments, however, demonstrates that notions of essential goods and primary needs were not determining factors for anybody at the time of the contract's conception and signature. The essential preoccupations of the Malian decision-makers concerned the entrepreneurial reforms of EDM, namely the demand for profitability, efficiency, and competitiveness. The international donors were concerned with transforming the price into a sign of water and electricity's commodification, thereby emphasizing its flexibility. Inversely, the operator (i.e. Saur, but the same is true of its competitors, Veolia, Elyo, Tractebel) today justifies its departure from Mali by referring to the political change of

course in that country and its impossibility of maintaining control in the long term. The political risk was difficult to calculate at the moment of the contract's signature, and the change in the private firm's political evaluation of the situation was most likely accelerated by Mali's change of government. Even troubles encountered in other regions seem to have had very little influence on the private firm's actions. The difficulties that arose in Latin America, for example, do not seem to have deterred Saur from taking majority control over EDM's capital, no doubt because, at the time, such troubles usually led to renegotiations that were favorable to the foreign partners. Most of all, Mali's proximity to the "good example" of the Ivory Coast (a PPP defined by its relationship of confidence) impeded Saur International, as well as by the French government, from developing specific approaches to political risk in Mali.

This was, then, a moment of rupture with the past, defined by a general misrecognition of changes that were nonetheless taking place. Perhaps the political, economic, and social success of the Ivory Coast masked, through this effect of proximity, other more geographically remote experiences. In any case, the signature of the contract, which everyone today considers to have been destined to fail, appeared at the time to be a decisive and promising event.

### 1.3 Elections: traps of concession?

A particularly pregnant example of such temporal distortions can be found in the "electioneering" explanation of the concession's failure.<sup>39</sup> According to this claim, the concession was destined to fail as soon as Amadou Toumani Touré was elected, because of the new president's so called populist promises and electioneering vision concerning water and electricity. This claim is proven, proponents argue, by the fact that troubles did not arise between public and private parties at the first request for compensation, but only at the end of 2002 when the new president was elected. Although this argument is generally accepted, it is extremely limited, primarily because it ignores other factors that are less conjectural — and most of all less political in nature.

On the one hand, this interpretation forgets the temporal logic of concessions. Experience teaches that the positive

effects of PPPs are much more visible during the beginning stages of the contract, thanks to the professionalism of operators who are able to improve the efficiency of the existing network and client management without supplementary cost. It also teaches that the costs necessary for the pursuit of such improvements arise after a period of two or three years, when it is necessary to invest, and thus to go into debt and to recuperate these costs from consumer, or else to reorganize the corporation's management and governance. These problems are particularly frequent when there is a change in minister or political leader and when the newly elected or appointed official does not have a personal stake in the PPP. He is likely to neglect the partnership, since he did not negotiate the contract, the majority of improvements

<sup>39</sup> F. Leborgne, "La privatisation de l'eau au Mali," *Responsabilité et environnement, Annales des Mines*, April 2006, pp. 44-58.

have already taken place, and future investments will take time to produce significant effects. This is true even when the company turns a healthy profit, which is often the case, and thus the new political leader exposes himself to popular criticism. In the case of Mali, the new leadership quickly found itself in an awkward position. Even though consumers were pleased with the end of power-outages in the first phase of the partnership, they were beginning to blame the concession for an unacceptable hike in prices.

In addition, the compatibility between a concession and a population's actual buying power is not an electoral question. Indeed, the issue was raised during the first week of the contract's implementation (December 2000), when EDM's request for a 26% price increase was refused. After negotiations, the hike was fixed at 5%, with compensations (21%) to fill the gap. The political conditions in 2000 were accommodating to this solution, as the Konaré government tended to put a premium on managerial rationales. In this light, Amadou Toumani Touré's election appears less like the success of a populist ticket that was "behind the economic times" than the emergence of a team with new and explicitly developmentalist political rationales. Indeed, this political shift must be understood as well within the context of an evolving general climate and new generations of reforms.

When the General returned to politics, the calendar of reforms accelerated under external constraint. The Bretton Woods institutions began placing pressure on the government, basing their strategy on an electoralist reading of the political situation. Indeed, the World Bank and the IMF saw the appreciable lapse of time between Amadou Toumani Touré's victory in the presidential election and subsequent elections as a golden opportunity, a veritable margin of maneuver favorable to reform. The conditionality of the final installment of The Poverty Reduction and Growth Facility (PRGF) was a set of privatizations that, in 2002, had more or less been achieved<sup>40</sup>; the installment, however, was not disbursed until 2003. At the same time, the equation of the PPP was further complicated by the notion of essential needs, following the formulation of Millennium Development Goals.<sup>41</sup> For a portion of "developers" within the technical ministries of Mali or within the European agencies (primarily French), the distribution of water and electricity was reinvested with a social purpose. It became clear

that Amadou Toumani Touré was not simply making election promises. To his democratic portfolio he needed to add the battle against poverty, demanded by all of his foreign partners. On the other hand, criticisms against the French operator by Malian notables who had supported the concession between 1998 and 2002 suggests that political questions, even if they could be raised, did not critically erode the relationship between public bodies and private actor.

Aside from election promises, this reversal of relations between public and private actors is directly linked to a change in political priorities, recommended public policies, and proposed conceptions of development. To understand this change of affairs, one must go beyond the incoherence of positions and influence of politicking undercurrents. It was the intention of Amadou Toumani Touré's team to privilege a social rationale over a rationale of costs (by adapting prices to buying power) and a developmentalist rationale over a financial one (lower prices for industries and overall in order to promote economic development). What emerges, then, is another conception of the role of the state and of development, another conception of the profitability of a public service corporation, another understanding of

<sup>40</sup> 60% of EDM's capital was ceded in 2000. But the telecommunications sector was not liberalized until 2002, with the award of an operating licence to Ikatel, a subsidiary of France Telecom. This puts an end to the monopoly of the Société des Télécommunications du Mali (Sotelma) that was entirely controlled by the state. As for the concession of the train line from Bamako to Dakar, it was not granted until 2003 to the Canadian-French consortium Canac-Getma, which held 51% of the corporation, the Senegalese and Malian states holding 10% each.

<sup>41</sup> "In brief, the access to basic infrastructures, water and decontamination (objective 7 of the Millennium Development Goals), namely for the poorest members of the population may be reinforced through public-private partnerships that privilege, beyond classic operations of significant size, models of decentralized distribution": *Rapport du Haut Conseil de la Coopération Internationale pour le Premier Ministre*, 24 September 2002, Paris, HCCI, p. 7.

<sup>42</sup> Thus with the election of Amadou Toumani Touré in 2002, "the objectives of the government in terms of energy were: 1) the production and distribution of electricity at a minimum cost; 2) growth in the service to the population; 3) the reduction of consumption of wood through the use of improved equipment and substitute equipment; 4) the implementation of a program of promoting solar energy for a large portion of the population." The lowering of costs of energy is expected at the same time as the growth of service. And to achieve these goals, the government lists a series of methods to be used, including the regulation of electricity: "The strategies that will be implemented will have to do with: 1) the valorization and the accessibility of cost-effective energy sources (hydroelectricity and new renewable energy sources); 2) the rehabilitation of existing infrastructures; 3) the development of a policy of sub-regional cooperation; 4) acclimating populations to the consumption of energy sources other than wood; 5) the exoneration of rights and taxes for equipment of new and sustainable energies; 6) the pursuit of the privatization of Energie du Mali (EDM) whose sale of 60% of capital was completed in December 2000; 7) the transference of certain technical skills to local collectives, especially the realization and maintenance of local installations (contracting authority); 8) the implementation of a regulatory body for the electrical sub-sector; and 9) the development of natural forests for energy consumption and the realization of new growth forests to satisfy future needs and to contribute to the protection of the environment (sources of carbon)," *Poverty Reduction Strategy Paper* (French version), Washington D.C., The World Bank, May 2002, p. 32.

the public good. The conception of the public good advanced by the Amadou Toumani Touré team constituted a re-evaluation of the “commodification” process begun by the Konaré team. The latter’s goal, based upon a model of minimal and stable service over time, was to improve the management of the existing network and client base (i.e.

the small segment of the population that was already covered) by considering water and electricity as exclusively economic goods. Amadou Toumani Touré’s team rejected this strictly economic definition and ended up de facto modifying the terms of the contract by widening the targeted population and adopting a dynamic vision over time.

## 1.4 A reasoned nationalism

International donors and private actors often hastily explain the break of the contract through a reference to Malian nationalism. The break, it is claimed, was a deliberate strategy employed by the Malian government whose ultimate objective was re-nationalization. Here again, our research tends to show that this reading results from a distorted perception of the Malian authorities’ conduct, especially concerning the expression of national sovereignty and an attempt to control an economic, social, and political lever.

### A history of independence’s affirmation

To understand Malian nationalism one must take into account, on the one hand, the extremely rich and complex historical *trajectoire* of a country proud of its independence and distant past of imperial grandeur and, on the other hand, more recent developments signaling its adaptation to the constraints of dependence. Malian nationalism is bound up in processes of identity-formation and state-formation, but contrary to other forms of nationalism in other regions, it does not have racial connotations. As opposed to the Ivory Coast, for example, Mali perceives itself in the *trajectoire* of an ancient and powerful state. The political sphere in Mali is defined by the invention of political continuity, with emphatic references to “culture” and “Empire.”<sup>43</sup> For actors themselves, the struggle for independence was understood as a prolongation of the grand empires. Sikasso’s *griot* thus invoked the era of Saba and the founders of the chiefdom (*chefferie*): these narratives explicitly highlighted the preservation of political continuity over different periods.<sup>44</sup> Shaka Bagayoko goes so far as to suggest that contemporary Malian society is closer to the ancient period of grand empire than the more recent colonial period.<sup>45</sup>

The economic history of Mali is a history of the affirmation of independence: in the name of past grandeur, notions of

honor and sovereignty congealed into a national ethos.<sup>46</sup> De facto, the country played a very active role in the anti-colonial struggle. Modibo Keita gave concrete expression to this will to break with the colonial empire by leaving the franc zone, aligning himself with Nkrumah’s Ghana and Sékou Touré’s Guinea, and developing an economy that was not simply socialist but national. Such measures demonstrate a remarkable capacity for overcoming relationships of dependence. In the economic realm, the importance that Malians continue to accord to national sovereignty is an expression of the country’s deep attachment to national economic efforts since the movement of independence. In this regard, it is interesting to note that each great Malian leader has seen his name linked to an achievement in the domain of electricity: Modibo Keita to Sotuba, Moussa Traoré to Sélingué, Konaré to Manantali. The decision to implement the EDM PPP may be seen within this context. Yet the choice to end the contract must be understood as another form of break with dependence: it constitutes an affirmation, no longer of nationalism, but of a will to defend the honor of a country that claims to know its own course, that has its own visions and policies, that is able to assume its own responsibilities.

