

THE INTERNATIONAL DEVELOPMENT ASSOCIATION  
AND THE INTERNATIONAL MONETARY FUND

MALI

**Initiative for Heavily Indebted Poor Countries (HIPC)  
Document for the Completion Point Under the Original Framework  
and Decision Point Under the Enhanced Framework**

Prepared by the Staffs of the IDA and the IMF<sup>1</sup>

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<sup>1</sup> Approved by Callisto Madavo and Kemal Dervis (IDA) and Paul A. Acquah and Jesús Seade (IMF).

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## I. INTRODUCTION

1. This paper presents Mali's position with respect to the Initiative for Heavily Indebted Poor Countries (HIPC Initiative), including the assessment of the management and staffs of the Fund and IDA that Mali has made satisfactory progress toward fulfillment of the conditions for reaching the completion point under the original framework. In addition, it proposes Board approval of a decision point for additional assistance under the enhanced framework.

2. **In September 1998, the Executive Boards of the Fund and IDA decided that Mali was eligible for assistance under the HIPC Initiative, subject to continued strong policy implementation under Fund arrangements and Bank operations, and with a completion point envisaged for December 1999.** The Boards also agreed on an amount of assistance to be provided by their respective institutions at the completion point, subject to satisfactory assurances of participation by Mali's other external creditors, that would reduce the ratio of the net present value (NPV) of external public debt to exports of goods and nonfactor services from the 221 percent projected for end-1998 to 200 percent (plus or minus 10 percentage points) at the envisaged end-1999 completion point.<sup>2</sup> Total assistance to Mali required to achieve this target was evaluated at US\$128 million in NPV terms. Such assistance, additional to that available under traditional debt-relief mechanisms, would have entailed a 10 percent reduction in the NPV of debt, equivalent to US\$250 million in nominal terms at end-1998.

3. **The decision to shorten the period between the decision and completion points from the customary 3 years to just over 15 months took into account Mali's sustained record of strong performance and the fact that it had received a Paris Club stock-of-debt operation under Naples terms in May 1996.** The completion point was made conditional on continued satisfactory policy implementation, and, more specifically, on (i) completion of the midterm review of the program supported by the third annual arrangement under the Enhanced Structural Adjustment Facility (ESAF) approved in April 1996; (ii) Fund approval of a successor ESAF arrangement and completion of the midterm review under the first annual arrangement thereunder; (iii) satisfactory progress in implementing the IDA-supported Economic Management Credit and release of the remaining tranche thereunder; (iv) progress in implementing the social and structural policies monitored under the HIPC Initiative; and (v) satisfactory assurances of the participation of Mali's creditors in the HIPC Initiative.

4. The midterm review under the third annual ESAF arrangement was successfully completed on February 10, 1999, and a successor three-year ESAF arrangement was approved by the Executive Board of the Fund on August 6, 1999. **However, mainly because**

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<sup>2</sup> Mali—Final Decision Point Document on the Initiative for Heavily Indebted Poor Countries (IDA-R98-133; 8/25/98) and (EBS/98/150; 8/24/98).

of slippages in implementing the structural reform program supported under the Poverty Reduction and Growth Facility (PRGF)<sup>3</sup> arrangement and IDA programs, the first review under the PRGF was not completed prior to the anticipated end-1999 completion point. This review will be considered by the Executive Board of the Fund at the same time that this HIPC Initiative document will be discussed.<sup>4</sup> As detailed in Box 4 and Appendix I, progress in implementing the structural and social reforms under IDA programs is now considered satisfactory, and all conditions for the release of the remaining tranche of the IDA adjustment operation (Economic Management Credit) have now been met.

5. This paper is organized as follows. Section II briefly describes poverty in Mali and the authorities' 1998 National Strategy for the Fight Against Poverty (Stratégie nationale de lutte contre la pauvreté (SNLP)). Section III reviews Mali's performance in implementing economic and social policy reforms, and summarizes the authorities' medium-term program supported by the PRGF arrangement and IDA programs. Section IV updates the debt sustainability analysis, while Section V reports on the status of creditor participation under the original HIPC Initiative and on the delivery of assistance. Section VI discusses enhanced HIPC Initiative considerations, including a status report on progress under the Poverty Reduction Strategy Paper (PRSP) process and recommendations for specific measures that Mali would need to implement before reaching its second completion point. Section VII outlines potential assistance under the enhanced framework, and Section VIII outlines the Malian authorities' plans for use of these resources. Section IX concludes and suggests issues for Board discussion.

## II. POVERTY AND NATIONAL STRATEGY FOR THE FIGHT AGAINST POVERTY

### A. Poverty in Mali

6. Mali, with a GNP per capita of US\$250 in 1998, is among the ten least-developed countries in the world. Its social indicators are significantly weaker than the averages for sub-Saharan Africa (Box 1).

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<sup>3</sup> The Enhanced Structural Adjustment Facility (ESAF) was renamed the Poverty Reduction and Growth Facility (PGRF) in November 1999.

<sup>4</sup> See Mali – Staff Report for the 2000 Article IV Consultation, First Review under the Poverty Reduction and Growth Facility, and Request for Waivers of Performance Criteria (EBF/00/162; 8/11/00).

<b>Box 1. Basic Social Indicators for Mali and Sub-Saharan Africa (SSA)</b>		
	Mali	SSA
Population (millions, 1998)	9.8	627.1
Population growth rate (percent, 1998) <sup>1</sup>	2.9	2.8
GNP per capita (US\$, 1998)	250	510
Illiteracy rate (percent 1998)	68	45
Female illiteracy rate (percent, 1998)	81	49
Gross primary enrollment ratio (percent, 1998)	50	78 <sup>2</sup>
<i>Of which:</i> for girls (1998)	30	81 <sup>2</sup>
Infant mortality (per 1,000 live births, 1997)	123	92
Life expectancy at birth (years, 1998)	50	50
Access to safe water (percent of population, 1998)	48	50

<sup>1</sup>Natural rate of population growth as estimated in the 1998 census.  
<sup>2</sup> 1997.

Sources: World Bank, World Development Indicators 2000; UNDP Human Development Report; and UNESCO Statistical Yearbook 1999.

7. **Since the devaluation of the CFA franc in 1994 and subsequent macroeconomic stabilization, Mali's annual real GDP growth rate has averaged about 5 percent.** While some inroads have been made since 1994, albeit from an extremely low base, poverty remains widespread.<sup>5</sup> According to estimates prepared by the Malian authorities,<sup>6</sup> poverty still increased somewhat during the two years immediately following the devaluation, but declined during the period 1996–98. The human development index (HDI) of the United Nations Development Program (UNDP) reflects a similar pattern, rising from 0.23 to 0.38 during 1994–98, but declining during 1994–96.

<sup>5</sup> Although Mali lacks up-to-date information on household consumption that would permit detailed analysis of the incidence, depth, and determinants of poverty, it is estimated that three-fourths of its population lives below the poverty line. While the most recent source of poverty data is the demographic and health survey of 1995/96, the most reliable survey of household consumption was conducted in 1988/89. The household survey was supplemented by a narrower economic and social survey carried out in late 1994. Other sources include a population census in 1998, and employment and agricultural surveys and administrative data for various years.

<sup>6</sup> The Observatoire du Développement Humain Durable (ODHD) calculated poverty lines for 1996 and 1998. These have been based on the “rice equivalent” of the World Health Organization (WHO) recommended level of calorie intake, combined with projections of the distribution of consumption in 1988–89, and adjusted for changes in prices and the level of GDP. This indirect methodology is not a reliable measure of poverty or related trends; therefore only the human development index (HDI), a composite index combining per capita GDP, longevity, and educational attainment, is reported here.

8. **Poverty in Mali tends to be concentrated in rural areas, where shortages of food can become particularly acute during periods of drought.** There are also sharp regional differences arising from different agro-ecological conditions. About 75 percent of the labor force reside in rural areas, deriving its livelihood from cash crops (primarily cotton), food crops (millet, sorghum, maize, and rice), livestock herding, and other subsistence activities. Nomadic pastoralism is common in the north, and seasonal and permanent migration within and outside Mali is widespread.

9. **There have been significant advances in agricultural production in certain areas over the past decade, although the impact on poverty has yet to be adequately assessed.** For example, Mali has recently become the leading producer and exporter of cotton fiber in sub-Saharan Africa, with production more than doubling since the devaluation of the CFA franc in 1994, and production of paddy rice in the Office du Niger zone has increased by a factor of five over the last 15 years. However, in spite of these positive developments, private investment in agriculture remains marginal.

10. **Notwithstanding the improvements over the last five years, Mali's key social indicators remain very weak by international standards.** School enrollments have risen, but they remain low, and illiteracy remains extremely high, with pronounced gender and regional differences. In 1998, only 32 percent of the total population and only 19 percent of women were literate; the gross primary school enrollment rate (including koranic, private, and community schools) was 50 percent for grades 1–6 and 18 percent for grades 7–9. The secondary school gross enrollment rate was only 5 percent while the gross enrollment rate in higher education stood at 2 percent. Gender and regional differences are reflected in lower enrollment rates for poorer regions and for girls. For example, Timbuktu and Mopti have gross primary enrollment rates of less than 30 percent, compared with 138 percent in Bamako,<sup>7</sup> and primary enrollment of girls is roughly 25 percent below that of boys. The inability to recruit and train teachers in sufficient numbers and inefficiencies in managing public resources have resulted in the deterioration of the quality of education and rising repetition and dropout rates, as well as limited improvement in regional disparities.<sup>8</sup>

11. **Mali's health indicators have improved over the last two decades, but they remain among the weakest in the world.** Between 1988 and 1996, the crude death rate decreased from 22 to 16 per thousand people, and infant mortality was reduced from 200 to 123 per thousand live births between 1970 and 1996. However, life expectancy at birth in 1997 was a mere 50 years, and maternal mortality was about 577 per 100,000 live births.<sup>9</sup> As

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<sup>7</sup> The gross enrollment rate includes students of all ages in the numerator, including older children repeating the year. Net enrollment rates are based on students in the normative age group only. The net primary enrollment rates for Timbuktu and Bamako in 1998 were 24 percent and 100 percent, respectively.

<sup>8</sup> Data from the World Bank public expenditure review of education (1999), and ODHD reports (1996 and 1998).

<sup>9</sup> Data from the demographic and health survey of 1995/96 and 1996 ODHD report.

in most sub-Saharan African countries, the main health problems are infectious and parasitic diseases, with malaria, measles, tetanus, acute respiratory infections, and diarrhea the leading causes of death. The prevalence of HIV/AIDS in Mali is relatively low (about 3 percent in 1995) but rising, especially with seasonal migration to and from neighboring countries with high prevalence rates. Malnutrition is a serious problem; in 1996, 30 percent of Malian children under 3 years of age were chronically malnourished, 23 percent suffered from acute malnutrition, and 40 percent were underweight.

12. **Access to health care is severely limited.** In 1999, only 36 percent of the population had access to a health facility within a 5-kilometer radius, and many facilities are poorly equipped and managed. There are wide disparities between regions and especially between rural and urban areas. For example, in Mopti, one of the poorest regions, the infant/child mortality rate was double that in Bamako.

13. **Access to water and adequate sanitation is also limited.** In 1998, 48 percent of the population had access to safe water, and only 8 percent had access to modern sanitary facilities. Rural villages typically rely on water from shallow wells, swamps and creeks, which is often contaminated. In urban areas, access to safe water and modern sanitation is higher but still considered inadequate.

14. **Gender inequality is quite pronounced in Mali.** Women have limited access to productive resources and are generally not involved in public decision making. Gender inequalities tend to be reflected in high fertility rates, early pregnancies, and lack of access to education and health services. In rural areas, women have a heavy burden of agricultural work, and the lack of basic services adds considerably to the time they must spend on household chores.

15. According to the 1997 qualitative survey of perceptions<sup>10</sup> of poverty in Mali, the main perceived causes of poverty were natural disasters (drought and floods), a lack of access to factors of production and socioeconomic infrastructure, unemployment, and poor management of public funds.

## **B. Poverty Reduction Strategies**

16. **With the establishment of a democratic government in 1992 and the resolution of the conflict in the north in 1994, there have been substantial policy reforms aimed at achieving sustainable economic growth and reducing poverty.** To help alleviate the adverse effects of the devaluation of the CFA franc in early 1994, several poverty-targeted measures were taken, including labor-intensive public works programs (AGETIPE), credit-

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<sup>10</sup> Poverty was defined in terms of basic needs deficiencies, with the following listed in order of priority: food, health, clothing, housing, support systems, tools and equipment for production, and employment.

based interventions and a social safety net for vulnerable groups. A number of sectoral programs have been or are being developed for health, education, food and nutrition, rural development, water resources, the environment, and the promotion of women and children. However, policy formulation has been slow and implementation weak. Donor dependency is high, which has tended to fragment government policymaking in the past, but efforts to improve donor coordination are ongoing as a result of the 1998/99 Organization for Economic Cooperation and Development (OECD)/Development Assistance Committee (DAC) Aid Review.

17. During 1997–98, the government, employing widespread consultation and support from the UNDP, formulated its National Strategy for the Fight Against Poverty (SNLP), which was presented to a donor roundtable in September 1998 (Box 2). Mali's full PRSP will be building on the SNLP by providing updated background economic analysis, integrating the broad growth-enhancing strategies with the targeted poverty reduction programs developed in the SNLP, and improving linkages between the poverty reduction strategy and use of public resources, including those available in the context of the HIPC Initiative. The Malian authorities are committed to developing and implementing a comprehensive poverty reduction strategy that will be described in a full PRSP that is expected to be completed by mid-2001 and subsequently presented to the Boards of the IMF and IDA in the second half of 2001.

### **C. Decentralization**

18. **Mali's decentralization process is ambitious and goes far beyond administrative deconcentration (Box 3). It has the potential to significantly increase the quantity, efficiency, and transparency of resource allocation at the local level, as well as its accountability.** Decentralization has been high on the government agenda since the resolution of the conflict in the north, and it is seen as a major vehicle for deepening democratization and reforming the state. Given the significant income disparities between rural and urban areas and the heavy concentration of public services in the capital, Bamako, decentralization could make a significant contribution to poverty reduction in Mali. However, it will be established gradually since new institutions and structures have to be put in place and substantial capacity building will be required.



## **Box 2. Mali's National Strategy for the Fight Against Poverty (SNLP)**

### **Background**

The Strategie Nationale de la Lutte Contre La Pauvreté (SNLP or National Strategy for the Fight Against Poverty) was prepared with UNDP support during 1997–98, approved by the government in July 1998, and presented to a donor roundtable in Geneva in September 1998. The planning period is 1998–2002.

The process included a review of existing poverty data and macroeconomic, sectoral and social policies since 1992; an assessment of 31 development projects (part of the OECD/DAC Aid Review); regional and national workshops to identify needs and develop policy proposals; and publicity events.

### **Contents**

The SNLP contains a poverty analysis; general poverty reduction goals and targets; eight strategic axes for government action, with specific objectives and targets; indicative budgets; and institutional mechanisms for coordination and monitoring.

### **Eight strategic axes (specifically oriented towards the poor)**

- improving the economic, juridical, social and cultural environment;
- promoting income-generating activities, especially self-employment;
- increasing access to finance and other production factors;
- strengthening food supply chains where the poor are concentrated;
- improving access to education and training;
- improving access to basic health care, nutrition, drinking water and sanitation;
- improving housing conditions; and
- coordinating the SNLP;

Gender and the environment are crosscutting themes.

### **Operationalization**

Recent activities have concentrated on the following activities:

- establishing 19 ministerial focus groups to refine specific objectives and indicators for each strategic axis;
- taking inventory of existing and pipeline donor projects per strategic axis; and
- preparing a communications strategy and monitoring system.

In February 2000, the new Ministry for Social Development, Solidarity and the Aged was made responsible for monitoring the SNLP.

### **Box 3. Mali's Decentralization Process**

A Decentralization Commission was established in 1993, attached to the Prime Minister's office. It embarked on a widespread consultative process to discuss which types of reforms should be proposed. Regional and local study groups were set up, involving civil society groups and village representatives, which held information, reflection, and training activities in the villages. Key terms and texts were translated into the five main local languages of Mali. Allotment committees at the municipal level held meetings with village representatives to discuss new communal boundaries. These consultative processes fed into the design of the decentralization legislation that was introduced in 1996. In 1997, the Decentralization Commission was moved to the President's Office and its powers widened to encompass broader institutional reform.

Mali's decentralization process will devolve power, accountability and administrative responsibility to "territorial collectivities", principally communes. A total of 682 communes have been created in addition to the 19 that already existed, to be run by a mayor and communal council. The first officials were elected in May-June 1999.

On average, the communes comprise about 10-15 villages and populations of less than 10,000. They will be responsible for local service delivery (education, health, transport and infrastructure, water and sanitation, markets, sports, and culture), the police, land-use planning, and the environment. They will have the power to hire managerial, administrative, and technical staff, undertake local development projects, enter into contract with nongovernmental organizations (NGOs) and the private sector, administer their own budgets, and raise funds through local taxes, grants, and bonds. These powers and responsibilities are being transferred gradually, with technical assistance provided by agencies of the central government, donors, and NGOs.

A national agency for communal investment funds is being set up<sup>1</sup> with contributions from the state and donors, to provide additional financing for community investments. Representative structures have also been set up at the municipal, regional, and national levels, details of which are still being worked out.