<sup>43</sup> J.F. Bayart, *L’Etat en Afrique. La Politique du ventre*, Paris, Fayard, 1989, nouvelle édition 2006.

<sup>44</sup> J.L. Amselle, Z. Dunbya, A. Kuyate et M. Tabure, « Littérature orale et idéologie. La geste des Jakite Sabashi du Ganan (Wasolon, Mli) », *Cahier d’Etudes africaines*, 73-76, XIX (1-4), 1979, pp. 3-27.

<sup>45</sup> S. Bagayoko, « L’Etat au Mali. Représentation, autonomie et mode de fonctionnement », in E. Terray (dir.), *L’Etat contemporain en Afrique*, Paris, L’Harmattan, 1987, pp. 91-122.

<sup>46</sup> J. Illife, *Honour in African History*, Cambridge University Press, 2005.

This conception of the *trajectoire* of the nation-state does not, however, permit us to conclude that the Malians never accepted the arrival of Saur; nor does it allow us to imagine that they rejected the corporation because it was French and intricately allied to the political power of the French state, nor that they saw the concession as a dispossession of their sovereignty. As we have seen, the Malian decision in favor of concession was not imposed but chosen by a team preoccupied with balanced budgets and a proclivity for management. In addition, Malians never hesitated to call upon foreign experts (Canadian, British) or to project alliances with non-Malian operators (today, for example, Indians, Chinese, and Iranians) in order to find alternate solutions to those proposed by the French partner. Similarly, they played different international donors off of each other in order to delay decisions, continue a existing policy, or lead the international community to accept their solutions. Incontestably, alter-globalization discourses and critiques against real or supposed forms of neo-colonial conduct are widespread in contemporary Malian society.<sup>47</sup> One cannot, however, conclude that the Malian management of conceded EDM was nationalist in nature. Behind the victory cries that accompanied Bouygues's departure, the reality of the situation was far more ambiguous: many Malian actors, holding diverse and often incompatible positions, are now seriously reflecting on the future of public policies in the sector. But despite these divergences, everyone agrees that finding a foreign private partner as an operator, whatever the envisioned form of the partnership, would be a desirable outcome.

What is more, nationalism and nationalization are two distinct concepts. The breaking of the contract, we maintain, was not a way of sacralizing a project of re-nationalization. Rather, it expressed the impasse faced by Malian authorities who wanted to implement new policies from within the framework of a concession contract that had been signed under different auspices. It demonstrated that the disengagement of the state could not be achieved at any price. Thus, it was less a question of nationalism than of the integration of developmentalist and sectorial rationales (water, rural, etc.) in the management of public utilities. On the one hand, the departure of Bouygues and EDM's de facto re-nationalization symbolized Malian disappointment over the private operator's achievements (the idea being: "If this is

the best they can do, we might as well have done it ourselves; and in any case, we are doing it already"). On the other hand, it represented the will, regardless of its realism or probability, to pursue a policy of widened access to public services at reduced costs.

### ***Dispossession and information asymmetry***

One cannot ignore, however, the feeling of dispossession that the EDM concession, coupled with the privatization of a portion of infrastructures, stirred up among the Malian ruling class. But it seems that this was less a nationalist emotion than the sensation of being deprived of knowledge, competence, control over the process and, more generally, economic policy. Information asymmetry between public authorities and private entities is a common problem found in every country, even the most industrialized ones<sup>48</sup>: it stems from a disequilibrium in the distribution and access to information and the control of knowledge, the absence of readily-accessible public information, the existence of a veritable informational advantage on the part of the private firms (originating from the historical experiences of specialized companies), and the foreign partner's ability to accumulate information that is not necessarily accessible to everybody.

This asymmetry is particularly pronounced in the case of Sub-Saharan Africa. Mali is, in this respect, an exemplary case, for it did not have specialized technical skills and thereby based its strategy on its ability to negotiate and arrive at compromises. Within EDM, however, one wonders whether practices of bypassing and circumvention were deployed in order to retard complete access to the foreign actor's information. Whatever the case, divergences in the daily management of the corporation were manifold, bound up in information asymmetries. Such divergences arose, most of all, from the Malian actors' perception that Saur's explanations were partial and insufficient concerning accounting, financing and investments; the details of salary policies; the policy of distributing dividends and communication; and the relationship to state representatives on the

<sup>47</sup> It is thus not by chance that the film *Bamako* (2006, directed by Abderrahmane Sissoko), which recounts "civil society's" trial against the international financial community, was made by a Malian director, that it takes place in Bamako, or that the title of the film is itself the capital of Mali.

<sup>48</sup> F. Marty, S. Trosa et A. Voisin, *Les partenariats public privé*.

board of directors. Malian partners tended thus not to listen to explanations provided by Saur and IPS, hearing instead the foreign partner's informational biases (for example the confusion surrounding "virtual liquidation"<sup>49</sup>). Other indices of information asymmetry include persistent weaknesses in the management of invoicing and collection, the embezzlement of energy and its resale in military camps, and the continual deferral of payment by various administrations. The system of information, whether based on accounting provisions or on financial indicators, does not appear to be particularly efficient. Information asymmetry between Saur and its correspondents outside the company (board of

directors, trustees, tax department, public opinion, regulators, etc.) is coupled with the interests, habits, expectations and negotiations over the endogenous treatment of data within EDM. IPS, the other large private foreign shareholder who remained in EDM after Bouygues's departure, continued to have active personnel to manage both accounting and the electricity sector without improving the quality of information, monitoring, or transparency. Malian recriminations against the private partner (which, as we have seen, result from a differential in technical skills) were mistaken as expressions of nationalism by both the international donors and the foreign private operators.

<sup>49</sup> The weight of financial obligations towards a third party (banks, tax department, suppliers) and heavy losses sustained by the corporation may lead it to consider virtual liquidation.

## 2. Incompatible preoccupations and objectives

The Malian authorities, along with the management of Bouygues and IPS, adopted an extremely simple and unequivocal discourse following the consummation of the break in August 2005. Each side claimed that the unfavorable outcome was “nobody’s fault” and could be explained as the irreconcilable differences between the Malian and French partners. Of course, this discourse results from an accord between the two sides. When they agreed to “part as friends,” they established the principle of debarment and public non-denunciation of the adverse party.<sup>50</sup> In private, both sides raised grievances and continued to voice accusations. Even if these criticisms, to save face, were contain-

ned within the technical domain, they nonetheless remained virulent.

Our research in Paris and Bamako suggests that one ought, paradoxically, to take this calming front-discourse seriously. Indeed, we have been continually struck by the permanence of differences in understanding and self-interest, levels of analysis and perception, positions and interpretation between the different parties, despite five years of cohabitation. These are indeed differences, not “errors,” “wrongdoings,” “hidden agendas” or “inappropriate behavior,” and they ultimately explain the failure of negotiations and the inevitability of the break.

### 2.1 Different approaches and rationales of action

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Different rationales of action help explain why various actors (state, corporation, private parties, share holders, regulator, consumers, contracting authority) were impeded from the “good” exercise of their respective functions. Without pretending to be exhaustive, we argue that three differences are of principal importance in this failure.

#### ***Dilemmas of the strategic partner***

Both governors and the public admit that EDM S.A. was mismanaged prior the signature of the PPP. This is one of the reasons that the privatization was so well received in 2000. But this dissatisfaction coexisted with another contrary perception concerning EDM, one that was not nearly as negative as the nickname *Energie du Mal* leads one to believe. Of course, difficulty supplying water and electricity appears to be intrinsic to the public sector, along with others such as nepotism and the frequently unimpressive results of a faltering and aleatoric system of management. In spite of everything, however, the corporation still managed to

make investments and supply services to its most important clients, services that were judged satisfactory in terms of price and quantity. This mode of functioning permitted, moreover, a compromise with other portions of the population, who benefited from advantageous pricing. The biggest complaint of individual clients was the persistence of power-outages.

The expectations and perceptions of consumers and their affiliates evolved along with the PPP. The new private corporation needed to optimally reconcile general interest and economic rationality, not profit. For the beneficiaries and the witnesses of this revolution, the injection of private rationality (foreign, moreover) should have gotten rid of the “nuisances” of public management while keeping its “benefits” (“*acquis*”), such as tolerable financial rates. For Saur, on the other hand, profit was not simply an index of good management. Rather, it was the basis of cash flow necessary for

<sup>50</sup> According to the multilateral agreement signed 14 October 2005 by the state of Mali, Saur International, IPS (WA), SIPIA, and EDM Holding.

investment.<sup>51</sup> By presenting its dividends to EDM shareholders (of which it was the most important) Saur confirmed that EDM S.A. was henceforth a private corporation, whose objectives could only be short-term benefits. In this, they were following the logic of the shareholders, a prime criterion of a corporation's success in the contemporary world.<sup>52</sup> However, EDM's concession stirred up other expectations in Mali, at least in the short term, especially concerning the overall improvement of management. For many Malian actors, the distribution of dividends, even if modest, forced one to reconsider the logic of good management: it was inconceivable that EDM's management would raise prices while simultaneously distributing dividends and complaining about increased expenditures. For Saur, on the other hand, it was necessary to pursue a strategy of investment, which required consolidating reserves in the form of provisions and amortizations, while elaborating provisions that allowed for the operating account to cover new charges. What is more, the difficulty that Saur encountered in balancing sales prices and covering future expenditures necessary for the network's extension only added to the French corporation's discredit: the firm's conduct was perceived by its Malian partners as demonstrative of a lack of interest in the rationale of mid-term investment.

### **Different purposes of action**

Within Saur International, the commercial rationale and interest in liquid assets predominated, and not always because the French firm privileged a short-term strategy. What mattered was cash flow, of course, but also the ability to permanently renegotiate and to manage unforeseeable events, environmental instabilities, and the mobile and fluctuating character of activities themselves.<sup>53</sup> This logic of price- and cost-adjustment becomes necessary as soon as an agreement is signed with a partner. The management of unforeseeable events has its own organization: a hierarchy of responsibilities and confidences between the actors of the corporation, a continuous negotiation of budgets and results between the person in charge of the contract and his superiors, and a political system favorable to the contract. To resist the straying or wavering of the course of action due to such unforeseeable events, one must be determined to maintain the project, a determination that is necessarily motivated by a fear of failure and a loss

of confidence. The economic and technical reality is not only aleatory and uncertain: it is malleable. The practice of permanent negotiation between partners allows these actors to reshape the situation without becoming passive victims of unforeseeable events.