The decentralization process requires the establishment of new structures, and a considerable capacity-building process will be necessary, given the low levels of literacy in many of the villages. Institutional relationships between public sector administration and the decentralized institutions are still being worked out. Mechanisms for transferring that portion of the line ministry budgets that corresponds to the communes are also still to be determined. The Ministry for Territorial Management is now charged with responsibility for these implementation issues.

<sup>1</sup>The Agence Nationale d'Investissement des Collectivités Territoriales (ANICT) will be an autonomous public body (EPA). The appropriate legislation is with the National Assembly and is expected to be approved during the current session. Allocation of funds to communes will be determined on a head count basis.

## **III. ECONOMIC AND SOCIAL POLICIES AND PERFORMANCE**

### **A. Economic Performance and Reforms in 1998-99**

19. **Mali's economic performance remained, on the whole, encouraging in 1998, but worsened in 1999 as the economy was hit by a number of adverse shocks.** The government continued to build on the gains achieved since 1994 in both macroeconomic stabilization and economic liberalization, in order to encourage the expansion of private sector activity. Real GDP grew by 3½ percent in 1998, down from about 7 percent in 1997, largely owing to less favorable weather conditions and a smaller cereal harvest, while inflation rose somewhat from 1 percent during 1997 to 3 percent during 1998 (Table 1). In 1999, economic and financial developments took a turn for the worse as a result of a significant terms of trade loss, due to rising world oil prices and declining cotton fiber export

prices,<sup>11</sup> and the emergence of serious difficulties in the cotton and electricity sectors. Nevertheless, real GDP growth in 1999 is estimated at some 5½ percent, principally because of a record food crop. With an abundant supply of domestic food products, the consumer price index (CPI) declined by over 1 percent during 1999. The external current account deficit (excluding official transfers) is estimated to have widened by 1 percentage point of GDP since 1997, reaching 10½ percent of GDP in 1999; including official transfers, the deficit increased by 2 percentage points to almost 5 percent of GDP (Table 3).

**20. While fiscal consolidation remained a key governmental objective, the less favorable economic environment over the 1998–99 period affected progress in this area.** Nevertheless, important direct and indirect tax reforms, along with administrative improvements, helped to maintain momentum in Mali's revenue collection effort. Tax receipts increased from 13½ percent of GDP in 1997 to 14¼ percent in 1998 and 14¾ percent in 1999. Revenue collection in 1999 suffered from lower tax receipts from the cotton company (CMDT) and somewhat larger-than-foreseen losses related to the introduction of the common external tariff (CET) in the West African Economic and Monetary Union (WAEMU).<sup>12</sup> Strict control over government spending saw current expenditures, measured as a share of GDP, increase slightly from 11½ percent in 1997 to 12 percent in 1999. At the same time, social expenditures rose from 3½ percent of GDP in 1997 to 4 percent in 1998 and 1999. The overall budget deficit (commitment basis and excluding grants) rose somewhat over the period: from 8 percent of GDP in 1997 to 9 percent in 1999; including grants, the deficit widened from 2¼ percent of GDP in 1997 to 3¾ percent in 1999 (Table 2).

**21. Progress in the implementation of planned structural reforms slowed in 1999, requiring redoubled efforts in early 2000,** following the installation of a new government in February, to bring the program back on track. The status of key reforms planned for implementation during the 1998–99 period, including those highlighted in Mali's final decision point document under the original HIPC Initiative, are summarized below (Box 4).

**22. Fiscal management.** Reforms to modernize the domestic tax system were implemented through the introduction of (i) a single-rate value-added tax (VAT) of 18 percent on April 1, 1999, replacing the two-rate VAT, and the limitation of exemptions from the VAT to medical supplies, educational materials, and agricultural inputs; and (ii) a reform of personal and corporate income taxes in June 1999 introducing a single-schedular tax on current income, and a progressive tax on wages and salaries to be withheld at the source. In addition, Mali has fully implemented all planned phases of the CET in the framework of the WAEMU during the period 1998–2000.

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<sup>11</sup> Cotton fiber export prices fell by almost 19 percent from 1998, while import prices for petroleum products rose by 27 percent.

<sup>12</sup> The CET was fully implemented on January 1, 2000, and comprises duty rates at zero percent, 5 percent, 10 percent, and 20 percent, respectively, with, in addition, a statistical tax of 1 percent.

23. **Rural development.** As indicated in the final decision point document for the HIPC Initiative, a technical audit of the cotton sector, which was intended to help the Malian government define its position on private sector participation in the industry, was completed in December 1998. However, the related recommendations and government action plan, adopted in June 1999, could not be implemented because of a serious financial crisis arising from lower-than-expected international prices and weaknesses in the financial management of the Compagnie Malienne pour le Développement des Textiles (CMDT). This crisis revealed the need for an independent financial audit and additional studies. The financial auditors' final report and recommendations were issued on July 15, 2000.

24. **Privatization and public enterprise reform.** Some progress was made in the privatization program during 1998–99. The Hotel l’Amitié and 35 percent of the capital of the tobacco company (SONATAM) were privatized in December 1999 and March 2000, respectively. The government also adopted a law enabling the privatization of the electricity and water company (EDM), and issued the call for bids for at least 60 percent of EDM's capital in early August 2000. With respect to the telecommunications sector, there were some delays in the implementation of the reform program following the nontransparent award of a cellular telephony license to a newly created subsidiary of the telecommunications parastatal (SOTELMA), which could have jeopardized fair competition in the sector. The government has taken corrective measures and plans to proceed with the reform by issuing an international call for bids to grant at least one cellular telephony operating license to private operators by end-November 2000, and to privatize at least 50 percent of the capital of SOTELMA before end-2001. Finally, the government completed a feasibility study for the privatization of the management of the Aéroports du Mali (ADM, the airport authority) in June 2000, and intends to launch the call for bids by year's end.

**Box 4. Mali: Implementation of Structural Reforms, 1998–2000**

Area	Status	Area	Status
<b>Privatization of public enterprises and reform of utilities</b>		<b>Rural development</b>	
◆ Privatization of SONATAM	Partially completed in March 2000	◆ Completion of the technical audit of the cotton sector	December 1998
◆ Privatization of Hotel Amitié	December 1999	◆ Signing of the new government-CMDT-producers performance contract	October 1999
◆ Adoption of the law to open up the telecommunication sector to competition	April 2000	◆ Reimbursement by CMDT of resources borrowed from the stabilization fund	November 1998
◆ Adoption of the law to privatize SOTELMA	December 1999	◆ Ensuring that the amounts borrowed from the cotton stabilization fund are fully repaid before any new loans are authorized	1999-ongoing
◆ Adoption of the law to privatize EDM	December 1999	◆ Completion of the financial audit of the cotton sector	July 2000
<b>Financial sector reform</b>		<b>Tax reform</b>	
◆ Finalization of the action plan for financial sector reform	June 2000	◆ Reduction in number and dispersion of import tariff rates in framework of the WAEMU	1998-2000
◆ Restructuring and privatization of BIM/SA	Ongoing	◆ Implementation of a single-rate VAT at 18 percent	April 1999
◆ Call for bids to privatize the BMCD	September 1999		
<b>Civil service reform</b>		<b>Poverty, health, and education</b>	
◆ Preparation of a civil service employment policy	December 1999	◆ Increasing expenditures in health and education as a share of total current expenditure	1996-ongoing
		◆ Implementation of health sector program (PRODESS).	1998-ongoing
		◆ Approval of SNLP (poverty action plan)	September 1998
		◆ Adoption of a financing plan for the ten-year plan for education (PRODEC)	June 2000
<b>Private sector development</b>			
◆ Implementation of a new charter of the Malian Chamber of Commerce	1998		
◆ Appointment of new adjudicators to the commercial court, (including representatives of the banking sector)	Partially completed in November 1998		
◆ Launching of the agency in charge of monitoring the judiciary	1999		
◆ Launching of the unit to study and monitor business laws	1998		

25. **Financial sector reform.** An action plan for financial sector reform was adopted by the government in June 2000. This plan calls for the government to reduce its participation in commercial banks to a maximum of 20 percent by end-June 2001 and to completely disengage from the sector by 2004. The Banque Internationale pour le Mali (BIM-SA) has been placed under receivership and is being restructured, while 51 percent of the government's share in the Banque Malienne de Crédits et de Dépôts (BMCD) was sold to private operators in early 2000 following the September 1999 call for bids.

26. **Private sector development.** Reforms in this area were implemented with some delays. A steering committee with private sector participation was established in September 1999 to simplify administrative procedures and reduce the time required for establishing new enterprises. Agencies to study and monitor business laws and to monitor the judiciary were established in 1998 and 1999, respectively. Finally, the appointments of new associate judges to the commercial courts, including representatives from the banking and insurance sectors, are expected by end-September 2000.

## **B. Social Sector Reforms**

27. **The government has made mixed progress in social development and poverty reduction since the HIPC Initiative decision point in 1998.** Most of the targets for increasing social sector spending were met, but progress with institutional reform was more limited. Considerable efforts were made during 1997–98 to develop plans for social sector reform and poverty reduction, with broad civil society participation and donor consultation. However, implementation of these plans has been slow. As a result, although social indicators have improved somewhat, progress has been slower than expected. Appendix I provides a comparison of the targets set at the decision point and progress achieved since then.

### **Education**

28. **Improvements have been made in education during the past decade,** with increased enrollments at all levels, as well as an increasing proportion of government expenditure devoted to the sector. Gross primary enrollment rates have risen from 32 percent in school year 1991/92 to 56 percent in 1999/2000.<sup>13</sup> The share of education in total current government expenditure increased from 19 percent in 1997 to 21 percent in 1999.

29. **Nevertheless, limited and inequitable access to, and low quality of services, and internal inefficiencies still characterize the education sector.** While the number of

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<sup>13</sup> The increase in gross enrollment rates over 1991/92-1999/2000 was distributed as follows: community schools, 12 percent; koranic schools, 8 percent; and government schools, 4 percent.

students has risen dramatically<sup>14</sup> over the past decade as a result of high population growth and increased enrollments, overall enrollment rates remain very low. In addition, gender and regional enrollment disparities persist. In spite of recent increased government expenditures, the number of teachers and the supply of educational materials and classrooms have failed to keep pace with enrollments. This failure has resulted in a sharp increase in class sizes and student-teacher ratios (currently about 55 to 1 in primary schools), unavailability of textbooks, and double shifts in schools, all of which have had a negative impact on the quality of education.

30. **Resource allocation within the sector is inefficient.** Effective use of teaching staff is limited by overspecialization at the second-cycle primary level, leading to the underemployment of teachers and high unit costs.<sup>15</sup> In addition, scholarships,<sup>16</sup> which are dispensed without regard to needs, educational criteria, or performance, have increased, leaving limited resources for quality improvement. As a result of these problems, dropout and repetition rates have been rising of late, leading to wastage of resources estimated at one-quarter of total recurrent educational expenditure.<sup>17</sup>

31. Given the still unacceptably low enrollment rates and quality of education, and the need to improve efficiency, the government adopted the **PRODEC** (Programme Décennal de Développement de l'Éducation), a ten-year educational development plan for 1998–2008 that provides a good framework for overall sectoral reform.<sup>18</sup> In 1999, the National Assembly passed the *Loi d'orientation pour l'éducation*, providing the legal framework for the implementation of the PRODEC.

32. The PRODEC aims at improving access and quality in all education subsectors and is organized around three keys areas: (i) improving access by increasing the supply of teachers, classrooms, and books, promoting the use of local languages in basic education, and taking specific measures to encourage education for girls; (ii) improving the quality of education through better teaching materials, expansion of teacher training, and curriculum reform; and (iii) mobilizing additional resources and achieving greater effectiveness for education

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<sup>14</sup> During 1994-98, the growth rates in the student population were 55 percent (first-cycle primary), 46 percent (second-cycle primary), 78 percent (secondary), and 68 percent (higher).

<sup>15</sup> A survey in 1996 showed that second-cycle primary teachers worked an average of 15 hours per week instead of the 24 hours required by law (World Bank, education public expenditure review (PER) 1999).

<sup>16</sup> In 1998, scholarships were 17 percent of total recurrent expenditure at the secondary level and 56 percent of expenditure at the higher-education level.

<sup>17</sup> World Bank, Education PER, 1999.

<sup>18</sup> The PRODEC was prepared over a two-year period in consultation with student associations, the teachers' union, parent-teacher associations, private organizations, NGOs, and donors. The PRODEC was presented to the 1998 Geneva donor roundtable.

programs through greater community involvement. Key PRODEC targets are presented in Box 5. Although the PRODEC proposed reforms at all levels, there is an emphasis on basic literacy and primary education, which should benefit the poor. Under Mali's decentralization initiative, local municipalities (communes) would increasingly become responsible for education at this level, which should help to stimulate supply of, and demand for, education in areas with low enrollment rates.

33. In order to increase coverage and improve quality, the government is finalizing a series of policies that should reduce cost of service delivery, including (i) hiring contractual teachers for new positions; (ii) shortening the duration of teacher training, while maintaining quality by increasing the intake level of teacher candidates; (iii) increasing the number of effective teaching hours at middle and secondary levels; and (iv) ensuring that primary school principals also teach. With respect to quality, the government has decided to (i) transform secondary scholarships into school-based grants; and (ii) limit entry into the university and gradually limit scholarships, while allocating the resulting savings to quality improvement measures. In order to improve the efficiency of public expenditure in education, the government also plans to undertake the following in 2000: (i) a tracking survey of nonwage expenditures at the primary level; (ii) a management audit of scholarships; and (iii) a census of secondary schools.

34. **The share of primary education in the total education budget increased from 54 percent in 1996 to 59 percent in 1999.** The share of education expenditures in total current expenditures followed the same pattern reaching 21 percent in 1999, and is expected to further increase to 24 percent by 2002. This increase takes into account the financing of the recurrent costs associated with new classroom construction, as well as the more than 2,000 additional teachers needed each year to reach the objective of a gross primary enrollment ratio of 75 percent by 2008.<sup>19</sup>

## Health

35. **Despite some progress over the past two decades, limited access to and poor quality of services, low internal efficiency, and a lack of financial sustainability characterize Mali's health sector.** Major difficulties have been an overconcentration of resources in secondary and tertiary care, and shortages of personnel and equipment in critical categories, especially in rural areas.

36. The government started to address these problems in the early 1990s, emphasizing the provision of primary health care through community health centers, managed by local beneficiary groups, and promoting public-private partnerships at this level. During 1996–98, the government developed a new framework aimed at consolidating these reforms, in consultation with health care professionals, donors, civil society organizations, and groups of

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<sup>19</sup> Discussions are ongoing between the government and donors, including the World Bank, on a more ambitious scenario that would bring the gross primary enrollment ratio to 95 percent by 2008.



beneficiaries. The result was a development plan for the health sector for 1998–2007 (Programme Décennal de Développement Socio-Sanitaire or PDDSS) and a sector investment program for the first five years thereof (**PRODESS**), supported by 14 donors.

37. The PRODESS has five major objectives: (i) to increase geographical and financial access to quality health services; (ii) to reduce morbidity and mortality arising from major illnesses; (iii) to promote community participation; (iv) to improve efficiency in the sector; and (v) to guarantee equitable and sustainable financing. Key PRODESS targets are also set forth in Box 5. A National Program of Action Against STD/HIV/AIDS has been in place since 1995 and will be updated upon the completion of the 2000 HIV/AIDS survey.

38. **The share of health in total current expenditure is projected to increase from 7½ percent in 1998 to 9 percent in the 2000 budget.**<sup>20</sup> The PRODESS recommends that domestically financed current expenditures in the health sector be increased annually by ½ of 1 percentage point a year, which would bring the sector's share in current expenditure to 12 percent by 2002.

### C. Economic Program for 2000–02

39. The government's economic and structural reform program, outlined in its policy framework paper for 1999–2002 (EBD/99/90; 7/16/99), and supplemented by the memorandum on economic and financial policies for 2000 (EBF/00/162; 8/11/00; Appendix I) and the interim PRSP (IDA/SecM2000-457) aims at consolidating the macroeconomic stabilization achieved since 1994, and at strengthening and deepening structural and sectoral reforms. The main objectives of the program are to foster sustainable economic growth, with a view to combating poverty and unemployment, and ensuring financial viability over the medium term. The government's development strategy is to be implemented in the context of its decentralization policy, as well as the further regional integration under the aegis of the WAEMU and the Economic Community of West African States (ECOWAS). Efforts will continue to establish a viable budgetary position, along with the accelerated divestiture of public interests in productive and commercial activities. Government actions will also focus on the introduction of a reliable and transparent judicial and regulatory environment favorable to national and foreign private investment, as well as investment in public infrastructure and human resources development.

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<sup>20</sup> These figures differ from those included in Mali's final decision point document on the Initiative for Heavily Indebted Poor Countries (IDA-R98-133; 8/25/98 and EBS/98/150; 8/24/98) and Appendix I of this document, which include pension fund expenditures in total health expenditures.

**Box 5. Mali: Key Indicators for Social Sector Reforms under PRODEC and PRODESS<sup>1</sup>**

**PRODEC (education)**

**Main objectives:** Attain 75 percent gross primary enrollment ratio in 2008, and increase efficiency of resource allocation in the sector in order to improve access to and quality of education at all levels.