EDM, however, as an entity with its own history and practices, continued to operate within a public enterprise rationale, even during the period of concession. It sought to continue improving productivity within the enterprise; preserving the benefits of employees and internal leaders; and maintaining the possibilities of enrichment and the exercise of financial, symbolic, or political power through the control of networks. It would be imprecise to say that EDM, following the model of public corporations, functioned according to a bureaucratic rationale opposed to commercial practices.<sup>54</sup> Access to the market is inseparable from the practices of state actors just as access to the state remains vital for private actors.<sup>55</sup> Agnes Lambert reminds us that, in the case of Mali, "The intense circulation of commodities, of monies, and privileges between the agents of the state and traders shows that the totality of actors implicated in various levels of commercial activity constitutes a unique system, where logics of power must likewise be emphasized."<sup>56</sup> The case of EDM illustrates the indefectible character of these bonds between the "business world" and "bureaucracy" in the context of liberalization and privatization; in this situation, one witnesses the shrinking of public opportunities and a diminished number of locales that anchor these mutual exchanges.

Concretely speaking, these plural and concurrent networks develop both within and outside the enterprise, and link together EDM's workers and executives, private suppliers

<sup>51</sup> F. Leborgne, "La privatisation de l'eau au Mali," article cited above.

<sup>52</sup> Ibid.

<sup>53</sup> This is what some have analyzed in terms of a "working logic" ("*modèle du chantier*"), but which can be found in other activities than the BTP: C. Hocquard, "Le modèle du chantier," *Gérer et Comprendre, Annales des Mines*, décembre 1989, pp. 73-82.

<sup>54</sup> J.L. Amselle, "Socialisme, capitalisme et précapitalisme au Mali (1960-1982)" in H. Bernstein and B. Campbell (eds.), *Contradictions of Accumulation in Africa*, London, Sage Publications, 1985, pp.249-265 et J.L. Amselle et E. Grégoire, "Complicités et conflits entre bourgeoisies d'Etat et bourgeoisies d'affaires au Mali et au Niger," in E. Terray (dir.), *L'Etat contemporain en Afrique.*, pp. 23-47.

<sup>55</sup> J.F. Bayart, *L'Etat en Afrique.*; O. Vallée, *Les entrepreneurs africains: rente, secteur privé et gouvernance*, Paris, Syros-Alternatives, 1992; B. Hibou, *L'Afrique est-elle protectionniste? Les chemins buissonniers de la libéralisation*, Paris, Karthala, 1996.

<sup>56</sup> A. Lambert, "Les commerçantes maliennes du chemin de fer Dakar-Bamako" in E. Grégoire et P. Labazée (dir.), *Grands commerçants d'Afrique de l'Ouest. Logiques et pratiques d'un groupe d'hommes d'affaires contemporains*, Paris, Karthala, citation p. 39.

(mostly local suppliers of carburants and installers of equipment from central power stations to meters), civil servants, politicians in different arenas, the Ministry of Mining and Energy, the office of the Prime Minister, the Executive Office, as well as policing agencies (la Sécurité). The force of these networks is concretized through nominations and recruitments, but most of all by obtaining markets. Political clientelism remains strong during periods of privatization and concession, given the historicity of these networks within EDM as well as the permanence of strategies of accommodation with those in power. EDM, with a turnover of roughly two billion CFA francs a week, is moreover the largest company in Mali. It constitutes thus a veritable resource in terms of its capacity to be used politically, less by the direct seizure of funds than through the perspicacious use of networks that bring together politicians, administrative officials, corporate executives, and suppliers. Thus, over time, business networks of confidence develop — “clans” as the Malians themselves call them — that defend their own interests.

The state, through a certain social empathy, ensures the permanence of the clientelist status quo for users who already have access to EDM’s public services. These users belong to a relatively privileged urban stratum, but who, in times of crisis (whether alimentary, religious, social, or political), frequently serve a redistributive or reciprocal function. In social terms, there likewise exists a temptation to maintain social stability through a price of water and electricity that is compatible with an estimate of the buying power of the population,<sup>57</sup> or more precisely, with an estimate of Bamako’s essential needs. For the provinces, this price is calculated according to the revenue of a “category A” civil servant. In economic terms, the state also needs to give itself the means to define an economic policy and fight against poverty by taking into account developmentalist objectives. In terms of political economy, it is important to remember that the state is relatively dependent on persons who finance its budget and simultaneously act as powerful private interests.<sup>58</sup> The state remains heavily dependent on the opinion of representatives of Malian society (*griots*, and opinion-makers in general) and facilitators of economic interests. It is in this context that one must also understand the interest of EDM as a purveyor of cash for the state. And lastly, for a certain number of Malian actors (suppliers of

EDM, networks of political wheeler-dealers) who find themselves between the public and private sectors, the rent-seeking rationale is a primary lever of action. For others (the regulator, *La Commission de Régulation de l’Eau et de l’Electricité*, CREE, as well as various ministries) what matters is to affirm themselves in the public sphere, to affirm the legitimacy of their actions and their decisions in a situation transformed by social and development concerns.

### **Different visions of price formations of water and electricity**

Contrary to what is often postulated, there is not a single way of pricing a good, especially when dealing with “public” goods that have highly specific characteristics such as water or electricity.

One may opt for a *political price*, as do many state representatives. In this case, the fair price is not simply an arbitrary political decision, but is calculated according to numerous concurrent or complementary rationales. First, the price is calculated with respect to buying power. In this sense, the prices demanded by EDM during the concession appeared excessive for one of the poorest populations in Africa. The fact that a price hike was requested (especially since the price was already much higher than in the Ivory Coast, a much richer country than Mali) was considered to be an error even by those who did not directly pay an electricity bill. Buying power was in this case evaluated according to the standard salary of a civil servant, but it is well understood that in Mali today a civil servant’s salary is insufficient to pay an electric bill. The fair political price is also derived from other socio-political considerations, such as degree of commitment to the Millennium Development Goals. But the political price is also derived from economic considerations that are not always compatible. These include the will to reduce, and even to nullify political subsidies; the will to integrate a certain economic and financial realism in the enterprise even if one does not expect this to have full repercussions on the sale price of water and electricity; the

<sup>57</sup> M. A. Sako, M. Razafindrakoto and F. Roubaud, *Gouvernance, démocratie et lutte contre la pauvreté au Mali, le point de vue de la population de l’agglomération de Bamako*, Enquêtes 1-2-3, Premiers résultats, Bamako, DNSI-IRD-DIAL, 2005.

<sup>58</sup> Thus, when a famine breaks out in Mali, the state, contrary to what happens in Niger, generally does not solicit international aid; it asks merchants to distribute grains or rice in exchange for not being taxed on the rest of their goods.

search for general financial balance within the sector, taking into account the presence of local water fountains; economic development objectives and the requirement of lowering the factor costs, starting with the cost of electricity. The tensions between each of these considerations are extremely high, and this explains the fluctuations in the fair political price over time.<sup>59</sup>

But the state is not a unique or “thinking” entity, and there are a number of different ways of calculating the “fair price.” According to CREE, for example, the fair price would be an *accounting price* calculated according to the “fair” operating costs of EDM. According to the regulator, the prices proposed by EDM do not reflect the corporation’s real costs, and it is possible to lower the prices of water and electricity by means of a fair reevaluation. CREE reappraises EDM’s operating account, then, by proposing a price based on its own evaluation of the coherence of costs and on its estimation of the corporation’s “true” costs. For the managerial team of EDM (Saur/IPS), on the other hand, the price must

be calculated according to a financial model that considers the corporation’s balance sheet in the mid-term; this would be a *technical price*. In other words, the price must be calculated so as to incorporate the operating cost of EDM as well as investment costs and a minimal profit margin. For the IMF, on the other hand, the fair price is a market price, or marginal price, that must be calculated in order to permit EDM to turn a profit once it has improved management and fought fraud. Such a price is calculated according to the considerable investments that the foreign firm planned for when the contract was signed.

So much is clear: these different ways of calculating prices do not reflect so much different “cultures,” as is often said, but different objectives, priorities, and rationales of action. It becomes evident that, from the beginning, the definition of the actual price for the consumer — and thus the definition of the level of compensation and costs for the corporation — was at the heart of the permanent negotiations between the different parties.

## 2.2 The consequences of genetic differences

One can see how strategies and visions of the PPP may differ depending on whether one is a foreign private operator, a civil servant working in this or that ministry, this or that institution, a national or foreign employee of EDM, an executive or employee. What is important here is not so much variances in positions or levels of analysis, but the consequences that these divergences exert on the technical understanding of the management of the PPP.

### **Profitability, a shared notion with different meanings**

Thus, actors do not necessarily attribute similar meanings to shared notions; what they do share, however, is the ambiguity that inhabits each of these concepts. What does the “profitability” of EDM mean, for example? Each side agrees that the costs and expenditures of the corporation should be measured against its returns. Nevertheless, this common ground vanishes as soon as one introduces the problem of investment, one of the principal aims of a producer and distributor of energy and drinking water.

Indeed, investing in a thermal power station of several

dozen megawatts or a generator of 1.5 megawatts does not present the same cost. Depending on the choice one makes, profitability is evaluated and accounted for differently. The growth in thermal power supply and the ineluctable depreciation of older units can, in the long term, render a large slice of investment cost-effective. But a small slice of investment will be especially attractive for the corporation (if one considers profitability in the strict sense and in the short term) since the investor is uncertain whether demand will follow the accrued supply that is permitted by the new equipment. For example, as soon as an energy or hydraulics investment reaches a certain level, it produces economic interactions that raise the question of over-all cost-effectiveness. Is it better to massively modernize thermal power in order to reduce the consumption of heavy fuels? Or is it better, on the contrary, to substitute these sources with hydraulic energy? The construction of a new power

<sup>59</sup> This multiplicity of rationales and their non-compatibility are not peculiar to Mali. For general reference, starting with the case of the United States, see V. Yakubovich, M. Granovetter and P. McGuire, “Electric charges: the social construction of rate systems,” *Theory and Society*, n°34, Spring 2005, pp. 579-612.

station or dam will have long-term effects, due to the time they take to build; but they will also produce complex operations in which a whole series of other factors (brute materials and labor) become associated with the functioning of new capital (water with pipelines, fuel with thermal power stations). The calculation and choice of investment requires one to compare at least two chains of decisions. Notions specific to the domain of energy, such as installed capacity, the depreciation of existing networks, and the security curve introduce complex parameters. Indeed, replacement investments (new equipment against old equipment), expansion investments (development of expected demand), and modernization investments (aiming for lowered costs through a minimal consumption of input) each result in different rates of return. Wear and tear on equipment, and the changes in quality that they produce (in particular with regard to thermal power stations) further complicate evaluations, resulting in highly debatable equations concerning size, time, coupling, and uncoupling. The rationale of covering a marginal need (peak period) leads to competing options between the best piece of equipment and the risk of losing capital. The “best piece of equipment” itself may end up being the one that pays for itself the most quickly, a point of view that is naturally that of the investor with respect to risk.