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Classrooms built	1,334	1,586	1,682	1,823	1,981
Teacher recruitment	2,138	2,206	2,358	2,558	2,782
Teaching material (CFAF billions)	2.5	2.6	2.9	3.0	3.7
Higher education scholarships (CFAF billions)	4.6	4.5	4.5	3.8	3.8
Total cost (CFAF billions)	64.9	72.8	77.5	84.1	91.0
<i>Of which:</i> capital expenditure (CFAF billions)	18.5	20.8	22.6	25.1	27.9

**Key objectives**

(In percent, unless otherwise indicated)

	<u>1998</u>	<u>2000</u>	<u>2004</u>	<u>2008</u>
• gross primary enrollments	50	61	68	75
• adult literacy	32	46	50	...
• female adult literacy	19	30	40	...
• primary student/teacher ratio	...	55 to 1	...	50 to 1

**PRODESS (health)**

**Main objectives :** Improve access to primary health care services.

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Recruitment of health personnel	301	654	707	514
Total cost (CFAF billions)	18.3	25.3	34.1	37.5
<i>Of which:</i> capital expenditure (CFAF billions)	6.1	7.0	10.6	9.9

**Key monitoring indicators**

(In percent, unless otherwise indicated)

	<u>1998</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
• population with access to health care within a 15 kilometer radius	40	50	55	60	65
• medically assisted births	40	50	55	60	65
• immunization rate (0-1 year)	45	58	65	76	80
• contraceptive prevalence rate	6.7	...	...	...	15
• maternal mortality	577	...	...	...	405
• infant mortality (per 000 live births)	123	...	...	...	60
• total fertility rate	6.7	...	...	...	5.8

<sup>1</sup>All numbers are subject to changes in the course of preparing the full PRSP.

Sources: The Malian authorities; PRODEC and PRODESS reports and education simulation model; and education PER.

40. **Further consolidation of the public finance situation will remain a key element of the government's strategy**, in order to reduce Mali's reliance on uncertain external financial assistance and enhance the domestic revenue mobilization needed to finance priority programs. Public spending will have to be managed well to allow adequate budgetary appropriations for social spending.

41. **To reduce the obstacles faced by private investors, improve the efficiency of the economy, and increase economic growth, the Malian authorities are resolved to accelerate and deepen structural reforms.** In addition to measures envisaged to strengthen the legal and institutional framework, governmental efforts will seek to strengthen financial intermediation, implement wide-ranging reforms in the electricity, telecommunications, transport, and cotton sectors, modernize and rejuvenate the civil service, and execute ambitious programs in the health and education sectors (Box 6).

42. Implementation of the government's medium-term strategy for 2000-02 aims to achieve a real GDP growth of at least 5 percent a year, limit inflation to 2½ percent a year, and reduce the current account deficit (excluding official transfers) to 8½ percent of GDP by 2002. **Sustained, broad-based real GDP growth and low inflation, together with improved delivery of social services and actions to increase productivity and competitiveness, to be achieved in part through higher private investment, are central to the government's efforts to reduce poverty over the medium term.** To attain these objectives, the government is committed to maintaining economic stability, further improving the environment for private sector activities, and creating the conditions for the development of a strong export base by maintaining liberal trade and investment policies.

43. Despite significant fiscal consolidation over the past years, further progress toward financial viability, compatible with the targets to be set for poverty reduction in the full PRSP, remains important. The authorities aim to reduce the overall budget deficit (on a commitment basis and excluding grants) from 9 percent of GDP in 1999 to about 6½ percent by 2002; including grants, the deficit would be reduced from almost 4 percent GDP in 1999 to 3 percent by 2002.<sup>21</sup> This deficit is expected to be fully financed through external assistance, including under the HIPC Initiative. Particular emphasis will be placed on domestic revenue mobilization, in order to offset the loss in customs revenue owing to the introduction of the CET. Success will depend critically upon the government's ability to broaden the tax base, successfully implement the reform of direct and indirect taxation initiated in 1999, and reinforce the tax and customs administrations. Tight management of the level and quality of government expenditures will also be required. Total social expenditures are budgeted to increase from 4 percent of GDP in 1999 to about 4½ percent from 2000.

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<sup>21</sup> If productive and financeable expenditures consistent with poverty reduction are identified in the full PRSP and in the context of the enhanced HIPC Initiative, the deficit targets will be reassessed.

### **Box 6. Mali: Structural Reform Agenda, 2000–02**

**Increase the poverty reduction focus of policies and programs.** The government of Mali will pursue its objective to reduce the level of absolute poverty through growth and expanded social services for the poor. To this end, in 2001 the government will budget for, and commence implementation of, its updated poverty action plan. The household survey and the poverty profile update in 2001 and 2002 will help strengthen information on poverty and improve the targeting of programs to the poor. Particular efforts will be made to reinforce the capacity of the statistical office to systematically collect data on poverty. A technical review will be done each year, starting in 2002, to assess the impact of policy measures on poverty, and corrective measures will be proposed.

**Accelerate the implementation of the health and education program.** The government is implementing integrated sector-wide programs in health, with the assistance of all of Mali's partners. The same approach in education is expected to take place from the 2000/01 school year. The implementation of these programs will contribute to increase efficiency in resource allocation, while improving access to, and quality of, education and health services, particularly at the primary level, so as to achieve targeted improvements in key social indicators.

**Strengthen the legal system and improve the regulatory environment for private sector development.** The government intends to adopt a ten-year plan for the development of the justice system (PRODEJ) and continue to enforce the Organization for the Harmonization of Business Law in Africa (OHADA) uniform acts.

**Complete the privatization process.** In 2000-02, the government intends to complete its privatization program (i) privatizing ten nonbank enterprises; and (ii) limiting the government's share in the banking sector to 20 percent. Particular attention will be paid to the establishment of performance contracts for those enterprises that will remain in the government portfolio, aimed at ensuring the delivery of higher-quality services.

**Improve access to, and quality of, service, and lower costs of public utilities.** The government plans to complete reforms in the telecommunications, energy, and water sectors through greater competition and increased private sector participation. Legislation and regulations allowing private sector participation in the telecommunications sector have been adopted, and at least one cellular telephony operating license is expected to be issued to a private sector operator in late 2000. In the transport sector, the Dakar-Bamako international railway will be privatized by end-2000, while significant improvements are expected from the implementation of a new road maintenance system.

**Complete reforms in the cotton sector and rural development.** By end-2000, the government will have designed and started implementing a comprehensive cotton sector rehabilitation plan. The plan will include the financial restructuring of the CMDT, signature of a satisfactory performance contract with cotton farmers developed through a fully participatory process and including an overhaul of the CMDT's internal management information system, a plan for improving of the efficiency of its industrial and commercial activities, a plan for disengagement of the state and a strengthening of the sector's management entities (the CMDT's Board of Directors, and the Comité de Suivi du Contrat Plan (CSCP)). The implementation of the sector rehabilitation plan is expected to be fully effective by end-2002. In rural development, the institutional reforms set forth in the letter of institutional development policy will be implemented by end-2002.

44. **The government's growth objectives will be supported by further structural reforms**, including the completion of the privatization program, particularly in the energy, telecommunications, and transportation sectors; the restructuring of the cotton sector through enhanced private sector participation and increased competition; financial sector reform; and the modernization of the judiciary and civil service.

45. The regional monetary policy pursued by the Central Bank of West African States (BCEAO) will remain prudent and consistent with maintaining the exchange rate peg of the CFA franc to the euro. The central bank will conduct monetary policy through the use of indirect instruments of monetary control, supported by effective banking supervision and the enforcement of WAEMU prudential regulations.

#### IV. UPDATE OF THE DEBT SUSTAINABILITY ANALYSIS

46. The debt sustainability analysis (DSA) was prepared by the World Bank and Fund staff and the Malian authorities using loan-by-loan data for debt outstanding at end-1998 and end-1999. As Mali is a retroactive case, assistance under the enhanced HIPC Initiative is based on end-1998 data,<sup>22</sup> while assistance under the original framework is based on the most recent available data, currently for end-1999. The assumptions underlying the DSA and updated macroeconomic framework are summarized in Box 7.

47. At end-1998, Mali's external public and publicly guaranteed debt stood at US\$3,061 million in nominal terms, or US\$1,429 million in net present value (NPV) terms (Table 10). By end-1999, the nominal debt stock had decreased slightly to US\$3,038 million, equivalent to US\$1,402 million in NPV terms (see Table 4 for a breakdown by creditor). Compared with the NPV projected at the decision point, the actual end-1998 figures are about US\$100 million higher.

48. The increase in the NPV of debt (measured in U.S. dollars) vis-à-vis the projections at in the decision point is explained largely by sharply lower market interest rates and, hence, discount rates used in the calculations,<sup>23</sup> and by the depreciation of the U.S. dollar against major currencies during 1998 (Table 12). The reconciliation of creditor and debtor data on the stock of bilateral and multilateral debt outstanding and disbursed as of end-1998 led to little change in the nominal debt stock estimates.<sup>24</sup>

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<sup>22</sup> See *Modifications to the Heavily Indebted Poor Countries (HIPC) Initiative*, IDA/SecM99-475, July 26, 1999 and *Chairman's Summing-Up and Staff Opening Statement*, IDA/SecM99-504, August 3, 1999; and EBS/99/138 (7/23/99) and BUFF/99/101 (8/9/99), IMF.

<sup>23</sup> The currency-specific discount rates used to convert projected debt service to net present value are the commercial interest reference rates published by the OECD (see Table 12).

<sup>24</sup> A joint IDA-IMF mission visited Bamako in May 2000 to assist the authorities in finalizing the debt-reconciliation exercise.

(continued...)

### **Box 7. Mali: Main Assumptions in the Debt Sustainability Analysis, 2000–19**

Real GDP growth is projected to slow somewhat to 4½ percent in 2000 and is expected to average some 5¼ percent a year during 2001–02, largely as a result of accelerating growth in the cotton and gold sectors; thereafter, it is assumed to average about 5 percent a year.

Inflation is assumed to remain at about 2½ percent a year throughout the period.

Exports of goods and nonfactor services are projected to grow at an annual rate of about 9 percent in U.S. dollar terms over the period 2000–05 owing largely to a combination of a projected rebound of world cotton prices in U.S. dollars, from a trough in early 2000, of about 10 percent annually, and the continued increase in the volume of gold exports. Thereafter, export volume growth is assumed to be in line with real output growth, with cotton production expected to level off due to natural constraints by 2010 and to be increasingly replaced by nontraditional exports. As a result, exports in percent of GDP are projected to decline from about 26 percent in 2003 to 20 percent in 2019.

As a share of GDP, imports of goods and services are projected to peak at 37 percent in 2000 and decline thereafter, reaching 30 percent in 2005 and 22 percent in 2019. Import volumes of foodstuffs are projected to increase in line with population growth throughout the projection period, while import volumes of capital goods are projected to grow by 5–7 percent during 2000–02, mainly because of investment related to large infrastructure projects and the African soccer championship (CAN) to be hosted by Mali in 2002. For the remainder of the period, they are expected to be in line with real GDP growth. The growth in the volume of petroleum imports is projected to be on average somewhat below real GDP growth on account of gradual improvements in fuel efficiency.

After rising to nearly 14½ percent of GDP in 2000, the external current account deficit (excluding grants) is projected to decline to about 6½ percent of GDP in 2005 and to continue to narrow thereafter. The current account deficit will be financed through (i) increased external private capital flows; (ii) grants and official foreign borrowing on concessional terms; and (iii) HIPC Initiative debt relief. Official grants are assumed to be maintained at about their current level in nominal terms. Mali's notional share of the monetary union's pooled gross international reserves are projected to average nearly the equivalent of 3½ months of prospective imports of goods and nonfactor services on a c.i.f. basis over the period 2000–19.

Mali's terms of trade are projected to improve after 2000 until 2005 by about 3¼ percent annually largely reflecting the recovery of world cotton prices and a decline in petroleum prices from 2000. The terms of trade are assumed to remain stable for the remainder of the projection period.

New borrowing is assumed to be provided on the following terms, in line with the pattern of Mali's external borrowing over recent years: (i) 85 percent from multilateral creditors, of which (a) 81.5 percent on IDA terms, that is an average interest of 0.75 percent and 40 years maturity, including 10 years of grace; and (b) 18.5 percent on African Development Bank (AfDB) terms, that is IDA terms except for a maturity of 50 years; and (ii) 15 percent from bilateral sources with an average interest rate of 2 percent and maturity of 20 years, including 5 years of grace.

49. The export denominator (the 1996–98 average of exports of goods and nonfactor services) was revised upward to US\$603.9 million (versus US\$598 million projected), mainly because cotton fiber exports in 1998 were somewhat higher than had been projected at the decision point.

50. As a result of these changes, and after taking into account the impact of traditional debt-relief mechanisms, the NPV of debt-to-exports ratio is now estimated at 237 percent for end-1998 and 217 percent for end-1999 (Table 8), compared with the 221 percent projected for end-1998 in Mali's final decision point document. After taking into account the HIPC Initiative assistance of US\$128 million committed at the decision point, the NPV of debt-to-exports ratio would fall to 217 percent at end-1998 and to 197 percent at end-1999 (Table 5).

51. Mali's balance of payments prospects have deteriorated somewhat over the short term; however, they remain generally favorable over the longer run, assuming continued pursuit of sound macroeconomic policies, the implementation as planned of structural reforms, and the continued availability of external financing on concessional terms. Over the short term, the prospects for export receipts are less favorable, as the international prices for cotton and gold have declined below those maintained in the projections presented in the decision point document, while the world market price of oil has increased significantly.

52. To test the robustness of the conclusions concerning debt sustainability drawn from the baseline scenario (scenario I), three alternatives, all representing adverse external shocks, have been simulated (Table 11). All of these scenarios assume additional assistance under the enhanced HIPC Initiative (discussed below in Section VI). Scenario II reflects a severe drought with a 20 percent reduction in cotton production and a 75 percent drop in the volume of livestock exports over the years 2001-05. Scenario III assumes a gradual decline in gold prices to 15 percent below the baseline price from 2001 onward, while scenario IV portrays a fall in cotton prices of 20 percent, compared with the baseline. In all of the alternative scenarios, the ensuing decline in export receipts results in significantly larger financing gaps, which are assumed to be covered by new borrowing on concessional terms comparable to the terms of Mali's existing debt.

53. The results from the drought scenario indicate that Mali's debt ratios would rise rapidly for about eight years, with the NPV of public external debt-to-exports ratio exceeding the pre-HIPC Initiative assistance level of about 217 percent by 2007. Concomitant to the significant buildup of new debt during the drought, Mali's fragile external debt situation would worsen through 2008, and the debt-to-exports ratio would thereafter gradually decline to less than 200 percent by 2019, largely owing to a rebound of export earnings in the outer years. Regarding the adverse terms of trade developments assumed in scenarios III and IV, the calculations suggest that Mali's debt levels would remain sustainable over the long term, with the NPV of public external debt-to-exports ratio significantly below 200 percent throughout the projection period. This outcome appears to be more robust in the case of a gradual price decline (assumed for the lower-gold-price scenario) than of a onetime permanent drop below the baseline (assumed for the lower-cotton-price scenario).

54. The amount of debt relief provided under the original and enhanced frameworks would help Mali to maintain the sustainability of its debt over the long term, but the country would remain vulnerable to adverse shocks. In particular, in the case of a severe (five years) drought, the medium-term impact on exports could pose debt sustainability problems.

## V. STATUS OF CREDITOR PARTICIPATION UNDER THE ORIGINAL FRAMEWORK

55. At the initial decision point, an assistance package for Mali of an estimated US\$128 million in NPV terms was deemed necessary for Mali to reach the NPV of debt-to-exports target of 200 percent. Subsequently, all multilateral and Paris Club creditors—which hold over 90 percent of Mali's external debt (Table 4)—confirmed that, at the completion point, they would provide assistance to reduce the NPV of their claims in accordance with the decision taken by the Boards of IDA and the Fund. Based on actual end-1999 data, the committed assistance would bring Mali's NPV of debt-to-exports ratio to 198 percent, well within the target range.

56. Under proportional burden sharing and based on the updated end-1999 data, the contribution from multilateral creditors at the completion point amounts to US\$89 million in NPV terms, or about 69 percent of the total, while bilateral assistance would amount to US\$39 million (Table 5).

57. IDA's assistance under the original HIPC Initiative amounts to US\$44 million in NPV terms and would be delivered at the completion point through purchase and cancellation by the HIPC Trust Fund of 14 IDA credits with a face value equal to US\$75 million. Taking into account the corresponding reduction in interest due on these credits, the total debt-service reduction through this assistance would amount to US\$79 million (Table 6).

58. Assistance from the Fund will take the form of a grant equivalent to US\$14 million in NPV terms deposited into an escrow account at the completion point. This amount, plus accrued interest, will be used to cover part of Mali's debt service to the Fund under an agreed schedule. Fund assistance would be slightly front-loaded, but spread over the life of Mali's current obligations to the Fund. On a cash basis, this assistance would amount to about US\$2.5 million in 2000–01 and would average about US\$2 million a year over 2002–08 (Table 7).

59. Other multilateral creditors, including the African Development Bank (AfDB) Group, have indicated their willingness to participate fully in the original HIPC Initiative for Mali and have provided some stylized facts about their preferred modality of delivery (see Box 8).

60. **Paris Club creditors have** indicated their willingness to top up Mali's 1996 Naples terms stock-of-debt operation (67 percent NPV reduction on eligible debt) to a level sufficient to allow Mali to reach its debt sustainability target once the completion point under the original initiative has been reached. The Malian authorities have now signed bilateral agreements with all creditors participating in the May 1996 Paris Club stock-of-debt operation, except the Russian Federation, which has provided a draft agreement to Mali



**Box 8. Mali: Delivery of Multilateral Assistance Under the Original HIPC Initiative**

All multilateral creditors have responded favorably to Mali's request for assistance under the initial HIPC Initiative. The following are the indicative modalities through which each multilateral creditor may deliver the assistance after the completion point.