In addition to the search for the optimum investment, the investor must compare different financing resources. Within the corporation, improving the existing structure allows one to defer investments and generate cash flow that will “progressively” allow the replacement or construction of new equipment. The process of maintaining equilibrium depends upon the decision-makers’ aims. One of the tendencies of the private entrepreneur, in contrast to a public vision of durable collective goods, is that the “best piece of equipment” is defined as that which authorizes the acquisition of the lowest cost price. In general, the private operator is more concerned with a shortened payback period for each investment than with the scale and capacity of a global investment in the long term.

Different conceptions of time and degrees of self-interest determine evaluations of profitability. But such evaluations are likewise influenced by one’s hopes for return on the investment in question, a figure that is necessarily uncertain.<sup>60</sup> An obsession for contracts and the exchange of

signatures no doubt reflects the will, on the part of a partner like Saur, to minimize uncertainty. This complexity has to do with an inherent feature of public-private partnerships. The long-term nature of investments in a regulated sector inevitably results in a deficit of investment in community services; only tailor-made contracts can lay the foundations for PPPs that guarantee the investor a return on investment that he deems certain.<sup>61</sup>

### **Governance, a catchall concept**

The same is true for notions of governance and accountability, usually considered to be characteristic of PPPs. In fact, the aporia between two differing visions of profitability, described above, perturbs the informational content of governance.

In fixing the price for water and electricity according to the terms of the contract, Saur inflexibly applied a formula without considering the need to modify the weights of different factors and incorporate a grading scale, both of which were included in the contract. It obeyed an internal calculus, a shadow price that corresponded to discounted revenues that needed to compensate for expenses, in particular those related to investment; these calculations were, in theory, done within the framework of concession but were ostensibly designed to shorten the pay-back period. This is almost “naturally” a dual accounting approach defined on the one hand by profit in the mid-term and on the other hand by the current operation. Since such a technique is difficult for a corporation like EDM to practice, its management reported expenditures in order to compensate for others that they anticipated, expenditures that the Malian actors at the time deemed contestable. Thus, they found themselves caught between the need to raise prices in order to cover expenditures and the need to distribute dividends. This contradiction led the state partners to express serious doubts about the quality of EDM’s governance, thereby inverting the earlier critiques of bad governance that were aimed at the state’s management of EDM.

<sup>60</sup> G. Debreu, *Théorie de la valeur, analyse axiomatique de l’équilibre économique*, Paris, Dunod, 1984 (English edition, 1956).

<sup>61</sup> F. Araujo Turola, T. Anker, R. Meirelles de Faria, *Infrastructure Services in Brazil: The Role of Public-Private Partnership (PPP) in the Water & Sewerage Sector*, working paper series, São Paulo School of Economics (EESP-FGV), November 5, 2004.

For the World Bank and the AFD, the privatization and concession of EDM had another aim: the transformation was meant to implant healthy management into a corporation that had been, up until that point, infested with political interference, embezzlement, and general corruption. The Malian leaders who signed the contract with Saur in 2000 felt the same way. According to this international rhetoric, the PPP was conceived as a process of shared responsibility between the state, the market, and civil society; this shared responsibility was to permit control and transparency, thanks to the principle of contract control and regular evolution through performance evaluations.<sup>62</sup> The criteria of efficiency, cost, and technical skill were thus supposed to bring good governance and transparency and, as a result, efficiency of public policies.<sup>63</sup>

This rhetoric of transparency in public-private partnerships varies according to the self-interest of different parties. Depending on the case, this notion may refer to the transparency of accounts, the transparency of subsidies, the transparency of equity and redistribution, the transparency of the firm's operations, or the transparency of the financing of investment and expenditures.<sup>64</sup> But transparency can be understood in yet another manner: as the respect for norms, in this case the norms of liberalization, privatization, and a market economy, norms that are likewise respected by the public authorities whose task it is to permit their conditions of realization. In the case of Mali, CREE certainly perceives questions of governance and transparency in these terms. The regulatory commission seeks above all to help establish the governance of both regulation and the market, constrained neither by time nor by the state. Inversely, critical analyses of PPPs — from proponents of alter-globalization to social science researchers — often point out the opacity of the processes of partnership.<sup>65</sup> They underscore the lack of transparency in terms of financial arrangements, the distribution of roles between public and private actors, and the concrete functioning of these alliances. They thereby justify the resentment of consumers and citizens.

### **The instability of conduct**

Should the success of the PPP be measured in terms of its balance sheet, its realization of construction projects, its operating account, its sales figures, the minimization of

technical or non-technical losses, an increase in subscribers? These criteria are deemed legitimate or illegitimate depending on the actor or period of time in question. The latter constitutes another source of disorder and divergence. It is not uncommon to find that, over the course of time, the aims, criteria of evaluation, and instruments of measurement change; this not only disorients the partners but makes it difficult to find common ground across diverse strategies. For differences are not problematic in and of themselves: any exchange is by nature defined as an encounter between two non-identical attitudes. What poses a problem is rather the absence of intersection between different strategies and the instability of these attitudes themselves.

This alteration over time was illustrated, in the case of EDM, by the change in the state's attitude from a short-term vision of the PPP (concerned with budgetary expenses and the difficulties of management) to a more long-term vision (concerned with the development of networks of water and electricity and the accessibility to these two public services). A similar alteration can be observed in the changing evaluations of the World Bank. Initially, the latter negatively evaluated Bouygues. But once the contract was broken, it regretted the departure of the French corporation and continually pointed out the its successes. The World Bank similarly supported CREE (which it helped to found) during the first four years of the concession, judging it efficient and professional. But little by little it began to disavow its own creation, calling into question the latter's functioning; this is due primarily to the World Bank's inability to envision privatization's reversal. The World Bank was caught between two contradictory sets of goals: on the one hand, the policy of liberalization, privatization, and true prices that it promotes; on the other hand, the Millennium Development Goals and the fight against poverty that it recently adopted. Considering recent modifications in the world's strategy on

<sup>62</sup> R. Wettenhall, "The public-private interface"

<sup>63</sup> The naivete of this virtuous circle of PPPs is demonstrated for example by C. Baron and P. Bauby, "Figures d'eau," *Sciences de la société*, n° 64, February 2005, pp. 3-16.

<sup>64</sup> See, for example, Institut de la Gestion Déléguée, *Gouvernance, partenariat et financement pour les services essentiels*, Paris, IGD, February 2006.

<sup>65</sup> For a general treatment, see C. Greve and G. Hodge, "Introduction," and E. Lobina, "Problems with private water concessions: a review of experiences and analysis of dynamics," *Water Resources Development*, vol.21, n° 1, March 2005, pp. 55-87.

water, it is also possible to wonder whether the international community is not once again in the process of changing policies, or at least whether it is increasingly reticent concerning the necessary measures. These new questions concern the double mission of EDM S.A. (water and electricity simultaneously) as well as rural sectors of the population (e.g. whether or not they should be managed according to the modes of this partnership). Underneath the disorientation felt by the international donors towards the PPP, a reappraisal of the private entrepreneurial management of an essential good like water is underway.

Evolving international criteria in the assessment of private corporations provide another example of such variances in evaluations, which have had important effects within Mali by privileging Bouygues's withdrawal. Before the crisis of 2001-2002, the evaluation of companies was done based on the growth of sales and the internal rate of return, two criteria that are effectively easy to manipulate. Since the Enron affair in December 2001, the assessment of private corporations is based on the profitability of capital employed and on the capacity of distributing dividends. The adoption of these new criteria requires a total reexamination of the international strategies of large corporations, notably in water and electricity. Contracts that were previously considered attractive — concessions in Great Britain as well as the concession in Mali — become dubious, and corporations try to get rid of them. Financiarisation provokes a shift from mid-term to long-term reasoning, and thereby totally transforms the logic of PPPs. There is not even a consensus concerning technical questions. Is water more or less important than electricity as an essential good and public service? Is water more or less cost-effective than electricity? Should production (water, electricity) be centralized or decentralized? For electricity, is interconnection more efficient than independent units of production? Should generation be modular, based on raised standards of the economic scale? Should energy be produced in Mali, or can it be imported? Each of these questions necessitates a divergent response according to one's vision, priorities and aims, and political, institutional, or functional constraints.

### **Opposing interpretations**

Decisions can likewise be interpreted rather diversely,

according to the nature of viewpoints, conceptions of time, and strategies adopted. An excellent example of these misunderstandings is the decision taken by Saur and IPS in 2002 to distribute dividends. The private firms wanted to demonstrate respectability (following new international criteria, adapting to new international norms concerning the performance evaluations of private enterprises), mutual advantages (distributing dividends to the state, a minority share-holder), and the benefits of a measure (showing that the state had not always adopted a mistaken strategy and that it was, itself, also a winning party in the exchange). But these measures were taken to be strategic errors (by certain high-ranking public officials), as proof of a multinational corporation's exploitation of the country (by alter-globalization and anti-Westernization movements), as proof of the overestimation of expenditures (which justified CREE to reexamine the corporation's lowering of costs and expenditures so as to attain a "fair" evaluation). In the same way, the decision to raise the salary of certain executives of EDM and to give them personal benefits was perceived by some as a sign of the firm's normalization, pointing towards the adoption of private governance. Others understood these measures as an attempt to break a trade-unionist logic (the very rationale of a public service enterprise), as a source of disorder and inefficiency, or as an apparatus poorly adapted to the African situation. In the same way, some considered the policy of investing on an ad hoc basis inevitable given the urgency of the situation or the difficulty of predicting the state's compensatory payments; on the other hand, others negatively evaluated this strategy, seeing it as a sign of short-term reasoning, improvisation, and even incompetence, while still others saw it as self-serving even fraudulent.