Creditor	Debt Relief in NPV Terms (US\$ million)	Modalities
IDA	43.6	The debt relief is to be provided through purchase and cancellation of 14 IDA credits worth US\$75 million by the HIPC Trust Fund, drawing on IBRD net income transfers.
IMF	14.0	A grant from HIPC/ESAF Trust Fund is to be deposited into an escrow account in the name of the government, to be used to meet Mali's debt service to the Fund under an agreed schedule. Assistance is to be slightly front-loaded and spread over the life of current obligations.
African Development Bank (AfDB)	16.2	Loan cancellations financed by a HIPC Trust Fund grant to the AfDB, which, together with AfDB's own contribution, will allow the AfDB to provide the indicated debt relief to Mali.
European Union / European Investment Bank (EIB/EDF)	4.2	Refinancing on grant terms.
International Fund for Agricultural Development (IFAD)	2.4	Debt-service relief until the required NPV debt reduction is achieved. Mali would resume payments to IFAD under normal terms thereafter.
Islamic Development Bank (IDB)	2.6	Concessional rescheduling.
Arab Bank for Economic Development in Africa (BADEA)	1.1	Concessional rescheduling of the disbursed and outstanding balances at a reduced interest rate and extended maturity.
OPEC Fund	1.8	Rescheduling by extension of maturity sufficient to deliver required NPV reduction, or reduction of interest and service charges, as well as refinancing through new concessional loans. The precise terms of the three modalities to be agreed between the OPEC Fund and the Government of Mali.
Other <sup>1</sup>	3.2	To be determined.
Total	89.0	

<sup>1</sup> Refers to the Central Bank of West African States (BCEAO); The Economic Community of West African States (ECOWAS); The Fund for Solidarity and Economic Development (FSID); and the West African Development Bank (BOAD).

envisaging a stock-of-debt operation applicable retroactively in September 1997. Despite their best efforts, the Malian authorities have so far not been able to conclude agreements with **non-Paris Club bilateral creditors** on comparable terms.

## VI. ENHANCED HIPC INITIATIVE CONSIDERATIONS

### A. Progress Toward a Poverty Reduction Strategy Paper

61. The government has prepared through a fully owned process an interim PRSP, which is presented under a separate cover, together with a joint World Bank-IMF staff assessment (IDA/SecM2000-457). The staff assessment indicates that the document has integrated the preexisting programs for achieving durable economic growth and poverty reduction. Mali has viewed poverty reduction as an integral part of its strategy for growth, economic reforms, and democratization, and it became an explicit government objective in 1997. During 1997–98, a National Strategy for Fight Against Poverty (SNLP) was developed through a series of regional and national consultation workshops, with UNDP support, and presented to a donor roundtable in Geneva in 1998. Mali's interim PRSP process has thus been able to draw on the work of the ODHD and the SNLP, as well as on sectoral and other initiatives.

62. The challenges in preparing the full PRSP will be to (i) take advantage of Mali's tradition of participation and to prepare and implement a participation strategy involving all actors (civil society, the poor, government agencies, donors, academics and NGOs); (ii) deepen the information basis on poverty, its determinants, and targeted policies for poverty alleviation; (iii) investigate the link between GDP growth and poverty reduction, especially in rural areas, while taking into account gender differentiation; and (iv) prepare a costed program, including monitoring components.

### B. Decision Point and Floating Completion Point

63. The staffs and managements of the Bank and Fund believe that Mali's track record and the strength of the program supported by the PRGF arrangement and the interim PRSP justify reaching the decision point under the enhanced HIPC Initiative now. Assistance under the enhanced HIPC Initiative would be based on the continued implementation of strong macroeconomic management, and structural and social reforms.

64. Thus, a **floating completion point** could be reached when the conditions outlined in Box 9 are satisfied and the participation of other creditors has been confirmed. As indicated in their interim PRSP, the Malian authorities intend to complete a full PRSP by mid-2001.

### **Box 9. Mali: Policy Reforms for the Floating Completion Point**

**Maintain a stable macroeconomic environment** as evidenced by satisfactory performance under the PRGF arrangement.

**Satisfactory implementation of structural reforms**, including:

- continued implementation of reforms under the cotton sector rehabilitation plan; and
- pursuit of the privatization program, especially of public utilities and banks.

**Satisfactory implementation of reforms in the education sector**, as defined under the PRODEC, especially with respect to budget allocation, teachers' recruitment, and scholarship policy.

**Satisfactory implementation of reforms in the health sector** as defined under the PRODESS, especially with respect to budget allocation and personnel policy.

**Preparation of a full PRSP through a participatory process**, and satisfactory assessment by Fund and Bank.

### **C. Assistance Under the Enhanced Framework**

65. The calculation of the additional assistance that Mali could receive under the enhanced HIPC Initiative is based on the NPV of external public debt outstanding at end-1998. The updated debt sustainability analysis indicates an end-1998 NPV of external public debt-to-exports ratio of 237 percent. After the assumed full delivery of the assistance already committed under the original framework, the NPV of debt would represent about 217 percent of exports at end-1998, requiring further assistance of about US\$401 million under the enhanced framework that would allow Mali to reach the 150 percent NPV of debt-to-exports target established under the enhanced HIPC Initiative. Cumulative assistance under the original and enhanced frameworks would amount to US\$523 million in end-1998 NPV terms, reducing the NPV of debt outstanding at end-1998 to US\$906 million, or to about 63 percent of the debt prior to HIPC Initiative assistance.

66. The cost of providing enhanced assistance would be shared proportionately among Mali's creditors based on their respective exposure at end-1998. Of the cumulative HIPC Initiative assistance of US\$523 million in end-1998 NPV terms, the multilateral share would amount to US\$361 million, or 69 percent, while bilateral creditors would provide the remaining US\$162 million, or 31 percent. Preliminary estimates suggest that Paris Club creditors would need to provide more than 100 percent cumulative NPV reduction on eligible debt to meet their full share of the additional assistance. Among multilateral creditors, IDA's share of US\$180 million is the largest, followed by the AfDB (US\$67 million) and the Fund (US\$57 million) (Figure 1). Other multilateral creditors would provide about US\$57 million in cumulative assistance. The combined assistance under the original and enhanced frameworks would entail a common reduction factor of 37 percent, based on the NPV of debt outstanding at end-1998.

67. IDA's enhanced assistance of US\$138 million in NPV terms (in addition to US\$44 million to be provided under the original framework) is proposed to be delivered through provision of a 50 percent relief on the debt-service obligations falling due between the decision point and 2014. In nominal terms, this assistance is equivalent to about US\$205 million. Combined with the relief to be provided under the original framework, the total nominal debt-service relief from IDA would reach about US\$283 million.

68. The enhanced Fund assistance, including interim assistance between the second decision point and the floating completion point, would amount to US\$44 million in NPV terms, which corresponds to about US\$52 million in nominal terms. Fund assistance would be delivered through a grant deposited into an escrow account. The grant, plus accrued interest, would be used to cover part of Mali's debt service to the IMF under an agreed schedule.

69. Paris Club creditors, in addition to their willingness to top up Mali's Naples terms stock-of-debt operation, have indicated the possibility of providing interim assistance to Mali by cancellation or deferral (without interest) of 70 percent of eligible debt-service payments in the interim period.

## VII. BENEFITS OF HIPC INITIATIVE ASSISTANCE

70. Mali's external debt and debt-service burden will be significantly reduced with the delivery of assistance under the HIPC Initiative, notably with the delivery of enhanced assistance. **The combined assistance of US\$523 million in end-1998 NPV terms under the original and enhanced HIPC Initiatives would reduce the debt burden by about 37 percent and would provide to Mali nominal debt-service savings of more than US\$871 million over a 30-year period.** Annual debt-service payments would fall on average by about US\$44 million per year in the next ten years, or by about 38 percent from what would have been due without assistance under the HIPC Initiative. In the subsequent 20-year period, debt service would be reduced by about US\$22 million per year on average, or by about 28 percent of that before HIPC Initiative assistance. This would enable Mali to reduce its NPV of debt-to exports ratio from 237 percent in 1998 to 129 percent by 2005, and to gradually reduce it further to about 104 percent by 2019 (Figure 2). The debt service-to-exports ratio would also be substantially reduced from a peak of 15 percent in 2000 to 8 percent in 2002, and remain below 7¾ percent from 2003 onward (Table 8 and Figure 3).

71. **The fiscal burden of external debt would also fall markedly following the HIPC Initiative assistance.** The NPV of debt-to-revenue ratio is expected to fall from 336 percent at end-1998 to below 200 percent by 2002, and remain below 170 percent from 2006 onward. The ratio of debt service to total government revenue would fall from a peak of 22 percent in 2000 to 9½ percent in 2005 and remain substantially below that level during the remainder of the projection period.

72. **Assistance under the HIPC Initiative will free budgetary resources for additional social and development spending, thus providing momentum toward achieving the**

**government's poverty reduction targets, which are broadly outlined in the interim PRSP, in line with the 2015 International Development Goals.** Spending on health and education is projected to increase over the 2000–02 period: as shares of government current spending, these expenditures are projected to increase from 7½ percent and 21 percent in 1999, respectively, to 12 percent and 24 percent by 2002. Financial assistance provided under the original HIPC Initiative and the prospective interim assistance under the enhanced framework will be fully used to cover the additional outlays in these sectors and on other poverty reduction programs. The full PRSP will provide details on the use of the additional resources under the enhanced HIPC Initiative. At the same time, the economic reform process would continue to aim at improving the environment for private sector activity, which is essential to achieving sustainable economic growth and thereby reducing poverty.

### VIII. CONCLUSION

73. Mali's economic performance, although fragile, remains encouraging and implementation of social and structural reform policies has recently resumed and is progressing well. All multilateral and Paris Club creditors have confirmed delivery of the amounts committed at the initial decision point, and strong efforts have been made to reach agreement with other bilateral creditors on comparable terms. Therefore, **in the view of the staffs and managements of the Fund and IDA, Mali has made substantial and satisfactory progress toward meeting the conditions required for reaching the completion point under the original HIPC Initiative, provided that the IMF Board concludes the first review of the three-year PRGF arrangement. In addition, they consider that Mali's interim PRSP provides a sound basis for developing a full PRSP and for reaching the decision point under the enhanced HIPC Initiative.**

### IX. ISSUES FOR DISCUSSION

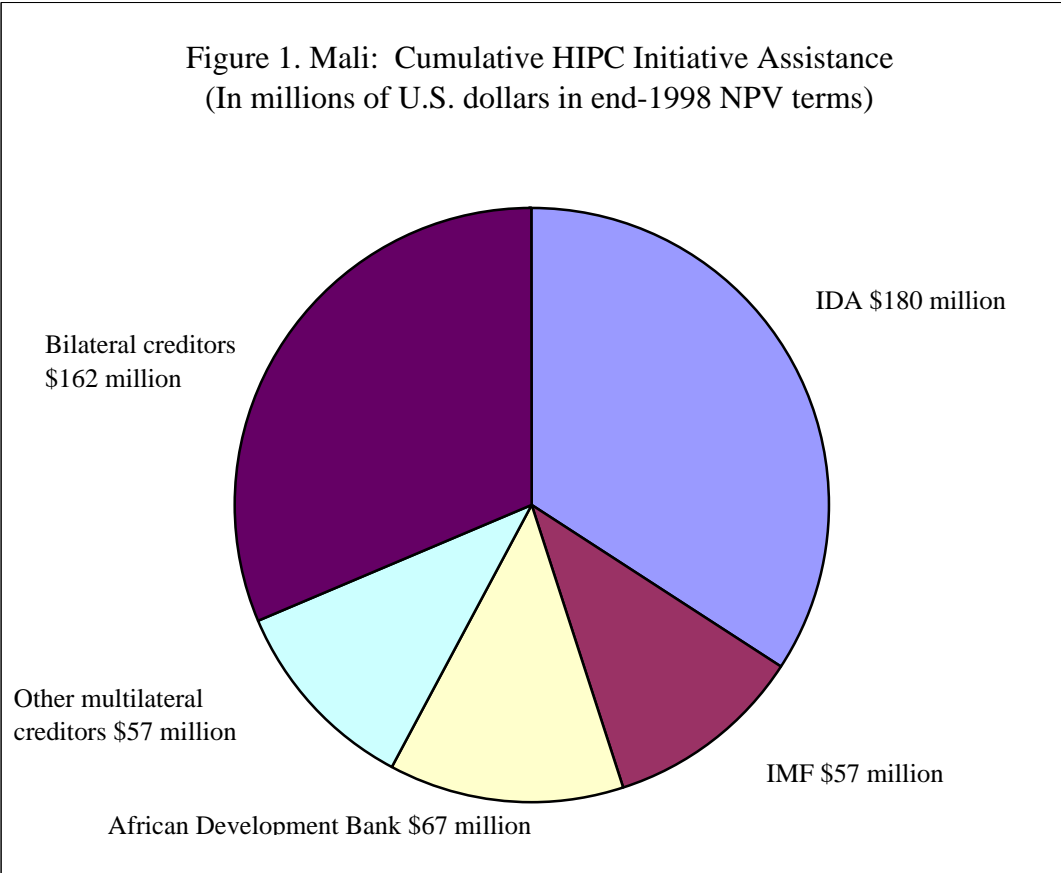
74. Executive Directors may wish to focus on the following issues and questions:

- **Completion point under the original HIPC Initiative.** Do Executive Directors agree that Mali has met the conditions required to achieve the completion point under the original framework? If so, do Executive Directors agree that Mali should receive assistance equivalent to US\$128 million in NPV terms?
- **Eligibility and enhanced decision point.** The staffs and management believe that Mali is eligible for assistance under the enhanced HIPC Initiative. Do Executive Directors agree that Mali has met the conditions for reaching its decision point under the enhanced HIPC Initiative?
- **Amount and delivery of assistance.** Consistent with a reduction in Mali's NPV of debt-to-exports ratio at end-1998 to 150 percent, additional assistance under the enhanced HIPC Initiative is estimated to amount to US\$401 million in NPV terms; of this amount, US\$138 million is to be provided by IDA and US\$44 million by the Fund. Do Executive

Directors agree that Mali receive these amounts to reduce the NPV of end-1998 debt-to-exports ratio to 150 percent?

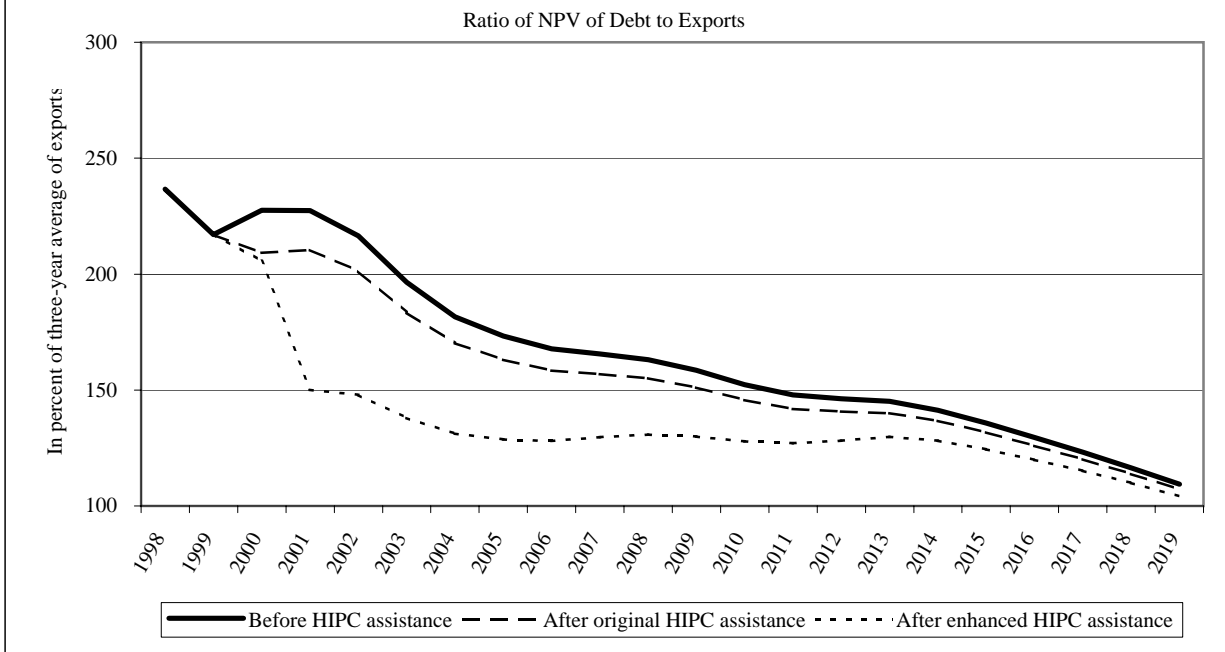
- **Floating completion point.** The staffs and management of the Fund and IDA believe that Mali has made sustained progress toward macroeconomic stability and is designing a comprehensive strategy to reduce poverty. In view of this track record, they recommend that a floating completion point be reached when Mali has met the conditions specified in Box 9, and comparable treatment assurances have been secured from Mali's external creditors. Do Executive Directors agree with this approach?
- **Creditor participation.** Some multilateral financial institutions may require bilateral financial support in order to deliver their share of assistance to Mali. Do Directors agree that the staffs of the World Bank and Fund should continue working with other multilateral creditors toward securing their participation in the case of Mali under the HIPC Initiative?
- **Interim assistance.** As satisfactory assurance from other creditors on their participation in the enhanced assistance have been received, management and staffs recommend the release of interim assistance. Do Directors agree?