Given these circumstances, one understands the need to contextualize figures in their political economy. Debates over the opacity of the private partners' management, internal debates within EDM (conflicts between those who are for and those who are against the strategic partner's policy) as well as debates external to the corporation (CREE's argument concerning costs and the overestimation of expenditures, as well as the argument of the president of Mali): each of these hides different strategies, priorities, whether overt or covert, interpretations of the situation, or divergent estimations of each actor's needs. Thus, it is not

clear whether CREE was right in its fight over costs. On the other hand, EDM, under the management of Bouygues, was not able to demonstrate that its actions were justified, despite its considerable efforts to explain itself. This is probably due to the fact that detailing the givens of the situation would have necessarily revealed their underlying choices, evaluations of risk or cost-effectiveness, estimates of needs, points of view, and temporalities of action that would have been difficult to justify in the context of tense debate in Mali.

All of these divergences show how each actor differently perceives the main reason for the contract's break. Many see this as the result of a "clash of cultures." On the one hand there is a "Bouygues culture," characterized by a

"modèle du chantier" (model based on the functioning of the construction site, as outlined above) that comprises the technique of amendments, political interventionism, and brutality of negotiations. On the other hand there is a "Malian culture," exemplified by the practice of shams and political manipulations, the primacy of clientelism and populism. Others speak of the conflict between a "French culture" (that of contracts) and an "Anglo-Saxon culture" (that of regulation). Others see the contract's break as arising from a false and poorly adapted tariff formula that was too favorable to the foreign firm. Still others consider it to be the necessary result of concession itself, a form of management poorly adapted to a poor country lacking a basic infrastructure.

### 2.3 Systematic use of experts

The examination of analytic work done on EDM reveals these divergences very concretely. Such studies, commissioned by foreign experts, are numerous and illustrate perfectly the thesis of reasoned difference. Reading them separately, each argument is entirely convincing. Reading them together, however, and observing their interconnections, one is able to see the hypotheses, biases, presuppositions, and implied beliefs upon which they rest. In these expert analyses and in the way they are used, it is easy to see who is allied with CREE, who with the foreign private partners, who with Ministry of Mining, who with the Ministry of Finance, who with AFD, who with the World Bank. Experts thus serve as instrumentalized actors who act upon opposing parties, structuring contradictions, and contributing — momentarily, partially, almost without knowing it — to the balance of power. The arguments and positions of experts also allow partners or arbiters to develop ostensibly neutral rationales and discourses that exercise veritable power in matters that are reputedly political or mercantile. However, experts all agree on one point. They unanimously affirm the primacy of a legal or at least juridical interpretation of the problem, even when the order does not align with this orientation. The terms of the contract serve as absolute reference points, whether understood according to an algebraic conception — the formula by which electricity or water prices are indexed — or based upon their position

or status in relationship to a superior law or positive norm. In both cases, the partnership's purpose is never brought up, neither from a pragmatic nor a theoretical point of view. Experts may consider the gradation of prices false or inadequate. They thus distance themselves from common practices of leasing and concession that allow a smoothing-over of certain terms of the index (notably in the case of France). To so much as raise the question of the regulatory body's admissibility as a contradictory or inferior element to the concession contract is to proceed from a procedural, even litigious approach, an attitude that is far from that of confidence and cooperation that the partnership initially hoped to secure.

The technical and financing partners of Mali, the international donors, are the ones who make the most widespread use of experts. Experts allow them to opportunely justify a change in course, to simply underplay a strategy, to transmit an occasional or political message, or to exert authority. This is usually the case when they are forced into a corner by a number of factors: the reality of the situation, external resistance, their internal own contradictions, or the delicate management of their priorities.

Experts also serve to justify the changing positions of the international donors according to a rationality that is supposedly inherent. When the Bretton Woods Institutions want to argue for the privatization of community services (which

they support from the perspective of public finance and management) they call upon privatization experts, lawyers, business lawyers, and other actors who share often quite similar conceptions of the private partner. These experts are financed by the World Bank, which in turn adopts their recommendations concerning prices, modes of financing, and necessary aid.<sup>66</sup> Nevertheless, the clauses through which public authorities guarantee the profitability of corporations for the duration of the contract result often in disacords with the IMF, which is above all careful to preserve the rigor of public management and to limit the state's present and future engagements. Also, in cases of conflict, one generally leaves it to the experts to surmount existing contradictions and to reintegrate the intervention of multilateral financiers through gifts or concessional loans. The plurality of roles and repertoires and the ambivalence of interest that we have noted above creates a situation in which the words of an expert can be seized upon or devalued according to an actor's needs or the balance of power. The recurrent intervention of experts on the question of pricing, which result in renewed or even reversed assessments, corresponds to successive stages in the partnership process. In the beginning, when the goal is to attract a pri-

vate partner, the World Bank can use an expert to recommend a preliminary hike in the price of public services. That is what happened in Mali, where the promise of cost-effectiveness, and thus the interest of private investors, depended on an elevation in the price of EDM's services.<sup>67</sup> Once the privatization process was complete, however, the World Bank has fewer means of exerting pressure upon the government. This is especially true in Mali, where the absence of a holdings corporation precluded the Bank from offering loans. Thus the IMF picks up where the World Bank left off by calling upon other experts and using other arguments.

Parallel to this, international donors have other projects under way that generate other studies and alternate expert reports. The most productive and sweeping of these are studies concerning poverty that enter into direct interaction, even conflict, with the expert opinions of the public-private partnership. Through studies on poverty, evaluations of the strategy of poverty reduction, the HIPC initiative, and even analyses of credit rating agencies,<sup>68</sup> these experts formulate a whole series of criticisms concerning the cost and accessibility to essential goods. They thus place accusations on the foreign partner, from whom one had hoped to find solutions and results.<sup>69</sup>

## 2.4 International donors, a third partner?

Thus, contrary to what is often said, PPPs in developing countries do not install a two-way relationship between public and private actors, but rather a three-way relationship between the private operator, the national public, and the international or multinational public (in the form of international donors). The latter play a fundamental role in the formulation, application, and outcome of such partnerships, and their assessments likewise exert an appreciable influence on the development and unfolding of concession relationships. Indeed, the international donors are full-fledged actors who weigh heavily on the balance of power.

### Donors divided

International donors, like other actors, share unstable compartments liable to mutate over time. Despite their voluntarist discourses, strong oppositions between them further illustrate the permanence of competition and the absence

of coordination between institutions. This is not simply a

<sup>66</sup> M. Blokland, O. Braadbaart and K. Schwartz (eds) *Private Business, Public Owners – Government Shareholdings in Water Enterprises*, Publication for the Ministry of Housing, Spatial Planning, and the Environment, The Netherlands, 2000.

<sup>67</sup> "As a first step in this direction, water and electricity rates were increased by 30 percent and 12 percent, respectively, on April 1, 1998. These adjustments, which are necessary to contribute to the financial viability of EDM, will be accompanied by strict measures aimed at achieving profitability while reducing late payments on utility bills, as well as by additional rate adjustments if required": International Monetary Fund, *Mali—Sixth Review Under the Poverty Reduction and Growth Facility—Staff Report*, IMF Country Report N° 03/246, August 2003, p. 31; and Press Release on the Executive Board Discussion for Mali.

<sup>68</sup> "Electricity, as other public utilities, are relatively inaccessible to Malians because of their cost: only telephone services have grown over the past few years, with the development of corporations. The privatization of EDM has proven to be a failure: only 97 of 703 communes are part of the network today and the 140 Mds of FCFA of predicted investments were not realized by EDM. The average rate of electricity is 0.37% in rural communities and 7.56% in urban communities": Fitchratings, *Analyse de crédit international*, République du Mali, April 2004, p. 4.

<sup>69</sup> "To have a decent home' and 'to have access to water' figure among the needs deemed to be vital by inhabitants of Bamako. But only 41% of families in the capital are connected to the electrical network, and only 38% have direct access to tap water (interior or exterior). Even for families of the richest quartile in terms of revenue, 40% do not have electricity, and 52% do not have running water. For the poorest quartile, only 28% have access to electricity, and 30% have access to water distribution. Poverty in the agglomeration of Bamako is extremely widespread when one considers that less than 30% of inhabitants have flushing toilets, a criterion which we could consider to be a minimum": M. A. Sako, M. Razafindrakoto et F. Roubaud, *Gouvernance, démocratie et lutte contre la pauvreté au Mali*, p. 10.

case of competition, as in the example of interconnection, between traditional actors (France, Canada, Germany, the European Union, and so on) and outsiders who are either “disreputable” or who opted for an aggressive strategy for market shares (India, China, Iran); competition can also occur between traditionally allied actors, such as the unspoken struggle for influence between France and Canada, or France and the Netherlands, over the granting of concessional aid for competing adduction programs.

International donors do not accord the same priority to different objectives (management versus investment); they do not similarly evaluate the experience of concession (the arrival of private partners as a “good” or a “bad” thing); they do not envision the same means for improving management (concession, leasing, delegation of management, technical assistance); they do not use the same criteria to evaluate the performance of EDM. Oppositions can often be found even within the same institution. Certain groups, bodies, or professions affirm that they are ready for a concessional financing of electricity, for example, while others are more reticent; certain segments hope to commodify electricity, while others seek to maintain it as a public good and service.

Thus, Proparco envisions the EDM partnership as a primarily financial operation, a financial organization that remains to be elaborated, in this case a bond issue on the regional stock exchange of Abidjan. This perspective does not take into account either the economic reality of the country or the insufficiency of EDM’s capital with regard to the quantity of subscribers. Proparco is thus operating within a rationale of financial technique, treating EDM like a corporation from a developing country. On the other hand, within the AFD, other actors criticize Proparco’s position, qualifying its proposed investments as disproportionate and doubting the viability of the bond issue. Some make EDM’s concession an issue of governance, whereas others evaluate it according to the supply of a public service to the greatest number. But none of these positions is written in stone; today for example, one sees a return to an economic analysis of EDM. These divergent positions emerge moreover in a context where several traditions affront each other within the AFD: a tradition of “public finance,” which supports the idea that the public enterprise should not cost money; a “development” tradition, which intends to increase access

to water and electricity; a “geographic” tradition, which emphasizes both liberal constraints and the coherence of the architecture of the whole; and an “infrastructure” tradition that seeks to point out the technical and social possibilities of partnership. These different points of view and tensions result in the formulation of objectives that are not necessarily taken into account at the local level. The AFD in Bamako establishes alliances that are not necessarily compatible with the objectives defined in Paris; it may thus neglect the very principle of regulation whose mission it is to manage these multiple objectives.

Given the bureaucratic nature of international donors and their way of functioning from project to project, their preoccupations are extremely liable to change over time. They thereby contribute to the shifts in perspective and confusions concerning the private-public partnership’s purposes. This was the case of the World Bank, which relentlessly pushed for the concession of EDM, providing as conditionalities programs of structural adjustment, the financing of the Manantali Dam,<sup>70</sup> and then the HIPC initiative; once the operation was finished, however, the Bank almost completely withdrew from monitoring the management of EDM, which posed, from the very beginning, serious managerial problems. It is easy to understand this rationale of successive engagement and disengagement. The aim was, at first, to promote an operation — in this case a concession — a mode of functioning that was honored at the time within the institution. To this effect, arguments of good management, transparency, and public finance were marshaled. Once EDM was conceded, however, the rationale became simply a respect for the rules of the private sector, thus requiring the disengagement of the public international donor.

### ***The forgetting of development***

On the other hand, international donors have certain specific characteristics. They do not necessarily work within the limits of their initial mandate, which is to say a preoccupation for development and mediation between directly interested actors.

<sup>70</sup> The numerous delays in the construction of the hydroelectric dam, then in the network (due to the World Bank but also to other bilateral international donors) are frequently interpreted as an application of pressure to straighten out EDM’s management and as a prerequisite for its privatization.

The first characteristic shared by international donors is their weak sense of responsibility. This primarily concerns those multilateral institutions that are less subject to the political pressures of national leaders and in less direct contact with corporations. In the case of EDM, the behavior of World Bank representatives who spearheaded the initial formulation of the contract is not surprising. The Bretton Woods Institution relentlessly forced the Malian government to accept a tariff formula conceived by its own consultants. It then made numerous criticisms, as if it had nothing to do with the matter: the calculation of prices should have been pluriannual, established on a five-year basis; they should have introduced productivity and development gains; it would have been judicious to include objectives and indicators in the contract; investment engagements should have been contractual. When one backs these representatives into a corner, they respond in a similarly irresponsible manner: “In the beginning, we did not realize, whereas now....” This irresponsibility is notably bound up in the financial nature of the institution, following the example of Proparco, which intended to create its own financial operation in contradiction to the AFD, regardless of the consequences in terms of expenditures or viability. Such irresponsible behavior likewise stems from the World Bank’s mode of organization, with frequent changes in the team dealing with EDM in Washington and the non-implication of personnel in Bamako.

A second characteristic that is particularly present among multilateral organizations is the dogmatism of positions. In opposition to national public authorities and private operators, who are constrained, by their responsibilities and their engagements, to behaving in a pragmatic manner, the World Bank, for example, supports an anti-public position without any nuance. This also explains its choice of concession and not leasing, in opposition to other international donors, such as the AFD or the UNDP (United Nations Development Programme). This dogmatic position is likewise manifest in the adoption of pre-fabricated solutions chosen without reflection concerning the implementation of PPP in a small and extremely poor country lacking basic infrastructure. Such a position also takes the form of highly normative views and decisions concerning what does or does not constitute poverty and what activities should or should not be supported in the fight against poverty. It is

astonishing to see that HIPC’s expenditures are related primarily to education and health but not access to water and electricity.

Characteristics that are shared by international donors across the board, however, include a certain internal incoherence and a negligence of their official institutional purpose (the promotion of development). The conflict between establishing basic infrastructures for a poor population and maintaining sustainable profit for the private partner is rarely a subject of reflection, as is the compatibility between certain instruments and objectives of development. It is surprising to see, for example, that there was initially very little reflection on the compatibility between the wave of privatizations and PPPs and the rationales of development and investment. To be sure, there are more and more studies in this direction today. But the disconnect between the needs of development on the one hand and the demands of profit, management, and healthy public finance on the other remains wide, just as the disconnect between a reflection on the sector and a more general reflection on development. This heterotopia of domains of intervention is clarified by the public-private partnership. Mali is a very poor country with weak connections to regional poles such as Nigeria or the Ivory Coast. It is thus difficult for the country to gain access to revenues yielded by transborder activities or inexpensive sources of energy, as opposed to the case of Niger, which can benefit from energy produced in Nigeria. On the other hand, Mali benefits from an exceptional natural hydrographic network when compared to its neighbors in the Sahel, and the feeble distribution of drinking water, even if a Malian crisis, is compensated for by the proximity to large amounts of flowing water and ponds available to the population throughout most of the year. The international donors dealt with EDM, Mali’s second-largest corporation in terms of sales, as a public enterprise in need of “cleaning up,” but they did so without considering the specific constraints of the public service sector. After that, they obscured the need to invest in electricity and neglected the need for drinking water in Bamako. Once they realized a number of factors — the negative impact that energy and water shortages caused on poverty, the difficulty of realizing the Millennium Development Goals, the presence of political clientelism, regionalist interventionism, and other ulterior motives on the part of both parties — the international

donors, including the AFD, pursued spatially and institutionally scattered policies concerning water and energy. These comprised actions through AMADER (L'agence

maliennne pour le developpement de l'energie domestique et de l'electrification rurale) and hydraulic initiatives taken exterior to EDM.<sup>71</sup>

## 2.5 Negotiating the failure

The Malian authorities, who affirmed that they did not understand the failure of negotiations and Bouygues's decision to leave, adopted a front discourse aimed at hiding the ineluctable nature of the break. The apparent consensus concerning the lack of comprehension and the painless nature of the separation points perhaps to the political pressure, exerted on a high level by different countries, in favor of a compromise. Nicolas Sarkozy, then Minister of Finance in France, wrote to the Malian government; the local AFD and the French ambassador did not hesitate, very early on, to voice their disapproval. The good relationship between the presidents of France and Mali, as well as Jacques Chirac's successive visits to this country, provoked the intervention of the cellule africaine de l'Elysee, the African committee of the French executive branch. Despite the good political relations between the two countries at the summit of the two states, the extremely partial character of these interventions demonstrates the unequivocally biased nature of the French approach, as well as the latter's inability to consider the Malian government's delicate situation. These French actors appeared singularly insensitive to the economic and social risks that the Malian state would face in the case of a major crisis at EDM. The manifold differences that we have analyzed above also suggest that an agreement was inconceivable. Each of the parties felt betrayed by the contract, seeing the contract itself as a very source of betrayal. It seems to us that Bouygues's departure can be ascribed less to the "ill will" of the Malian authorities or to the "insurmountable clash of cultures" detailed above than to a financially and strategically calculated maneuver by both ends.

It is legitimate to think that, from Bouygues's point of view, the contract should never have been signed in 2000. This seems especially true given that the international situation continued to evolve and that the group subsequently re-oriented itself by selling off the majority of Saur's activities and by withdrawing from the management of public ser-

vices. By leaving Mali, Bouygues thus was able to arbitrate in favor of other situations with more significant benefits. By refusing to apply the total, automatic compensation of prices according to the contract's tariff formula, the new government in Mali seems to have offered the private French group the opportunity to justifiably call the contract into question. From that point onward, the question was no longer renegotiation, but departure. For the Malian state, the 2000 contract appeared little by little to diverge from the logic of development adopted later on by AMADOU TOUMANI TOURÉ's team. If, in 2000, these conflictual relations were integrated into a classic strategy of power relations and negotiation, subsequent concrete transactions and day-to-day relations progressively led the governing team to envision a potential separation. In this perspective, the opening of negotiations was seen as the possibility of bringing a maximum of coherence to the policy on public services, and, more generally, to the economic and social policies of the country. The stakes of the discussion were, for the Malian government, no longer the renegotiation of the contract but the minimization of the financial, economic, and politic casualties of a break. It was necessary, in this case, to avoid the payment of heavy compensations, to prevent an excess of international publicity, and to preserve as far as possible the public image of Mali.

In the end, negotiations concerning alternative solutions, namely leasing, were largely fictitious. They occluded the real discussion, held behind closed doors, concerning the departure of the private partner under the best possible conditions for both Bouygues and the Malian state. Perhaps the only ones to be taken in by the rationale of negotiation were the international donors, according to the completely bureaucratic rationale of their mission.

<sup>71</sup> See IMF, *Mali: Poverty Reduction Strategy Paper Annual Progress Report*, Washington D.C., IMF Country Report N° 04/182, June 2004.

### 3. Heterogeneous rationales and the ambivalence of actors

It is clear that the non-renegotiation resulted from the insurmountable differences between the positions of actors implicated in the PPP. But it arose as well from the heterogeneity of Malian positions and from AMADOU TOUMANI TOURÉ's decision not to arbitrate, which was not an inability but a constrained choice. The process of state-formation in Mali presupposes a wide heterogeneity of positions, a situation that is commonplace in Africa.

Without being excessively provocative, we might say that, in this affair, Saur/Bouygues was ultimately a relatively marginal character, whose function was to break away from the negative image of EDM and to transform its mission. The French concessionaire likewise appears to have served as a cry-

stallizer, a revelator of debates and divergent positions between Malian parties. The arrival of a private partner made visible preexisting divergences between actors, deeper than those expressed during debates over the choice and the conception of the partnership. This arrival perturbed the political game and the Malian public sphere and made new actors, strategies, and comportments appear. Underneath the discourse of consensus put forth by Amadou Toumani Touré and the shared coded language ("we do not understand why Saur left," "we support the return of foreign private partners," "PPPs are inevitable"), the Saur/Bouygues episode suggests the complexity of processes of decision-making and modes of government in Mali.

#### 3.1 Blurred boundaries

The points of divergence between Malian actors were and remain innumerable. The conflict did not occur between camps with clearly demarcated boundaries. These views and positions differed so radically that the technical, legal, or financier's discourse is little by little recomposed, displaced, reformulated, or even distorted.

Instead of being enunciated in an open debate (within a working group on EDM, for example), these various Malian positions are expressed in an oblique, occasional, and momentary way before crystallizing into opinions and judgments that are subsequently taken up, personalized, and caricatured by all sides — including the reinterpretations and instrumentalizations of third parties, private firms, and international donors. The decisions that were necessary for the proper functioning of the PPP did not benefit from a consensus among different parties, nor were they buttressed by clearly expressed formulations by the ministry in charge, the presidency, the regulator, the national directors

of Hydraulics and Energy, consultants, members of the regulatory commission, or EDM itself. On the contrary, these divergences reinforced the rift between camps and factions. This movement of diffraction, if one may use the terms of chaos theory, cannot be reassembled into a common and well-delimited position: it became impossible to pin down the positions of regulators, technocrats, and politicians. Instead, this diffraction permits the association or formalization of coherent rationales that actors or networks belonging to diverse entities may momentarily and partially share. Such a coherence of general viewpoints does not, however, correspond to a convergence of interests: when a concrete and particular problem is raised, the observer, the financier, the energy specialist, the holder of essential goods, the political leader in charge of dealing with poverty, or the political consultant responsible for privatization do not share the same priorities, constraints, or viewpoints. Thus an apparent dogma, such as the impossibility of finan-

cing electricity through concession, creates a schism between those who are interested in supplying essential goods financed by these methods (in this case water) and others opposed to this view. The same is true for the rift between public finance officials and opposed parties. But these positions are themselves bound up in the recognition (or lack of recognition) of the private firm's relative disinterest toward hydraulic investments, which the former seeks to avoid primarily because of their heavy costs. The asymmetry of information, which we have already explained with regard to questions of management, functions here by scattering positions.