Figure 1. Mali: Cumulative HIPC Initiative Assistance  
(In millions of U.S. dollars in end-1998 NPV terms)



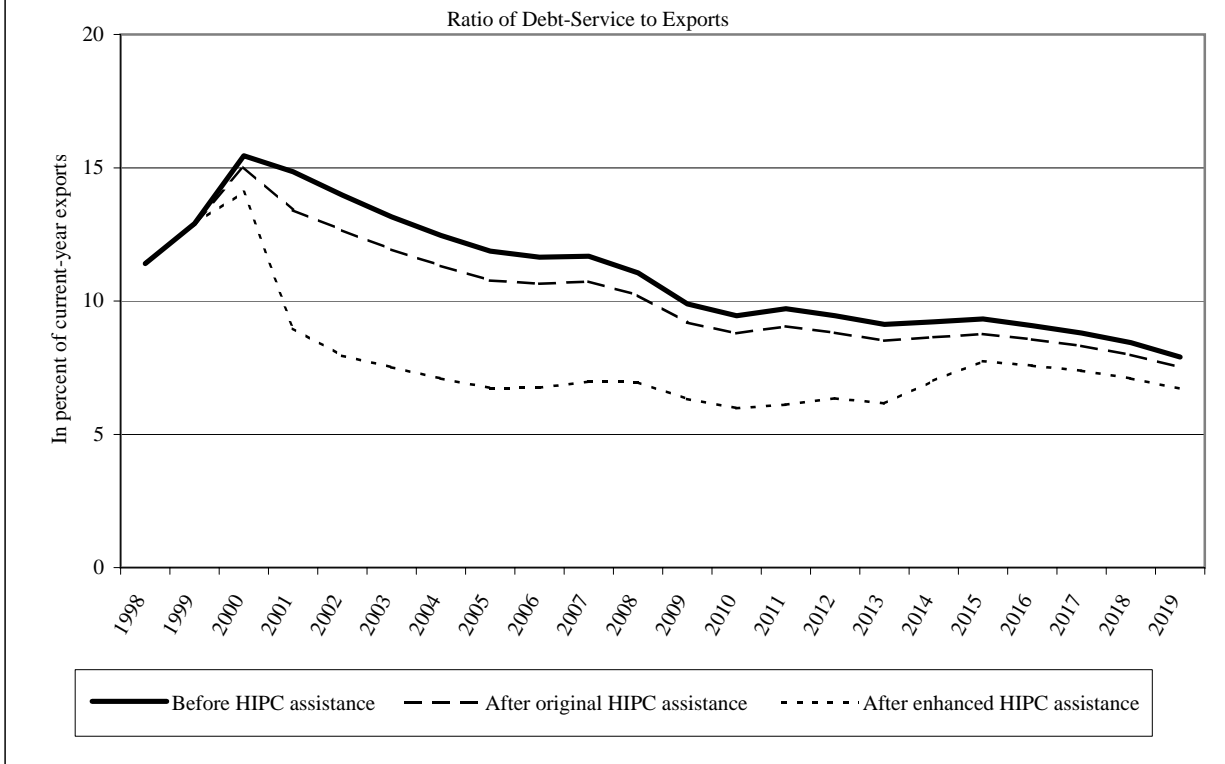
Sources: Malian authorities; and staff estimates.

Figure 2. Mali: Impact of HIPC Initiative Assistance: NPV Ratios, 1998-2019



Sources: Malian authorities; and staff estimates.

Figure 3. Mali: Impact of HIPC Initiative Assistance: Debt-Service Ratios, 1998-2019



Sources: Malian authorities; and staff estimates.



Table 1. Mali: Selected Economic and Financial Indicators, 1997-2002

	1997	1998	1999		2000		2001	2002
			Prog.	Prel.	Prog.	Rev. Prog.		
(Annual percentage change, unless otherwise specified)								
National income and prices								
Real GDP	6.8	3.4	6.4	5.5	5.0	4.5	5.6	5.1
GDP per capita (in U.S. dollars)	215.6	222.4	246.8	213.5	259.1	204.6	216.8	229.3
Nominal GDP (in billions of CFA francs)	1,444.7	1,553.8	1,732.8	1,605.8	1,865.1	1,708.2	1,849.2	1,992.8
GDP deflator	1.0	4.0	2.2	-2.0	2.5	1.8	2.5	2.5
Consumer price index (annual average)	-0.7	4.1	1.0	-1.2	1.4	1.2	2.0	2.5
Consumer price index (end of period)	1.0	3.0	2.5	-1.3	2.5	2.9	2.5	2.5
External sector								
Exports, f.o.b.	48.0	1.0	5.3	5.3	3.8	2.7	13.5	14.3
Imports, f.o.b.	12.9	3.4	2.2	10.7	4.6	17.7	2.6	2.3
Export volume	49.4	-0.9	11.3	14.6	1.6	-1.7	7.1	10.9
Import volume	13.8	5.4	4.5	7.5	2.9	2.7	3.0	3.1
Terms of trade	-0.2	4.0	-3.3	-10.8	0.5	-8.8	6.4	3.8
Nominal effective exchange rate <sup>1</sup>	-3.8	1.7	...	-2.4	...	...	...	...
Real effective exchange rate <sup>1</sup>	-5.9	4.4	...	-4.1	...	...	...	...
Government budget								
Domestic revenue	11.6	11.0	8.9	6.9	9.2	6.5	10.2	10.2
Total expenditure and net lending	9.9	11.1	6.9	8.9	5.5	6.7	4.9	3.0
Current expenditure	22.3	0.1	17.7	15.1	4.9	4.5	6.8	6.5
Capital expenditure and net lending <sup>2</sup>	0.2	26.0	1.1	3.7	7.3	10.2	3.4	-0.4
Money and credit								
Net domestic assets <sup>3</sup>	10.6	13.9	-0.1	11.4	3.5	18.3	9.4	-2.4
Credit to the government <sup>3</sup>	-0.1	-0.6	0.0	1.0	-1.2	2.8	1.0	-1.4
Credit to the rest of the economy	15.7	27.2	-1.5	14.4	7.5	17.6	9.3	-1.1
Broad money (M2)	8.7	4.3	9.0	1.3	8.3	3.8	7.5	8.0
Velocity (GDP/M2)	4.2	4.3	4.4	4.4	4.4	4.5	4.5	4.5
Interest rate (end of period) <sup>4</sup>	5.0	5.0	...	5.0	...	...	...	...
(In percent of GDP, unless otherwise specified)								
Investment and savings								
Gross domestic investment	20.6	20.9	21.2	21.2	21.9	21.3	21.7	21.5
Government	8.2	9.5	8.6	9.4	8.5	9.7	9.3	8.6
Nongovernment	12.4	11.4	12.6	11.8	13.4	11.6	12.4	12.9
Gross domestic savings	10.4	11.2	11.7	10.1	12.7	6.4	9.7	12.6
Government	3.8	3.6	4.8	2.8	5.3	3.7	4.0	4.2
Nongovernment	6.6	7.6	6.9	7.3	7.4	2.7	5.7	8.5
Government budget								
Domestic revenue	15.9	16.4	16.0	17.0	16.3	17.0	17.3	17.7
Total grants	5.8	5.8	4.1	5.2	3.8	4.4	3.9	3.6
Total expenditure and net lending <sup>2</sup>	23.9	24.7	23.7	26.0	23.2	26.1	25.3	24.2
Overall balance (commitment basis, excluding grants)	-8.0	-8.3	-7.6	-9.0	-6.9	-9.1	-8.0	-6.5
Overall balance (cash basis, including grants)	-2.7	-3.1	-4.0	-3.7	-3.2	-5.4	-4.0	-2.9
Domestic primary balance	1.6	2.1	2.0	1.0	2.2	1.6	2.4	3.1
Divestiture receipts	0.1	0.1	0.1	0.6	0.0	0.4	0.0	0.0
External sector								
Current external balance, including official transfers	-2.7	-3.0	-2.8	-4.8	-3.2	-9.3	-6.4	-3.5
Current external balance, excluding official transfers	-9.4	-9.5	-8.5	-10.6	-8.4	-14.6	-11.7	-8.4
Debt-service ratio	15.0	11.4	12.3	12.9	13.4	15.5	14.8	14.0
Before debt relief	15.0	11.4	12.3	12.9	13.4	15.5	14.8	14.0
After debt relief (including original HIPC Initiative)	10.9	7.3	12.3	12.9	11.6	15.0	13.5	12.7
(In millions of U.S. dollars, unless otherwise specified)								
Overall balance of payments	-27.4	-61.0	23.9	-55.6	-1.9	-116.1	-30.3	55.5
External payment arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross international reserves	532.4	528.1	...	400.8	...	315.1	306.7	375.5
(equivalent months of next year's imports of GNFS <sup>5</sup> )	7.2	6.2	...	4.7	...	3.6	3.4	4.0
Exchange regime								
	The CFA franc is pegged to the euro at the rate of CFAF 655.96=E1.							
U.S. dollar rate (end of period)	598.8	562.2	...	653.0	...	...	...	...
(In millions of SDRs)								
Use of Fund resources								
Purchases	20.7	10.3	23.8	17.1	13.5	13.5	13.5	12.9
Repurchases	10.9	8.1	8.6	8.6	13.0	13.0	16.9	21.0
Credit outstanding	130.2	132.4	147.7	140.9	148.2	141.5	138.1	130.0
Present arrangement	PRGF in an amount equivalent to SDR 46.65 million (50 percent of quota); SDR 6.75 million disbursed.							
Quota (Eleventh Review)	93.3							

Sources: Malian authorities; and staff estimates and projections.

<sup>1</sup> Annual average data.<sup>2</sup> Including capital outlays financed through external project aid and transfers to the local authorities; data on commitment basis.<sup>3</sup> Change in percent of broad money at the beginning of the period.<sup>4</sup> End-of-period interest rate on the West African Monetary Union money market.<sup>5</sup> Goods and nonfactor services.

Table 2. Mali: Central Government Consolidated Financial Operations, 1997-2002

	1997	1998		1999		2000		2001	2002
		Act.	Act. Adj.	Prog.	Prel.	Prog.	Rev. Prog.	Projections	
(In billions of CFA francs)									
Revenue and grants	313.9	334.5	344.8	349.5	356.0	373.2	365.0	392.8	424.3
Total revenue	229.8	254.9	254.9	277.7	272.6	303.2	290.3	320.0	352.5
Budgetary revenue	207.9	231.7	231.7	259.8	247.8	284.3	265.4	294.0	325.5
Tax revenue	196.3	222.9	221.3	248.5	235.3	273.0	252.2	278.7	310.3
Nontax revenue	11.6	8.8	10.4	11.3	12.6	11.3	13.1	15.2	15.2
Special funds and annexed budgets	21.8	23.2	23.2	17.9	24.8	18.9	25.0	26.0	27.0
Grants	84.2	79.6	89.9	71.8	83.4	70.0	74.7	72.8	71.8
Total expenditure and net lending	345.2	372.3	383.5	409.9	417.6	432.6	445.6	467.6	481.6
Budgetary expenditure	328.6	352.6	363.9	396.4	395.0	417.7	423.6	445.6	458.6
Current expenditure	167.7	166.8	167.8	197.4	193.2	207.1	202.0	215.6	229.6
Wages and salaries	56.8	58.8	60.7	68.1	65.3	74.0	73.1	78.2	83.8
Scholarships	4.3	4.3	5.3	6.2	6.2	6.2	6.2	6.2	6.2
Interest <sup>12</sup>	13.8	11.7	11.7	17.7	14.0	19.3	18.4	18.7	19.1
Other current expenditure	92.8	92.0	90.1	105.4	107.8	107.6	104.3	112.5	120.5
Of which: social safety net	6.0	13.0	12.0	11.0	11.0	10.0	10.0	10.0	10.0
elections cost	15.9	2.3	2.3	3.0	3.4	0.0	0.0	3.0	5.5
Capital expenditure and PESAP <sup>3</sup>	160.9	185.8	196.1	199.0	201.7	210.7	221.6	230.0	229.0
Of which: capital expenditure	156.4	182.7	194.1	197.0	199.8	210.7	220.6	229.0	228.0
Externally financed	124.5	138.2	149.4	150.0	147.4	151.0	165.0	174.0	171.5
Domestically financed	31.9	44.5	44.7	47.0	52.3	59.7	55.5	55.0	56.5
Special funds and annexed budgets	21.8	23.2	23.2	17.9	24.8	18.9	25.0	26.0	27.0
Net lending	-5.2	-3.6	-3.6	-4.4	-2.2	-4.0	-2.9	-4.0	-4.0
Overall fiscal balance									
Commitment basis, including grants	-31.3	-37.8	-38.7	-60.4	-61.5	-59.4	-80.6	-74.9	-57.3
Commitment basis, excluding grants	-115.5	-117.4	-128.6	-132.2	-144.9	-129.4	-155.3	-147.7	-129.1
Changes in payments arrears									
Domestic arrears	-7.0	-10.0	-10.0	-9.3	-9.3	0.0	0.0	0.0	0.0
External arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustment (cash basis)	-1.4	0.0	0.0	0.0	11.7	0.0	-11.7	0.0	0.0
Overall fiscal balance (cash basis, including grants)	-39.7	-47.8	-48.7	-69.7	-59.1	-59.4	-92.3	-74.9	-57.3
Financing	39.7	47.8	48.7	50.7	59.2	46.5	70.1	68.3	57.3
External financing (net)	49.0	57.1	58.0	59.1	60.3	60.3	62.6	73.3	71.4
Loans	72.7	83.0	83.9	85.4	91.7	81.0	93.2	101.2	99.7
Amortization <sup>1</sup>	-39.0	-25.9	-25.9	-26.3	-31.4	-27.8	-32.4	-34.1	-34.8
Debt relief, including original HIPC Initiative	15.3	0.0	0.0	0.0	0.0	7.1	1.8	6.2	6.5
Domestic financing (net)	-9.2	-9.3	-9.3	-8.5	-1.2	-13.8	7.5	-5.0	-14.1
Banking system	-1.9	-4.0	-4.0	-1.7	1.8	-5.8	8.5	3.0	-6.0
Of which: net credit to the government	-0.2	-2.0	-2.0	0.0	3.8	-4.8	10.3	3.6	-5.7
Privatization receipts	1.4	1.2	1.2	1.2	10.4	0.0	6.9	0.0	0.0
Nonbank financing	-8.7	-6.6	-6.4	-8.0	-13.4	-8.0	-8.0	-8.0	-8.0
Financing gap	0.0	0.0	0.0	19.1	0.0	12.9	22.2	6.6	0.0
(In percent of GDP)									
Total revenue and grants	21.7	21.0	22.2	20.2	22.2	20.0	21.4	21.2	21.3
Of which: total revenue	15.9	16.0	16.4	16.0	17.0	16.3	17.0	17.3	17.7
Of which: tax revenue	13.6	14.0	14.2	14.3	14.7	14.6	14.8	15.1	15.6
Total expenditure and net lending	23.9	23.4	24.7	23.7	26.0	23.2	26.1	25.3	24.2
Of which: health and education	3.0	2.9	3.1	3.5	3.2	3.9	3.8	4.1	4.1
defense <sup>4</sup>	1.8	1.8	1.9	1.8	2.0	1.8	2.0	...	...
Current expenditure	11.6	10.5	10.8	11.4	12.0	11.1	11.8	11.7	11.5
Overall fiscal balance									
Commitment basis, including grants	-2.2	-2.4	-2.5	-3.5	-3.8	-3.2	-4.7	-4.0	-2.9
Commitment basis, excluding grants	-8.0	-7.4	-8.3	-7.6	-9.0	-6.9	-9.1	-8.0	-6.5
Domestic primary balance <sup>5</sup>	1.6	2.0	2.1	2.0	1.0	2.2	1.6	2.4	3.1
Basic fiscal balance <sup>6</sup>	0.6	1.3	1.3	1.0	0.2	1.2	0.6	1.4	2.1
Memorandum item:	(In billions of CFA francs)								
GDP at current prices	1,445	1,593	1,554	1,733	1,606	1,865	1,708	1,849	1,993

Sources: Malian authorities; and staff estimates and projections.

<sup>1</sup> Scheduled. After debt cancellation obtained through 1997. From 2000 onwards reflects Russian debt service on the basis of the 1996 Paris Club stock-of-debt operation.<sup>2</sup> Includes estimates for interest due on disbursements after December 1999.<sup>3</sup> PESAP, Public Enterprise Sector Adjustment Program.<sup>4</sup> Spending by the Ministry of Defense.<sup>5</sup> Defined as total revenue minus total expenditure and net lending, excluding interest payments and foreign-financed capital expenditure.<sup>6</sup> Defined as total revenue minus total expenditure and net lending, excluding foreign-financed capital expenditure.