Thus differences in vantage points are infinite, and the examples that follow only represent visible divergences. Some claimed that EDM was not transformable and called for its long-term dissolution. Others felt that the enterprise needed to be rapidly privatized, while others argued for greater professionalism as opposed to the presence of a private actor. Some pleaded for the separation of water and electricity, while others fiercely opposed such a separation. Some were for the elaboration of a new concession, such as the politicians and upper-level public officials who analyzed the failure of the concession in terms of the absence of investment. Others argued for a model of technical assistance, whereas others wanted to maintain EDM in its nationalized form (the alter-globalization developmentalist tendency). Some defended a scrupulous respect of texts (the first team of CREE as well as a certain segment of public officials and politicians linked to international institutions), whereas others sought to modify these texts so that the principle objectives of the contract, namely the improvement of public services, would be achieved (the majority of the current team). Some were sensitive to consumer

groups and alter-globalization discourses that abound in Mali, whereas others did not take them as seriously. Some adopted a developmentalist rationale, whereas others a rationale of adapting to the feeble buying power of the population. Others adopted financial and managerial rationales, anti-corruption rationales, or the rationale of liberalization.

The interpretation and reliability of EDM's accounts gave rise to additional divergences: for example, the Ministry of Finance estimated that the corporation's balance sheet was virtual based on the items "debt" and "tax" that were subjects of the negotiation. This caused suspicions regarding EDM's accounts during the Saur/Bouygues period as well as the period of delegation and earlier. CREE did not trust EDM either, but based on other criteria. On the other hand, the Ministry of Mining was not especially virulent on this matter. During the period of concession, the state had little confidence in its own representatives to the board of directors, but this remains true today. These divergences appear to have widened in the presence of the foreign private operator, but they are nonetheless recurrent and intrinsic. Malian actors likewise disagree over what to expect from the private partner's performance. Different actors accord varying degrees of importance to elements such as cost, quality, deadlines, development, investment, and adaptation to buying power. Insofar as the target population is concerned, positions are similarly trenchant. Some consider that the goal of the partnership is to maintain the supply of services to the portion of the population that is already connected; others expect a significant expansion of access to water and electricity to the "middle class." Some privilege the administration and private consumers, whereas others preference industries and productive economic activity.

### 3.2 Heterogeneous points of view

#### *Different points of view on regulation and partnership*

Similar oppositions fragment the points of view on two key concepts of concession: regulation and partnership. Regulation and its institutionalization by the regulatory commission (CREE) are expressed in a number of ways: as a possibility of reinforcing national capacities, as a means of

rectifying imbalances, as a way of policing users' interests, as a neutral actor equidistant from all parties, as an arbiter of the sector, as an actor providing direction for the sector, as a defender of governmental positions, as an anticipator of the president's positions, as an actor who reminds others to respect written documents, as an actor reinforcing the dictates of common sense. All of these narratives forget,

however, that CREE, when it reacts or abstains from action, is an element in an apparatus that expresses neither complicity with the state, nor confidence in the private partner. If CREE is financed by a tax that EDM collects and provides (based upon the World Bank's suggestion), its vocation is to permit, in the long term, the end of natural monopolies and the emergence of various competitive markets for water and electricity.

The same holds for the partnership. A "good" PPP would be a style of management that would guarantee the financing of services by refusing to give the private partner an irreversible right, based upon confidence, to mutual engagements and controllable contracts. Sometimes the PPP is simply considered to be a transfer of responsibility from the state to an individual actor within certain perimeters. Sometimes it is understood as an instrument of the sector's liberalization; other times as a technique that renders a sector attractive for private investment. Sometimes it is seen as an arrangement between partners with different objectives who manage to reach an understanding on a given term; other times, the good PPP is understood as an arrangement without imbalance between parties, in particular through information systems, information processing, and shared decision-making.

Enumerating these oppositions, one sees that each party is defined not only by its position, strategy, and viewpoint, but also by its alliances, interests, and the position of its competitors. Generational differences, but also differences in roles (whether feigned, occupied, or aimed-for) are crucial to the institution, then transformation, of the PPP. The political significance of EDM's concession then becomes clear: it was, above all, the site of power games, relationships of power, and abortive attempts at domination. If CREE acquired such importance starting in 2004, it is no doubt because the divergences between parties was such that the contracting authority (the Ministry of Mining) appeared passive; thus, this new entity found the moment and the means to affirm itself while benefiting from the good graces of the president. Under these conditions, one may better understand why these divergences are so important, as is the difficulty of finding a unified vision, policy, or strategy (in spite of the homogenous front discourse and feigned attempts at consensus). This difficulty is aggravated, moreover, by the confusion of roles from moment to moment and the extre-

me complexity of the decision-making process. Moving beyond the documents that are subject to multiple interpretation, day-to-day practice suggests that the respective roles of actors — CREE, the Ministry of Mining and its directors, the presidency, the Ministry of Finance, the prime minister's entourage, official and unofficial intermediaries — are not clearly defined. Despite the departure of the principal private partner and the de facto renationalization, a clear policy remains to be formulated. EDM is then more or less left to technocratic management at the hands of a new team that intends, in certain domains, to pursue Bouygues's policy. On the other hand, the dictates of the Millennium Development Goals and the Poverty Reduction Strategy Papers (promoting lower prices for water and electricity, better accessibility for the population) require EDM to make certain adjustments without writing additional funding into the state budget.

### **Partnership and power games**

The analysis of the public-private partnership must take into account Mali's peculiar political economy. The latter is characterized, as is so often the case in Africa, by the straddling of positions of power and accumulation and the rhizomatic functioning of the state. The interlacing of concurrent and complementary networks that structure the balance of state power is all the more obscure since "actors advance in an oblique manner, 'à pas de caméléon' ('like a chameleon')"<sup>72</sup> according to a Malian saying. The conflicts and divergent interests surrounding EDM must be understood in this context where techniques of side-stepping and shams characterize the political game. This is particularly true in Mali given the tradition of circumventing or ignoring the state's injunctions, of responding with silence, or feigning acquiescence in a strategy of refusal.<sup>73</sup> This equivocal policy and these double games are amplified by the adoption of a plurality of space-times by Malian actors.

In this polycentric system characteristic of the rhizomatic state, it is particularly difficult to detect the orientations and

<sup>72</sup> J.F. Bayart, *L'Etat en Afrique*, p. 309

<sup>73</sup> M. Izard, *Gens du pouvoir, gens de la terre: Les institutions politiques de l'ancien royaume du Yatenga (Bassin de la Volta Blanche)*, Cambridge, Cambridge University Press and Paris, Editions de la Maison des sciences de l'Homme, 1985.

the will of the “Malian State” due to numerous circles of influence and the proliferation of networks with positions that are, because unstable, difficult to decode. For a foreign operator, it is extremely complicated to work in a context where the center of decision-making is not clearly identified, or else when the center of decision-making (in this case, the presidency) is identified, but when it cannot arbitrate. The difficulty (or impossibility) of unifying interests and positions often explains the absence of a decision. In the case of EDM, it was this very impossibility (for the president himself) of arbitrating and expressing a choice that explains why no decision was made to “save” the contract. Even if the departure of Bouygues was not imagined in the beginning, it no doubt appeared little by little to be the sole solution capable of uniting divergent positions. The end of the concession contract was not a choice; rather, it expressed an impossibility to arbitrate. Earlier, conflicts surrounding the regulator were often linked to the polycentrality of power and the resulting problems of information asymmetry. What was interpreted as a process of re-nationalization or else as power games between cliques or hegemonic groups should instead be read as the consequence of the vagaries affecting many PPPs after a certain number of years. This is especially true when PPPs suffer shocks to their operating accounts or are constrained by profitability.

When the private partner differs its responsibilities, namely

concerning investment, the public partner has to return to business. In the case of EDM, the state was not allowed to return to its regulatory function, and it could not serve as financier either. The only thing left for it to do was to come back as an owner. Thus, the policy (one that was much more than just a policy) emerged at the crossing-ground between the need for efficient reforms, necessary investment in infrastructures, the expectation of users, and budgetary constraints. The hybrid public authority thus imposed negotiations upon segments of the administration, the corporation, and the public so as not to be assigned a unilateral, partial, and thereby inadequate position.

The inability to arbitrate the conflict or to better negotiate ex ante the partnership has perhaps to do with the fact that the hybrid state privileges the internal compatibility of its tensions over an external coherence, regardless of the weight of the pressure exerted by the international donors. The tariff structure, the quantity and quality of goods (territorial and temporal availability, continuity, security, environment) appear thus to be the fundamental elements of the equation, whatever the modes of management and the nature of the owner of the enterprise. This permanence requires heavy political redevelopment, in the partisan meaning of the term this time. The outline of such a redevelopment did not preexist the partnership nor even its dissolution. But it is on the ruins of the concession that it has emerged into the field of possibility.

### 3.3 Priority of social and political efficacy

This heterogeneity results, however, not only from power games and different positions on the economic, social, and political scene. It also points toward the very ambivalence of the private-public partnership, notably in the form of concession, and the ambivalence and heterogeneity of entrepreneurial practices within a single actor, individual, or entity over time and sometimes in the same moment.

The latter case is illustrated by a certain employee of EDM, whom we interviewed and who continually shifted from one position to the next, one evaluation to the next, throughout the interview. As a professional in the sector, he incontestably appreciated the work of Saur (it is revealing that he did not speak of Bouygues) and manifestly deplored the departure of the French firm. As a citizen, on the other hand, he

unequivocally disapproved of President Konaré’s decision and regretted the choice to concede EDM by privatizing a part of its installations to the profit of Bouygues. As an employee, he was uneasy with personnel management during the Saur period but feared a regression under the re-nationalized team.