Table 3. Mali: Medium- and Long-Term Balance of Payments, 1998-2019 1/  
(In billions of CFA francs, unless otherwise specified)

	1998	1999	2000	2001	2002	2003	2004	2005
			Projections					
Exports, f.o.b.	331.1	348.6	358.0	406.2	464.1	498.8	533.2	550.1
<i>Of which:</i> cotton (fiber)	147.8	150.1	131.6	148.7	185.6	212.4	238.4	258.8
Imports, c.i.f.	-329.3	-364.6	-428.9	-440.1	-450.3	-469.5	-493.1	-515.6
<i>Of which:</i> petroleum	-38.2	-52.2	-85.0	-76.4	-70.1	-71.3	-75.2	-77.8
Trade balance	1.8	-16.0	-70.9	-33.9	13.9	29.4	40.1	34.5
Services (net)	-190.0	-196.4	-222.2	-228.3	-230.0	-238.3	-245.7	-252.7
<i>Of which:</i> interest due on government debt	-11.2	-13.5	-17.9	-18.0	-18.4	-18.1	-18.3	-18.5
Private transfers (net)	40.7	42.4	43.7	45.9	49.1	52.5	56.2	60.1
Official transfers (net)	100.8	92.9	90.7	98.3	97.3	97.5	98.5	99.5
<i>Of which:</i> in kind	4.1	4.1	6.0	10.0	10.0	10.0	10.0	10.0
budgetary	19.6	14.6	2.9	0.0	0.0	0.0	0.0	0.0
project related	70.3	68.8	71.8	72.8	71.8	72.0	73.0	74.0
Current account balance								
Including official transfers	-46.7	-77.0	-158.8	-118.0	-69.8	-58.9	-50.9	-58.6
Excluding official transfers	-147.5	-169.9	-249.5	-216.3	-167.1	-156.4	-149.4	-158.1
Nonmonetary capital (net)	24.4	48.9	81.8	98.1	105.9	84.0	81.2	81.7
Private (net)	-33.6	-11.4	21.0	31.0	41.0	36.0	31.0	30.0
Official (net)	58.0	60.3	60.8	67.1	64.9	48.0	50.2	51.7
Disbursements (net)	83.9	91.7	93.2	101.2	99.7	84.0	86.5	90.0
Budgetary	4.8	13.1	0.0	0.0	0.0	0.0	0.0	0.0
Project related	79.1	78.6	93.2	101.2	99.7	84.0	86.5	90.0
Amortization due	-25.9	-31.4	-32.4	-34.1	-34.8	-36.0	-36.3	-38.3
Debt relief 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Errors and omissions	-13.7	-6.1	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-36.0	-34.2	-77.0	-19.9	36.1	25.0	30.2	23.1
Financing	36.0	34.2	77.0	19.9	-36.1	-25.0	-30.2	-23.1
Foreign assets (net)	36.0	37.2	53.0	7.2	-42.5	-32.0	-37.1	-29.9
<i>Of which:</i> IMF (net)	1.8	7.4	0.5	-3.0	-7.2	-18.6	-19.1	-15.9
Revaluation adjustment	0.0	-3.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt under negotiation/moratorium	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HIPC assistance 3/	0.0	0.0	1.8	6.2	6.5	6.9	6.9	6.9
Payments arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap 4/	0.0	0.0	22.2	6.6	0.0	0.0	0.0	0.0
Memorandum items:								
External current account balance (in percent of GDP)								
Including official transfers	-3.0	-4.8	-9.3	-6.4	-3.5	-2.7	-2.2	-2.4
Excluding official transfers	-9.5	-10.6	-14.6	-11.7	-8.4	-7.3	-6.5	-6.4
Debt-service ratio 5/ 6/	11.4	12.9	14.1	9.0	7.9	7.5	7.1	6.7
NPV of public external debt (in millions of U.S. dollars) 6/	1,428.8	1,402.1	1,317.7	993.8	1,058.2	1,102.7	1,150.6	1,204.1
NPV of public external debt-to-exports ratio (including IMF) 5/ 6/	236.6	217.1	205.8	150.1	147.9	138.0	131.1	128.7
Gross official reserves								
In billions of CFA francs	299.0	261.8	208.7	201.6	244.1	276.1	313.1	343.1
In months of imports of goods and services, c.i.f.	6.2	4.7	3.6	3.4	4.0	4.3	4.7	4.9
Outstanding payments arrears (end of period)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GDP at current prices (in billions of CFA francs)	1,553.8	1,605.8	1,708.2	1,849.2	1,992.8	2,144.3	2,307.8	2,483.8
Exchange rate (CFAF/US\$; period average)	590.0	615.7	...	...	...	...	...	...



Table 3. Mali: Medium- and Long-Term Balance of Payments, 1998-2019 1/ (concluded)  
(In billions of CFA francs, unless otherwise specified)

	2013	2014	2015	2016	2017	2018	2019
	Projections						
Exports, f.o.b.	786.9	849.2	906.8	974.3	1053.5	1146.9	1257.5
<i>Of which:</i> cotton (fiber)	348.1	353.3	358.6	364.0	369.4	375.0	380.6
Imports, c.i.f.	-791.1	-835.7	-883.0	-933.0	-985.9	-1042.0	-1101.4
<i>Of which:</i> petroleum	-115.5	-121.3	-127.4	-133.9	-140.6	-147.7	-155.2
Trade balance	-4.2	13.5	23.9	41.3	67.5	104.9	156.1
Services (net)	-342.7	-357.4	-372.8	-388.9	-405.9	-423.6	-442.2
<i>Of which:</i> interest due on government debt	-21.3	-21.8	-22.4	-22.9	-23.4	-23.8	-24.2
Private transfers (net)	113.8	124.1	135.2	147.4	160.7	175.1	190.9
Official transfers (net)	107.5	108.5	109.5	110.5	111.5	112.5	113.5
<i>Of which:</i> in kind	10.0	10.0	10.0	10.0	10.0	10.0	10.0
budgetary	0.0	0.0	0.0	0.0	0.0	0.0	0.0
project related	82.0	83.0	84.0	85.0	86.0	87.0	88.0
Current account balance							
Including official transfers	-125.6	-111.3	-104.2	-89.8	-66.2	-31.1	18.3
Excluding official transfers	-233.1	-219.8	-213.7	-200.3	-177.7	-143.6	-95.2
Nonmonetary capital (net)	92.8	90.3	88.0	88.3	88.3	82.0	86.0
Private (net)	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Official (net)	62.8	60.3	58.0	58.3	58.3	52.0	56.0
Disbursements (net)	122.0	126.0	130.0	134.0	138.0	142.0	146.0
Budgetary	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project related	122.0	126.0	130.0	134.0	138.0	142.0	146.0
Amortization due	-59.2	-65.7	-72.0	-75.7	-79.7	-90.0	-90.0
Debt relief 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-32.7	-21.0	-16.2	-1.4	22.1	50.9	104.3
Financing	32.7	21.0	16.2	1.4	-22.1	-50.9	-104.3
Foreign assets (net)	27.2	15.4	10.5	-4.3	-27.8	-56.7	-109.7
<i>Of which:</i> IMF (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt under negotiation/moratorium	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HIPC assistance 3/	5.5	5.6	5.7	5.7	5.7	5.9	5.4
Payments arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing gap 4/	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:							
External current account balance (in percent of GDP)							
Including official transfers	-2.8	-2.3	-2.0	-1.6	-1.1	-0.5	0.3
Excluding official transfers	-5.2	-4.6	-4.1	-3.6	-3.0	-2.2	-1.4
Debt-service ratio 5/ 6/	6.2	7.0	7.7	7.6	7.4	7.1	6.7
NPV of public external debt (in millions of U.S. dollars) 6/	1,757.9	1,828.7	1,887.4	1,946.0	2,003.8	2,061.7	2,120.9
NPV of public external debt-to-exports ratio (including IMF) 5/ 6/	129.9	128.2	124.4	119.8	115.1	109.9	104.2
Gross official reserves							
In billions of CFA francs	314.2	298.8	288.2	292.5	320.3	377.1	486.8
In months of imports of goods and services, c.i.f.	3.0	2.7	2.5	2.4	2.5	2.8	3.4
Outstanding payments arrears (end of period)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GDP at current prices (in billions of CFA francs)	4,471.1	4,812.0	5,178.9	5,573.8	5,998.8	6,456.2	6,948.5
Exchange rate (CFAF/US\$; period average)	...	...	...	...	...	...	...

Sources: Malian authorities; and staff estimates and projections.

1/ Data may not add up because of rounding.

2/ Reflects past agreements on debt rescheduling and moratoriums, including with the People's Republic of China, Arab bilateral funds, and Côte d'Ivoire, as well as debt under negotiation until 1996.

3/ Assistance under the original framework.

4/ Includes only identified budgetary assistance.

5/ In percent of exports of goods and nonfactor services.

6/ After HIPC assistance under the original and enhanced frameworks.

Table 4. Mali: Nominal and Net Present Value (NPV) of External Debt Outstanding at End-1999 1/

	Nominal Debt			NPV Debt--After Naples Terms 2/		
	Millions of U.S. dollars	Percent of total debt	Percent of multilateral debt	Millions of U.S. dollars	Percent of total debt	Percent of multilateral debt
Total	3,037.9	100.0		1,402.1	100.0	
Multilateral creditors	1,812.1	59.6	100.0	974.1	69.5	100.0
IDA	1,034.8	34.1	57.1	490.6	35.0	50.4
AfDB	391.7	12.9	21.6	181.3	12.9	18.6
IMF	193.4	6.4	10.7	162.9	11.6	16.7
EU/EIB	54.3	1.8	3.0	38.1	2.7	3.9
IFAD	49.7	1.6	2.7	25.7	1.8	2.6
IDB	34.9	1.1	1.9	27.4	2.0	2.8
OPEC Fund	14.5	0.5	0.8	12.7	0.9	1.3
BADEA	9.6	0.3	0.5	7.8	0.6	0.8
BOAD	25.4	0.8	1.4	24.2	1.7	2.5
FSID	1.8	0.1	0.1	1.5	0.1	0.2
ECOWAS	1.8	0.1	0.1	1.7	0.1	0.2
BCEAO	0.2	0.0	0.0	0.1	0.0	0.0
Bilateral creditors	1,225.8	40.4		428.1	30.5	
Paris Club	923.9	30.4		282.7	20.2	
Canada	2.4	0.1		2.2	0.2	
France	278.4	9.2		158.5	11.3	
Italy	1.0	0.0		0.6	0.0	
Japan	88.6	2.9		78.3	5.6	
Netherlands	2.0	0.1		2.4	0.2	
Russian Federation 3/	544.8	17.9		37.5	2.7	
United Kingdom	6.7	0.2		3.3	0.2	
United States	0.0	0.0		0.0	0.0	
Non-Paris Club	292.2	9.6		135.7	9.7	
Algeria	11.5	0.4		8.1	0.6	
China	133.7	4.4		47.1	3.4	
Côte d'Ivoire	2.1	0.1		1.6	0.1	
Iraq	25.0	0.8		8.3	0.6	
Kuwait	34.1	1.1		19.3	1.4	
Libya	3.1	0.1		2.1	0.1	
Saudi Arabia	66.7	2.2		38.8	2.8	
United Arab Emirates	16.1	0.5		10.4	0.7	
Commercial loans	9.7	0.3		9.7	0.7	
<b>Memorandum items:</b>						
Official bilateral and commercial debt	1,225.8	40.4		428.1	30.5	
Paris Club	923.9	30.4		282.7	20.2	
Pre-cutoff date	566.1	18.6		54.0	3.9	
ODA	5.4	0.2		3.8	0.3	
Non-ODA	560.7	18.5		50.2	3.6	
Post-cutoff date 4/	357.8	11.8		228.6	16.3	
ODA	87.8	2.9		78.3	5.6	
Non-ODA	270.0	8.9		150.4	10.7	
Other official bilateral	292.2	9.6		135.7	9.7	
Pre-cutoff date	229.5	7.6		87.6	6.2	
ODA	111.4	3.7		40.2	2.9	
Non-ODA	118.1	3.9		47.4	3.4	
Post-cutoff date	62.7	2.1		48.1	3.4	
Commercial	9.7	0.3		9.7	0.7	

Sources: Malian authorities; and staff estimates.

1/ Public and publicly guaranteed debt, including nonguaranteed debt owed by three public enterprises where government is the majority shareholder.

2/ Involving 67 percent NPV reduction; applicable only to bilateral creditors.

3/ Assumed to receive an up-front 80 percent discount, with the remainder rescheduled on Naples terms, in line with the September 1997 Memorandum of Understanding between the Russian Federation and the Paris Club.

4/ Including French Monetary Debt.

Table 5. Mali: Assistance Levels Under the Original and Enhanced HIPC Initiatives

	Original HIPC Initiative			NPV of debt-to-exports-target (in percent)	Enhanced HIPC Initiative			Required NPV debt reduction on bilateral debt based on overall exposure
	Determination of assistance under the NPV of debt-to-exports criterion, based on end-1999 data 1/ 2/				Determination of assistance under the NPV of debt-to-exports criterion, based on end-1998 data 1/ 3/			
	Total	Bilateral 4/	Multilateral		Total	Bilateral 4/	Multilateral	
	(In millions of U.S. dollars, unless otherwise specified)				(In millions of U.S. dollars, unless otherwise specified)			
NPV of debt	1,402	428	974	150	523	162	361	
As percent of exports	217	...	...					
Assistance committed at the original decision point	128	39	89	Original HIPC Assistance evaluated in end-1998 NPV terms 5/	121	37	84	
NPV of debt after Original HIPC Assistance	1,274	389	885	Additional HIPC Assistance under the Enhanced Initiative 6/	401	124	277	
As percent of exports	197	...	...					
Common reduction factor as a percent of end 1999 NPV of debt	...	...	9.1	Additional reduction factor				
				In percent of end-1998 NPV of debt	...	...	28	
				In percent of end-1999 NPV of debt	...	...	28	
Memorandum items:				Memorandum items:				
NPV of debt 7/	1,402	428	974	NPV of debt 8/	1,429	442	987	
Paris Club	...	283	...	Paris Club	...	289	...	79%
<i>of which:</i> pre-cut-off-date non-ODA	...	50	...	<i>of which:</i> pre-cut-off-date non-ODA	...	51	...	136%
Other official bilateral and commercial	...	145	...	Other official bilateral and commercial	...	153	...	79%
<i>of which:</i> pre-cut-off-date non-ODA	...	47	...	<i>of which:</i> pre-cut-off-date non-ODA	...	55	...	101%
Three-year average of exports	646			Three-year average of exports	604			

Sources: Malian authorities; and staff estimates.

1/ The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden Sharing Approaches" (EBS/97/127, 7/7/97 and IDA/SEC M 97-306, 7/7/97)

2/ Applies a hypothetical stock-of-debt operation on Naples terms for other official bilateral creditors at end-December 1998.

3/ Applies a hypothetical stock-of-debt operation on Naples terms for other official bilateral creditors at end-December 1999.

4/ Includes only official bilateral creditors as no commercial debt remains.

5/ 1999 present values are converted in 1998 terms using the end-1998 discount rate applicable to SDR.

6/ After full delivery of original HIPC assistance.

7/ Based on latest data available at the first completion point after full application of traditional debt-relief mechanisms.

8/ Based on latest data available at the second decision point after full application of traditional debt-relief mechanisms.

Table 6. Mali: Possible Delivery of IDA Assistance Under the Original and Enhanced HIPC Initiative, 2000-2029

(In millions of U.S. dollars, unless otherwise indicated)

	NPV relief required	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Cumulative		
													2011-20	2021-29	2000-2029
Debt service before HIPC Assistance		19.7	22.7	24.4	25.8	28.0	30.2	32.2	33.3	34.2	35.6	36.5	413.6	338.6	1074.9
Debt Service after HIPC Assistance															
Original HIPC Framework		17.9	19.0	20.7	22.2	24.4	26.6	28.6	29.7	30.7	32.1	33.1	381.5	329.8	996.3
Original & Enhanced HIPC Framework		15.7	9.3	10.1	10.8	11.9	13.0	13.9	14.4	14.9	15.6	16.1	316.3	329.8	791.8
Savings on debt service to IDA															
Original HIPC Framework 1/	<b>44</b>	1.9	3.7	3.7	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.5	32.1	8.8	78.6
Enhanced HIPC Framework	<b>138</b>	2.1	9.8	10.6	11.4	12.5	13.7	14.7	15.3	15.8	16.5	17.0	65.2	0.0	204.5
Original & Enhanced HIPC Framework	<b>182</b>	4.0	13.5	14.3	15.0	16.1	17.3	18.3	18.8	19.3	20.0	20.5	97.3	8.8	283.1
Savings as percent of debt service due															
Original HIPC Framework		9	16	15	14	13	12	11	11	10	10	10	8	3	7
Original & Enhanced HIPC Framework		20	59	59	58	58	57	57	57	56	56	56	24	3	26

Source: IDA staff estimates.

1/ Required NPV reduction under the original HIPC Initiative to be achieved through a purchase and cancellation of 14 credits by the HIPC Trust Fund. The NPV relief of US\$43.6 million is expressed in end-1999 terms; converted to end-1998 terms, the NPV relief is equal to US\$41.46 million.

2/ Enhanced HIPC assistance proposed to be delivered over about 14 years through a 50 percent relief on the debt service falling due to IDA on credits outstanding at end-1999.



Table 7. Mali: Possible Delivery of IMF Assistance Under the Original and Enhanced HIPC Initiatives, 2000-09 1/

(In millions of US dollars, unless otherwise indicated)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Delivery schedule of IMF assistance (in percent of total assistance)										
Under the original framework	2	13	14	15	16	15	10	8	7	0
Under the enhanced framework	2	10	15	13	17	14	12	9	8	0
Debt service due on current IMF obligations 2/	9.1	23.9	29.2	29.1	29.8	25.0	17.8	12.3	8.1	4.0
<i>of which</i> : Principal	8.5	22.2	27.6	27.7	28.5	23.9	16.7	11.3	7.2	3.1
Interest	0.7	1.7	1.6	1.4	1.3	1.2	1.1	1.0	0.9	0.9
IMF assistance--deposits into Mali's account 1/										
Under original HIPC	14.0									
Under enhanced HIPC	0.9	42.8								
Total IMF assistance under the HIPC Initiative -- drawdown schedule 3/	0.6	7.7	10.8	11.0	11.7	9.8	7.7	5.7	3.0	0.0
Under the original framework	0.3	2.1	2.6	2.7	2.7	2.5	1.6	1.3	0.7	0.0
Under enhanced framework	0.4	5.6	8.1	8.4	9.0	7.3	6.1	4.5	2.3	0.0
Debt service due on current IMF obligations after total IMF assistance 2/ 4/	8.5	16.1	18.4	18.1	18.1	15.3	10.0	6.5	5.2	4.0
Share of debt service due on current IMF obligations covered by total IMF assistance (in percent) 2/ 3/	7.1	32.4	36.9	37.9	39.2	39.0	43.4	46.8	36.6	0.0
<b>Memorandum items:</b>										
Proportion of each repayment falling due during the period to be paid by HIPC assistance from the principal deposited in Mali's account	7.6	30.2	30.8	28.1	33.9	34.4	39.8	44.8	36.2	0.0
Total debt service due 5/	96.8	105.3	113.3	115.4	117.7	117.0	119.3	121.8	121.5	118.6
Share of total debt service covered by total IMF assistance (in percent) 3/	0.7	7.3	9.5	9.6	9.9	8.3	6.5	4.7	2.5	0.0
Debt service due on current IMF obligations after total IMF assistance 2/ 4/ (in percent of exports)	1.4	2.3	2.3	2.1	1.9	1.5	1.0	0.6	0.5	0.3

Sources: Malian authorities and IMF; and staff estimates.

1/ Total IMF assistance under the HIPC Initiative is US\$ 57.7 million calculated on the basis of data available at the original completion point and second decision point, excluding interest earned on Mali's account and on committed but undisbursed amounts as described in footnote 3.

#REF!

3/ Includes estimated interest earnings on: (1) amounts held in Mali's account; and (2), up to the second completion point, amounts committed but not yet disbursed.

It is assumed that these amounts earn a rate of return of 5.25 percent in U.S. dollar terms; actual interest earnings may be higher or lower.

Interest accrued on (1) during a calendar year will be used toward the first repayment obligation(s) falling due in the following calendar year except in the final year, when it will be used toward payment of the final obligation falling due in that year.

Interest accrued on (2) during the interim period will be used toward the repayment of obligations falling due during three years after the completion point.

The completion point is assumed to be in mid-2001.

4/ Total obligations less HIPC Initiative assistance.

5/ After traditional debt relief mechanisms.

Table 8. Mali: Key External Debt Sustainability Indicators, 1998-2019 1/

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NPV of debt-to-exports ratio 2/	(In percent)																					
Before HIPC assistance 3/	237	217	228	227	216	197	182	173	168	166	163	159	152	148	146	145	141	136	130	123	116	109
After original HIPC assistance 4/	237	217	209	210	201	184	170	163	158	157	155	151	146	142	141	140	137	132	126	120	114	107
After enhanced HIPC assistance 5/	237	217	206	150	148	138	131	129	128	130	131	130	128	127	128	130	128	124	120	115	110	104
After hypothetical delivery of overall HIPC assistance 6/	150	139	145	150	148	138	131	129	128	130	131	130	128	127	128	130	128	124	120	115	110	104
NPV of debt-to-revenue ratio 7/																						
Before HIPC assistance 3/	336	307	333	309	286	265	247	232	219	207	197	189	181	173	165	158	151	144	136	129	122	116
After original HIPC assistance 4/	336	307	306	286	266	248	232	218	207	196	188	180	173	166	159	153	146	140	133	126	120	114
After enhanced HIPC assistance 5/	336	307	301	204	195	186	178	172	167	162	158	155	152	148	145	141	137	132	126	121	115	111
After hypothetical delivery of overall HIPC assistance 6/	214	197	213	204	195	186	178	172	167	162	158	155	152	148	145	141	137	132	126	121	115	111
NPV of debt-to-GDP ratio																						
Before HIPC assistance 3/	54	54	57	54	51	47	44	41	39	37	35	33	32	30	29	28	26	25	24	23	21	20
After original HIPC assistance 4/	54	54	52	49	47	44	41	39	37	35	33	32	31	29	28	27	26	24	23	22	21	20
After enhanced HIPC assistance 5/	54	54	51	35	35	33	32	31	30	29	28	27	27	26	25	25	24	23	22	21	20	19
After hypothetical delivery of overall HIPC assistance 6/	34	34	36	35	35	33	32	31	30	29	28	27	27	26	25	25	24	23	22	21	20	19
Debt-service-to-exports ratio 8/																						
Before HIPC assistance 3/	11.4	12.9	15.4	14.8	14.0	13.2	12.5	11.9	11.6	11.7	11.1	9.9	9.5	9.7	9.4	9.1	9.2	9.3	9.1	8.8	8.4	7.9
After original HIPC assistance 4/	...	...	15.0	13.4	12.7	11.9	11.3	10.8	10.7	10.7	10.2	9.2	8.8	9.1	8.8	8.5	8.6	8.8	8.6	8.3	8.0	7.5
After enhanced HIPC assistance 5/	...	...	14.1	9.0	7.9	7.5	7.1	6.7	6.7	7.0	7.0	6.3	6.0	6.1	6.3	6.2	7.0	7.7	7.6	7.4	7.1	6.7
Debt-service-to-revenue ratio 7/																						
Before HIPC assistance 3/	17.3	18.3	22.1	21.6	20.9	19.5	18.3	16.7	15.8	15.0	13.9	12.7	12.0	11.7	11.0	10.4	10.5	10.6	10.2	9.9	9.6	9.1
After original HIPC assistance 4/	...	...	21.5	19.5	18.9	17.7	16.6	15.2	14.4	13.8	12.9	11.8	11.1	10.9	10.3	9.7	9.8	9.9	9.6	9.4	9.1	8.7
After enhanced HIPC assistance 5/	...	...	20.1	13.1	11.9	11.1	10.4	9.5	9.1	8.9	8.8	8.1	7.6	7.4	7.4	7.0	8.0	8.8	8.5	8.3	8.0	7.8
<b>Memorandum items:</b>	(In millions of U.S. dollars, unless indicated otherwise)																					
HIPC assistance (in nominal terms)	...	...	8	42	49	50	51	51	50	49	45	43	44	47	42	42	34	26	26	27	27	26
Original HIPC assistance 4/	...	...	2	10	11	11	11	11	10	10	9	8	8	9	9	9	9	9	9	9	9	8
Enhanced HIPC assistance 5/	...	...	6	32	38	39	40	40	40	39	36	35	36	38	33	33	25	17	17	18	18	18
Exports, goods and nonfactor services (current year)	644	650	626	709	811	877	945	986	1,024	1,043	1,099	1,199	1,271	1,301	1,347	1,412	1,519	1,619	1,734	1,869	2,026	2,212
Exports, goods and nonfactor services (three-year average)	604	646	640	662	715	799	877	936	985	1,017	1,055	1,113	1,190	1,257	1,306	1,353	1,426	1,517	1,624	1,741	1,876	2,036
Government revenues, excluding official grants	425	456	438	487	542	592	645	701	755	814	871	934	1,003	1,077	1,155	1,242	1,335	1,430	1,544	1,657	1,786	1,911
Gross Domestic Product	2,634	2,608	2,578	2,813	3,065	3,331	3,620	3,934	4,234	4,557	4,904	5,278	5,681	6,114	6,580	7,082	7,622	8,203	8,829	9,502	10,226	11,006

Sources: Malian authorities and staff estimates and projections.

1/ Public and publicly guaranteed debt, including nonguaranteed debt owed by three public enterprises where government is the majority shareholder.

2/ In percent of three-year moving average of exports of goods and nonfactor services.

3/ The NPVs of debt for bilateral and commercial creditors reflect a hypothetical stock-of-debt operation on Naples terms at end-1998. Actual stock-of-debt operations on Naples, Lyon, and Cologne terms have not been implemented but are likely to be consolidated into one operation at the completion point, and could result in some revisions.

4/ Assumes delivery of assistance under the original HIPC Initiative beginning September 2000.

5/ Assumes delivery of assistance under the enhanced HIPC Initiative beginning in mid-2001.

6/ Assumes hypothetical delivery of debt relief under the traditional mechanisms, original and enhanced HIPC Initiatives.

7/ In percent of government revenues excluding grants.

8/ In percent of current-year exports of goods and nonfactor services.

Table 9. Mali: Medium and Long-Term External Debt Service Before HIPC Initiative Assistance, 2000-2019  
(In millions of U.S. dollars, unless otherwise specified)

	Projections																			Averages		
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2000-2009	2010-2019
Total debt service after rescheduling 1/	96.8	105.3	113.3	115.4	117.7	117.0	119.3	121.8	121.5	118.6	120.1	126.3	127.3	128.9	140.1	150.9	157.5	164.5	171.0	174.8	114.7	146.1
Principal	66.4	74.8	82.2	84.9	86.9	85.9	87.8	89.9	89.1	85.6	86.4	92.8	92.9	93.7	104.0	114.1	119.9	126.2	132.0	135.1	83.3	109.7
Medium and long term	64.0	74.8	82.2	84.9	86.9	85.9	82.7	79.6	73.6	68.8	68.3	74.8	74.8	75.2	81.9	88.2	90.0	92.2	93.7	92.5	78.3	83.2
Multilateral	49.5	58.2	65.6	67.4	69.8	68.0	63.1	58.5	53.9	50.9	48.0	50.7	50.5	51.1	51.7	52.7	53.3	53.9	54.2	54.0	60.5	52.0
Of which:																						
IMF	17.5	22.9	28.7	28.9	29.9	25.2	17.6	11.9	7.6	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.4	0.0
World Bank	11.9	15.0	16.8	18.4	20.8	23.3	25.5	26.8	27.9	29.6	30.7	33.4	34.3	34.9	36.1	37.5	38.3	38.9	39.0	39.0	21.6	36.2
African Development Bank	5.4	5.7	6.3	6.9	7.5	7.8	8.5	8.4	8.6	10.5	10.5	10.7	11.0	11.8	11.8	11.8	11.8	11.8	12.2	12.2	7.6	11.5
Official bilateral	14.4	15.0	15.7	16.6	16.1	16.8	18.6	20.1	19.8	17.9	20.2	24.1	24.3	24.1	30.2	35.5	36.7	38.4	39.5	38.5	17.1	31.2
Paris Club	8.9	8.8	9.2	9.9	10.1	11.1	13.0	14.4	13.9	13.8	17.1	21.3	21.6	21.7	28.1	33.0	33.4	34.0	34.5	32.8	11.3	27.8
Pre-cutoff date	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.7	1.0	0.9	1.2	1.5	1.9	2.3	2.7	3.2	3.8	4.3	5.0	4.7	0.5	3.1
ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1
Non-ODA	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.7	1.0	0.9	1.2	1.5	1.8	2.2	2.7	3.1	3.7	4.2	4.9	4.6	0.5	3.0
Post-cutoff date 2/	8.6	8.5	8.9	9.6	9.7	10.7	12.5	13.7	12.9	12.9	15.9	19.7	19.7	19.4	25.3	29.8	29.7	29.7	29.5	28.1	10.8	24.7
Non-Paris Club	5.6	6.2	6.5	6.6	6.1	5.7	5.6	5.7	5.9	4.1	3.1	2.8	2.7	2.5	2.2	2.5	3.3	4.4	5.0	5.6	5.8	3.4
Pre-cutoff date	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.6	0.8	1.0	1.2	1.4	1.6	1.5	1.8	2.1	3.1	4.2	4.8	5.4	0.5	2.7
ODA	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.6	1.2	1.3	1.5	0.4	0.6
Non-ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.4	0.5	0.7	1.0	1.2	1.5	1.8	2.1	2.5	3.0	3.4	4.0	0.1	2.1
Post-cutoff date	5.1	5.8	6.1	6.2	5.6	5.3	5.1	5.1	5.1	3.2	2.0	1.5	1.1	1.0	0.4	0.4	0.2	0.2	0.2	0.2	5.3	0.7
Commercial	2.4	1.6	0.9	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
New debt	0.0	0.0	0.0	0.0	0.0	0.0	5.1	10.4	15.4	16.7	18.1	18.0	18.1	18.5	22.1	25.9	29.9	34.0	38.2	42.6	4.8	26.5
Of which: multilateral	0.0	0.0	0.0	0.0	0.0	0.0	3.7	7.4	11.0	11.0	11.0	9.4	8.1	6.9	8.9	11.0	13.2	15.5	17.9	20.4	3.3	12.2
Interest	30.4	30.5	31.0	30.5	30.8	31.1	31.5	31.9	32.4	33.0	33.8	33.6	34.3	35.2	36.0	36.8	37.6	38.3	39.0	39.6	31.3	36.4
Medium and long-term	27.7	26.8	25.8	24.8	23.8	22.8	21.8	20.8	19.9	19.2	18.4	16.8	16.0	15.3	14.6	13.8	13.0	12.1	11.2	10.2	23.4	14.2
Multilateral	16.4	15.9	15.4	14.7	14.1	13.5	12.9	12.2	11.6	11.0	10.5	9.1	8.6	8.2	7.8	7.4	6.9	6.5	6.1	5.7	13.8	7.7
Of which:																						
IMF	1.7	1.7	1.6	1.5	1.4	1.2	1.1	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	0.1
World Bank	7.6	7.6	7.5	7.4	7.3	7.2	7.0	6.8	6.6	6.4	6.2	5.9	5.7	5.4	5.1	4.9	4.6	4.3	4.0	3.7	7.1	5.0
African Development Bank	3.2	3.1	3.1	3.0	2.9	2.9	2.8	2.7	2.7	2.6	2.5	2.4	2.3	2.2	2.1	2.0	2.0	1.9	1.8	1.7	2.9	2.1
Official bilateral	10.8	10.5	10.2	9.8	9.5	9.2	8.8	8.6	8.3	8.1	7.9	7.7	7.4	7.1	6.8	6.5	6.1	5.6	5.1	4.5	9.4	6.5
Paris Club	6.2	5.9	5.7	5.4	5.1	4.9	4.6	4.4	4.2	4.1	3.9	3.7	3.6	3.3	3.1	2.9	2.6	2.3	2.0	1.6	5.1	2.9
Pre-cutoff date	3.2	3.2	3.2	3.2	3.2	3.2	3.1	3.1	3.1	3.0	3.0	2.9	2.8	2.7	2.5	2.4	2.2	2.0	1.7	1.4	3.1	2.3
ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-ODA	3.2	3.2	3.2	3.2	3.2	3.2	3.1	3.1	3.1	3.0	3.0	2.9	2.8	2.7	2.5	2.4	2.2	2.0	1.7	1.4	3.1	2.3
Post-cutoff date 2/	3.0	2.8	2.5	2.2	2.0	1.7	1.4	1.3	1.1	1.0	0.9	0.9	0.8	0.7	0.6	0.5	0.4	0.3	0.3	0.2	0.0	0.0
Non-Paris Club	4.6	4.5	4.5	4.4	4.4	4.3	4.2	4.2	4.1	4.1	4.0	3.9	3.9	3.8	3.7	3.6	3.5	3.3	3.1	2.9	4.3	3.6
Pre-cutoff date	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.8	3.7	3.7	3.6	3.4	3.3	3.1	2.9	4.0	3.5
ODA	1.4	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.3	1.3
Non-ODA	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.6	2.6	2.5	2.5	2.4	2.3	2.2	2.0	1.9	1.7	2.7	2.3	
Post-cutoff date	0.6	0.5	0.5	0.4	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0
Commercial	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
New debt	2.1	3.6	5.2	5.7	7.0	8.3	9.7	11.1	12.5	13.9	15.3	16.8	18.3	19.9	21.4	23.0	24.6	26.2	27.8	29.4	7.9	22.3
Of which: multilateral	1.0	2.1	3.1	4.0	4.8	5.7	6.7	7.6	8.6	9.6	10.7	11.8	12.9	14.1	15.3	16.6	17.8	19.1	20.4	21.8	5.3	16.1
Memorandum items:																						
Debt-service as a percent of government revenue	22.1	21.6	20.9	19.5	18.3	16.7	15.8	15.0	13.9	12.7	12.0	11.7	11.0	10.4	10.5	10.6	10.2	9.9	9.6	9.1	17.6	10.5
Debt-service ratio after rescheduling (In percent) 3/	15.4	14.8	14.0	13.2	12.5	11.9	11.6	11.7	11.1	9.9	9.5	9.7	9.4	9.1	9.2	9.3	9.1	8.8	8.4	7.9	12.6	9.1
Exports of goods and services 4/	626	709	811	877	945	986	1,024	1,043	1,099	1,199	1,271	1,301	1,347	1,412	1,519	1,619	1,734	1,869	2,026	2,212	932	1,631
Exports of goods and services (three-year average)	640	662	715	799	877	936	985	1,017	1,055	1,113	1,190	1,257	1,306	1,353	1,426	1,517	1,624	1,741	1,876	2,036	880	1,533
Government revenue	438	487	542	592	645	701	755	814	871	934	1,003	1,077	1,155	1,242	1,335	1,430	1,544	1,657	1,786	1,911	481	481

Sources: Malian authorities; and staff estimates and projections.