In the same way, certain political actors favored the reform of the sector, namely through concession, while simultaneously seeking to block such reforms since they threatened, in the long term, their stakes in the current functioning of EDM. (These stakes were financial, symbolic, or even political if they managed a network or participated in the functioning of a clan). Other actors adopted different priorities according to their deadlines: they listened to the IMF,

World Bank, and AFD, then decided that this was a difficult option to choose.

The distinction between reform and conservation, private interest and general interest appears thus to be largely fallacious. As Africanists have demonstrated in other situations, the positions of actors are much more unstable and fluid than such categories make them appear. The search for economic and political, but most of all political and social resources is absolutely necessary in situations where everything is negotiable, as in Mali, where positions are heterogeneous and divergent, where conflicts are permanent, and where instability characterizes the environment.<sup>74</sup> Following independence, revolution, and economic difficulties, instability has reinforced long-term tendencies to proliferate social and economic networks belonging to diverse actors: it is more important to reinforce one's capacity to participate, to influence negotiations and compromises, and to mobilize one's allies and potential support networks than to acquire resources that are not immediately profitable.<sup>75</sup> What is privileged, then, is the accumulation of human capital, people being the only ones capable of transcending different registers of value,<sup>76</sup> as well as the control of social and political capital.<sup>77</sup> Liberal reforms, whether they take the form of concession or privatization, are only worthwhile if they do not endanger the control over social networks and political capital.<sup>78</sup> This is also why there was such unanimity to break the contract of EDM's concession. The socio-political conditions were no longer ripe for the pursuit of a situation that could have called into question the social and political efficacy of these networks in the long term.

In the experience of EDM, the ethos of restraint, directly allied to the ethos of honor, cannot be neglected. According to this ethos, an interlocutor never speaks directly: he necessarily speaks through mediators who translate his thoughts, thereby reinterpreting what he says. These relayed words, these methods of "covering," are negotiable, just as the words of the *griot*.<sup>79</sup> These modes of functioning and expression certainly did not favor the acquisition of technical solutions when different conflicts arose between partners starting in 2002. The potential for misunderstanding was infinite, just as the games that these intermediaries themselves could play. This ethos is also at the origin of the blurring of distinctions between "modern" and "conservative," "extraversion" and "introversion," "expert"

and "militant," "expert" and "citizen," "expert" and "nationalist." Each of these categories plays a role in the lack of understanding between parties.

Honor remains a powerful motivating factor in Africa. This motivation is all the more profound in Mali where actors share an historicist conception of power and where frequent recourse is made to the imperial history of their country. Obviously, the present-day conception of honor is quite different from that of the 17th century, and today it is usually understood in terms of the right to respect, thus in moral terms. Honor is a request for virtue and respectability.<sup>80</sup> Even if the assessment of the public authorities by the Malian people was often ambivalent, the state is nonetheless understood as a source of honor. This is especially true when one considers how poor the society is — and how old the state is, and that it is experienced as such. Questions concerning prestige, ownership, right and proper conduct are much more important than questions of wealth and goods. Politics is defined in terms of honor, morality, and dignity.<sup>81</sup> The history of EDM during its concession must also be analyzed in this context. Certain gestures and certain words appeared unbecoming. The absence of other gestures or other words were interpretable as signs of impoliteness, and other behaviors and decisions as signs of condescension or lack of respect.

<sup>74</sup> J.F. Bayart, *L'Etat en Afrique*.

<sup>75</sup> S. Berry, *No Condition is Permanent*, The University of Wisconsin Press, 1993

<sup>76</sup> J. Guyer, "Wealth in people and self-realization in Equatorial Africa," *Man*, vol. 28, n°2, 1993.

<sup>77</sup> J.F. Bayart, *L'Etat en Afrique* and I. Kopitoff (ed.), *The African Frontier: The Reproduction of Traditional African Societies*, Indiana University Press, 1987.

<sup>78</sup> B. Hibou, *L'Afrique est-elle protectionniste?* *op.cit.* and B. Hibou, "Le capital social de l'Etat falsificateur, ou les ruses de l'intelligence économique," in J.F. Bayart, S. Ellis and B. Hibou, *La criminalisation de l'Etat en Afrique*, Bruxelles, Editions Complexe, 1997.

<sup>79</sup> Cf. the work of Clemens Zobel, in particular in *Cahiers d'Etudes Africaines* (144, XXXVI, 4, 1996) and *Afrique et développement* (vol. XXIX, n°2, 2004).

<sup>80</sup> J. Iliffe, *Honour in African History*.

<sup>81</sup> N. Hopkins, *Popular Government in an African Town, Kita, Mali*, Chicago University Press, 1972.

## Conclusion

The importance of social networks does not, however, mean that the public sphere did not evolve or that the situation did not change. Our study, which has reevaluated the interpretation of the contract's break as a "resounding failure," allows us to point out such transformations.

On the one hand, the deals between formal political institutions and other social and political forces seem to have changed. The parliament was dispossessed of its prerogatives and did not appear as a mobilized force in this episode. The political parties likewise did not intervene in the conflict; as opposed to what they did with cotton or the railways, they did not make a battle cry out of the future of EDM. On the other hand, experts appear to have been important actors in the changing situation, even if — or because — they can be instrumentalized, as we have seen, by opposing forces and tendencies. Populist and alter-globalization movements come out stronger than before, as is suggested by a reading of the press and the radio. Expertise is an enunciation position that can be occupied by professional experts, of course, but also by members of civil society or speakers who differentiate themselves from their ministry or company and pose as neutral parties or people "in the know."

Most importantly, the EDM episode has modified conceptions of the "public," and in particular conceptions of "public service." As long as the supply of water and electricity was ensured by the "public," the state imposed neither performance criteria nor objectives of public service. No reflection was pursued concerning public goods and the accessibility of the greatest number to these services. Paradoxically, it is with "privatization," here in the form of concession, that this line of thought emerged. Dispossessed of a portion of its attributes while at the same time relieved of a portion of its burden, the state felt the need to express certain demands. It reacted to this situation by seeking to maintain a service

that was still at the time conceptualized as "public," by making demands concerning prices, investment, accessibility, and quality. The state no longer acts as a producer or distributor; it has settled into its social, regulatory, and sovereign role. One of the purposes of the contract was, indeed, to rehabilitate the state according to the World Bank's credo: a smaller state is a better state. The conception of the "public" was modified by modes of state intervention. The hypothesis can be formulated that the less means the state had in its possession, the more the "public" conscience sharpened. In other words, the recognition of a need for public services was directly allied to the disappearance of the public management of these services. Concession and privatization can therefore appear as "wake-up calls" — improbable but nonetheless real — for the necessity of public services, such as the paradoxical extension of the public sphere through the expression of a demand for public services. This renewal is linked to the shift from a patrimonialist position that presupposed the state's ownership of EDM to a recognition that the corporation was unlike other enterprises belonging to the state's portfolio following the independence of Mali.

This privatization is however not synonymous with an advance towards liberalism. On the contrary, what characterizes this experience of the PPP is what one could call a process of liberalization without liberalism.<sup>82</sup> The concession was in effect decided upon initially for budgetary reasons, since the subsidies were weighing too heavily on public finance. But the concession translated into a pursuit of these so-called subsidies in the form of compensations. State intervention deployed itself, however, in a new

<sup>82</sup> B. Hibou, "Le libéralisme réformiste, ou comment perpétuer l'étatisme tunisien," *L'Economie politique*, n°32, October 2006, pp. 9-28.

context, that of the “discharge,”<sup>83</sup> that which metamorphoses and changes it. In the same way, the reactions of EDM agents to the public authorities were unmistakably altered by the short period of concession. The state finds itself up against an aporia, pervasive in the case of delegation. The latter is an evolution of a system of state interventionism towards a quasi-market. Nevertheless, this transition is certainly not a return to a laissez-faire model from another century: it demands, on the contrary, a method of analyzing risks and a capacity of sustained support that few countries can provide.<sup>84</sup> This capacity is especially necessary in the case of difficulties: the public authorities (administrations and government) remain indebted to users, citizens, and electors, even when they have transferred over their prerogatives and their responsibilities to the private party. The problem must not be understood in terms of reneging on electoral promises, but in terms of respect for patrimony and the continuity of a service. One understands why, particularly when the situation degrades, the temptation to return to state control and interventionism is great, even if this reflex blocks a potential evolution and an eventual result that would permit the acquisition of better or more widely accessible public services. Delegation is a continuous process that requires the public partner (the ministers in charge, administrative body) to have the temperament and the capacity to sustain dialogue with the private party. State interventionism may persist if public leaders show a lack of appetite for exerting these renewed functions.

State actors have ostensibly changed their comportment. They are heretofore obligated to ask a certain number of questions that might have been obscured in the past. Through concession, the state first of all recognized its financial responsibilities, i.e. to pay on time, to reimburse those who have not been paid, and to diminish its debts. And these responsibilities are to be kept even if the state remains incontrovertibly constrained by an accounting deficit and cannot assume this categorical imperative. The private partner revealed the necessity of respecting the rules that the state itself fixed, in this case the principle of autonomy.<sup>85</sup> The state actors then took the emergency measure of investment and the institution of heavy infrastructures as well as the necessity of reflecting on development. Thus, the PPP appears to be not so much a radically different

style of management, a withdrawal of the state and a deploying of private actors; rather, it distances the state through the words of experts and facilitates the autonomization of business. Heretofore, one speaks less of the corporation EDM than of a sector, that of water and electricity. This is, moreover, a difficult sector to manage: one remembers that in the context of a poor state with such extended territories, it is impossible to supply access to these public goods by means of a single entity, whether public or private. By setting up institutions (AMADER) or through debates on the creation of new entities (the case of l'Agence de l'eau) a plurality of actors can coexist in the sector. Formerly masked by the internal difficulties of the public enterprise, then by the functioning of the concession, the problem of access to water and electricity seems at last capable of taking into account the entire Malian population.

<sup>83</sup> B. Hibou, “La ‘décharge’, nouvel interventionnisme?” *Politique africaine*, n° 73, March 1999, pp. 6-15.

<sup>84</sup> M. Barber “Reform of our public services is a test for managers”, *Financial Times*, September 27, 2006.

<sup>85</sup> C. de Miras et J. Le Tellier emphasize this capacity of the state to contractually impose rules. This is demonstrated through the very specific case of Morocco, which has historically seen a great capacity to arbitrate and impose norms in both a centralized way (*Makhzen*) and decentralized way (through representatives of the Ministry of the Interior). Cf. *Gouvernance urbaine et accès à l'eau potable au Maroc*, Paris, L'Harmattan-ISTED, 2005. If a Moroccan-style evolution seems improbable, nevertheless a certain recognition has taken place in Mali.