1/ Incorporates the impact of May 1996 Paris Club stock-of-debt operation on Naples terms and assumes at least comparable treatment on other reschedulable official bilateral loans. Russian loans are assumed to receive an up-front 80 percent discount, with the remainder rescheduled on Naples terms.

2/ Including French Monetary Debt.

3/ Debt-service ratio as a percent of current-year exports of goods and services.

4/ Exports of goods and services, as defined in IMF, *Balance of Payments Manual* (5th ed., 1993).

Table 10. Mali: Net Present Value of Debt and Debt Service by Type of Creditor, 1998-2019 1/  
(in millions of U.S. dollars)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NPV of debt</b>																						
<i>Before HIPC assistance /2</i>																						
Total	1,429	1,402	1,457	1,505	1,548	1,570	1,594	1,622	1,652	1,684	1,721	1,765	1,812	1,859	1,910	1,965	2,015	2,060	2,103	2,145	2,185	2,226
Multilateral	987	974	969	949	921	891	858	825	797	772	750	731	714	695	675	654	632	608	583	556	528	499
Paris Club	289	283	281	279	277	275	273	270	266	261	256	251	243	230	217	204	184	158	131	103	72	42
Other Bilateral and commercial	153	145	141	136	131	126	122	118	114	109	105	103	102	101	100	99	99	98	97	95	92	89
New borrowing	0	0	67	142	219	278	341	409	476	543	610	680	754	833	918	1,008	1,100	1,195	1,291	1,391	1,492	1,595
<i>After Original HIPC Assistance /3</i>																						
Total	1,429	1,402	1,340	1,392	1,440	1,466	1,494	1,526	1,560	1,596	1,636	1,682	1,733	1,783	1,837	1,896	1,950	1,998	2,046	2,091	2,136	2,181
Multilateral	987	974	886	870	847	822	793	764	739	717	699	682	667	651	634	616	596	575	552	528	502	475
Paris Club	289	283	254	254	252	251	249	246	242	237	233	228	221	209	197	184	165	141	115	88	60	31
Other Bilateral and commercial	153	145	132	126	121	116	112	107	103	98	94	92	91	90	89	88	88	88	87	85	82	79
New borrowing	0	0	67	142	219	278	341	409	476	543	610	680	754	833	918	1,008	1,100	1,195	1,291	1,391	1,492	1,595
<i>After Enhanced HIPC Assistance /4</i>																						
Total	1,429	1,402	1,318	994	1,058	1,103	1,151	1,204	1,261	1,319	1,380	1,447	1,520	1,597	1,675	1,758	1,829	1,887	1,946	2,004	2,062	2,121
Multilateral	987	974	864	623	615	606	596	587	583	581	582	584	590	596	597	598	589	569	547	523	498	472
Paris Club	289	283	254	158	158	155	153	151	147	144	141	136	128	120	111	99	82	65	47	28	10	
Other Bilateral and commercial	153	145	132	70	66	62	59	55	51	48	44	42	41	40	40	40	41	42	43	43	44	44
New borrowing	0	0	67	142	219	278	341	409	476	543	610	680	754	833	918	1,008	1,100	1,195	1,291	1,391	1,492	1,595
<i>After Hypothetical Delivery of Overall HIPC Assistance</i>																						
Total	908	898	932	994	1,058	1,103	1,151	1,204	1,261	1,319	1,380	1,447	1,520	1,597	1,675	1,758	1,829	1,887	1,946	2,004	2,062	2,121
Multilateral	626	651	632	623	615	606	596	587	583	581	582	584	590	596	597	598	589	569	547	523	498	472
Paris Club	183	163	158	158	158	155	153	151	147	144	141	136	128	120	111	99	82	65	47	28	10	
Other Bilateral and commercial	99	85	74	70	66	62	59	55	51	48	44	42	41	40	40	40	41	42	43	43	44	44
New borrowing	0	0	67	142	219	278	341	409	476	543	610	680	754	833	918	1,008	1,100	1,195	1,291	1,391	1,492	1,595
<b>Debt service due</b>																						
<i>Before HIPC Assistance /2</i>																						
		Paid																				
Total	74	84	97	105	113	115	118	117	119	122	121	119	120	126	127	129	140	151	157	165	171	175
Multilateral	50	57	66	74	81	82	84	82	76	71	65	62	59	60	59	59	59	60	60	60	60	60
Paris Club	11	13	15	15	15	15	16	18	19	18	18	21	25	25	25	31	36	36	36	36	36	34
Other Bilateral and commercial	10	11	13	13	12	12	12	11	11	10	8	7	7	6	6	6	6	6	7	8	8	9
New borrowing	0	0	2	4	5	6	7	8	15	21	28	31	33	35	36	38	44	49	54	60	66	72
<i>After Original HIPC Assistance /3</i>																						
Total	...	...	94	95	103	105	107	106	109	112	112	110	112	118	119	120	131	142	148	156	162	166
Multilateral	...	...	64	66	73	74	76	73	69	64	59	57	53	55	54	54	55	55	55	56	56	55
Paris Club	...	...	14	12	13	13	14	15	16	15	15	18	22	22	22	28	32	32	33	32	31	
Other Bilateral and commercial	...	...	14	13	12	12	11	11	10	10	9	8	7	6	6	5	5	6	7	7	8	
New borrowing	...	...	2	4	5	6	7	8	15	21	28	31	33	35	36	38	44	49	54	60	66	72
<i>After Enhanced HIPC Assistance</i>																						
Total	...	...	88	64	64	66	67	66	69	73	76	76	76	79	86	87	107	125	131	138	144	148
Multilateral	...	...	61	45	44	44	45	43	38	35	32	31	28	28	33	33	44	54	54	55	55	54
Paris Club	...	...	14	7	8	8	8	8	10	10	10	10	12	14	14	14	18	21	21	21	21	20
Other Bilateral and commercial	...	...	11	8	8	8	7	7	7	7	6	4	3	3	2	2	1	1	2	2	2	2
New borrowing	...	...	2	4	5	6	7	8	15	21	28	31	33	35	36	38	44	49	54	60	66	72

Sources: Malian authorities; and staff estimates and projections.

1/ Refers to public and publicly guaranteed debt only.

2/ Assumes a hypothetical stock-of-debt operation on Naples terms for other official bilateral creditors at end December 1998 or, for 1999 numbers and projections, 1999.

3/ Assumes delivery of assistance under the original HIPC Initiative beginning September 2000.

4/ Assumes hypothetical delivery of debt relief under the traditional mechanisms, original and enhanced HIPC Initiatives, as well as the accelerated relief from IDA and IMF during the interim period.

Table 11. Mali: Alternative Scenarios for the Debt Sustainability Analysis, 1999-2019 1/  
(In millions of U.S. dollars, unless otherwise specified)

	1999	Projections											Outer years		Averages		
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2019	2000-2009	2010-2019
<u>Baseline Scenario</u>																	
Debt-service ratio 2/	12.9	14.1	9.0	7.9	7.5	7.1	6.7	6.7	7.0	7.0	6.3	6.0	6.1	6.3	6.7	7.9	6.8
NPV of debt-to-exports ratio 3/	217.1	205.8	150.1	147.9	138.0	131.1	128.7	128.0	129.6	130.8	130.0	127.8	127.1	128.2	104.2	142.0	121.5
Current account, after grants	-125.1	-239.6	-91.6	-79.9	-92.9	-110.5	-150.8	-156.1	-119.5	-114.0	-154.6	-184.1	-198.9	-176.3	29.0	-130.9	-82.6
Overall balance of payments	-55.6	-116.2	38.9	47.4	36.6	15.8	-26.1	-28.5	13.6	21.3	-19.3	-42.6	-51.8	-33.3	165.2	-1.6	57.0
Financing gap 4/	0.0	33.5	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.4	0.0
<u>Scenario II (Drought) 5/</u>																	
Debt-service ratio 2/	12.9	14.1	9.6	9.0	9.2	9.5	10.0	10.4	10.9	10.4	9.0	8.9	9.5	10.2	12.4	10.2	11.4
NPV of debt-to-exports ratio 3/	217.1	205.8	155.4	163.2	166.7	175.4	193.2	210.3	225.6	227.3	215.0	203.9	200.4	205.4	190.0	193.8	203.8
Current account, after grants	-125.1	-239.6	-218.5	-186.1	-218.9	-261.0	-330.1	-353.5	-383.9	-340.0	-223.6	-225.0	-273.0	-310.3	-169.2	-275.5	-276.8
Overall balance of payments	-55.6	-116.1	-69.2	-23.2	-88.4	-133.6	-200.7	-227.2	-259.8	-214.2	-94.3	-96.4	-148.1	-184.1	-96.2	-142.7	-170.2
Financing gap 4/	0.0	33.5	49.0	78.6	125.8	179.6	235.8	241.6	232.3	184.4	106.6	116.5	127.6	140.4	261.3	146.7	182.2
<u>Scenario III (Lower Gold Price) 6/</u>																	
Debt-service ratio 2/	12.9	14.1	9.0	8.0	7.6	7.2	6.9	7.0	7.2	7.3	6.7	6.4	6.6	6.9	7.6	8.1	7.5
NPV of debt-to-exports ratio 3/	217.1	205.8	150.5	149.1	140.1	134.1	132.6	133.0	135.6	137.7	138.0	137.2	137.7	140.1	121.2	145.6	135.6
Current account, after grants	-125.1	-239.6	-182.5	-113.9	-103.0	-95.0	-110.6	-130.8	-171.8	-179.7	-149.9	-150.4	-192.0	-223.1	-29.7	-147.7	-174.2
Overall balance of payments	-55.6	-116.1	-33.2	49.0	27.4	32.3	18.8	-4.6	-47.2	-52.2	-17.1	-15.5	-57.4	-82.8	99.2	-14.3	-38.6
Financing gap 4/	0.0	33.5	13.0	6.5	10.0	13.6	16.3	18.9	19.7	22.4	29.4	35.6	37.0	39.1	65.9	18.3	50.6
<u>Scenario IV (Lower Cotton Price) 7/</u>																	
Debt-service ratio 2/	12.9	14.1	9.7	8.7	8.4	8.1	7.9	8.1	8.6	8.8	8.2	8.0	8.3	8.9	10.3	9.1	9.8
NPV of debt-to-exports ratio 3/	217.1	205.8	156.4	161.4	157.8	154.4	156.0	159.6	166.2	172.1	175.1	175.4	177.4	182.0	164.5	166.5	178.8
Current account, after grants	-125.1	-239.6	-225.5	-166.0	-161.5	-159.9	-181.3	-205.7	-253.2	-266.3	-235.9	-233.7	-277.6	-310.5	-123.1	-209.5	-261.4
Overall balance of payments	-55.6	-116.1	-76.2	-3.1	-31.1	-32.5	-51.9	-79.5	-129.3	-140.3	-105.5	-102.3	-147.6	-177.0	-22.9	-76.6	-140.4
Financing gap 4/	0.0	33.5	55.9	58.6	68.5	78.5	87.0	93.8	101.8	110.5	117.9	122.4	127.2	133.2	188.0	80.6	152.4

Sources: Malian authorities; and staff estimates and projections.

1/ Incorporates the impact of HIPC assistance under the original and enhanced frameworks.

2/ Debt-service ratio as a percent of current-year exports of goods and services.

3/ As a percentage of the three-year moving average of exports of goods and services.

4/ Includes only identified financing.

5/ A 20 percent reduction in the volume of cotton production and 75 percent reduction in the volume of livestock exports over 2001-2005.

6/ Gold price declines 15 percent below baseline scenario from 2001 onward.

7/ Cotton prices assumed to be 20 percent below baseline prices beginning in 2001.

Table 12. Mali: Discount Rate and Exchange Rate Assumptions

	Discount Rates (CIRR) and Proxy Rates 1/			Exchange Rates 2/		
	(in percent)			(currency per U.S. dollar)		
	1997	1998	1999	1997	1998	1999
Belgian franc	6.58	5.59	5.47	36.92	34.57	40.15
Canadian dollar	6.72	6.25	6.67	1.43	1.53	1.44
French franc	5.91	5.36	5.47	5.99	5.62	6.53
German mark	5.88	5.16	5.47	1.79	1.67	1.95
Italian lira	6.33	5.58	5.47	1,759.19	1,653.10	1,927.36
Japanese yen	2.50	2.22	1.98	129.95	115.60	102.20
Netherlands guilder	6.81	5.78	5.47	2.02	1.89	2.19
Swiss franc	4.33	4.05	4.27	1.46	1.38	1.60
U.K. pound	7.95	6.81	6.70	0.60	0.60	0.62
U.S. dollar	7.31	6.23	7.04	1.00	1.00	1.00
Danish krone	6.24	5.64	5.32	6.83	6.39	7.40
ECU	5.88	5.00	5.47	0.91	0.86	1.00
SDR	6.06	5.25	5.59	0.74	0.71	0.73
Chinese yuan	6.06	5.25	5.59	8.28	8.28	8.28
Algerian dinar	6.06	5.25	5.59	58.41	60.35	69.31
Islamic Development Bank unit of account	6.06	5.25	5.59	0.74	0.71	0.73
Kuwaiti dinar	6.06	5.25	5.59	0.30	0.30	0.30
Egyptian pound	6.06	5.25	5.59	3.39	3.39	3.41
Russian ruble 3/	7.31	6.23	7.04	0.60	0.60	0.60
Saudi Arabian riyal	6.06	5.25	5.59	3.75	3.75	3.75
U.A.E. dirham	6.06	5.25	5.59	3.67	3.67	3.67
ADF unit of account	6.06	5.25	5.59	0.80	0.76	0.76
ADB unit of account	6.06	5.25	5.59	0.74	0.71	0.73
CFA franc 4/	5.91	5.36	5.47	598.81	562.21	652.95

Sources: Organization for Economic Cooperation and Development; and IMF, *International Financial Statistics*.

1/ For the first group of currencies, the discount rates reported are the average Commercial Interest Reference Rates (CIRRs) for the respective currencies over the six-month period prior to December 31, each year; for the second group, beginning with the Chinese yuan, CIRRs are not available, and the SDR discount rate has been used as a proxy unless otherwise indicated.

2/ End-of-period rates.

3/ Reflects exchange rate agreed in September 17, 1997 Paris Club memorandum of understanding; discount rate for U.S. dollars used.

4/ Euro discount rate used.

Table 13. HIPC Initiative: Status of Country Cases Considered Under the Initiative, July 24, 2000

Country	Decision Point	Completion Point	Target NPV of Debt-to-Gov. revenue		Assistance Levels 1/ (In millions of U.S. dollars, present value)					Percentage Reduction in NPV of Debt 2/	Estimated Total Nominal Debt Service Relief (In millions of U.S. dollars)	Satisfactory Assurances from Other Creditors
			Export (in percent)	Gov. revenue	Total	Bilateral	Multi-lateral	IMF	World Bank			
Completion point reached under enhanced framework												
<b>Uganda</b>					1,003	183	820	160	517		1,950	
<i>original framework</i>	<i>Apr. 97</i>	<i>Apr. 98</i>	202		347	73	274	69	160	20	650	<i>Received</i>
<i>enhanced framework</i>	<i>Feb. 00</i>	<i>May 00</i>	150		656	110	546	91	357	37	1,300	<i>Being sought</i>
Decision point reached under enhanced framework												
<b>Benin</b>	Jul. 00	<i>Floating</i>	150		265	77	189	24	84	31	460	<i>Being sought</i>
<b>Bolivia</b>					1,302	425	876	84	194		2,060	
<i>original framework</i>	<i>Sep. 97</i>	<i>Sep. 98</i>	225		448	157	291	29	53	14	760	<i>Received</i>
<i>enhanced framework</i>	<i>Feb. 00</i>	<i>Floating</i>	150		854	268	585	55	141	30	1,300	<i>Being sought</i>
<b>Burkina Faso</b>					398	56	342	42	162		700	
<i>original framework</i>	<i>Sep. 97</i>	<i>Jul. 00</i>	205		229	32	196	22	91	27	400	<i>Received</i>
<i>enhanced framework</i>	<i>Jul. 00</i>	<i>Floating</i>	150		169	24	146	20	71	27	300	<i>Being sought</i>
<b>Honduras</b>	Jun. 00	<i>Floating</i>	110	250	556	215	340	30	98	18	900	<i>Being sought</i>
<b>Mauritania</b>	Feb. 00	<i>Floating</i>	137	250	622	261	361	47	100	50	1,100	<i>Being sought</i>
<b>Mozambique</b>					1,970	1,235	736	141	434		4,300	
<i>original framework</i>	<i>Apr. 98</i>	<i>Jun. 99</i>	200		1,716	1,076	641	125	381	63	3,700	<i>Received</i>
<i>enhanced framework</i>	<i>Apr. 00</i>	<i>Floating</i>	150		254	159	95	16	53	9	600	<i>Being sought</i>
<b>Senegal</b>	Jun. 00	<i>Floating</i>	133	250	452	193	259	42	116	18	800	<i>Being sought</i>
<b>Tanzania</b>	Apr. 00	<i>Floating</i>	150		2,026	1,006	1,020	120	695	54	3,000	<i>Received</i>
Completion point reached under original framework												
<b>Guyana</b>	Dec. 97	May 99	107	280	256	91	165	35	27	24	410	<i>Received</i>
Decision point reached under original framework												
<b>Côte d'Ivoire</b>	Mar. 98	Mar. 01	141	280	345	163	182	23	91	6 3/	800	<i>Being sought</i>
<b>Mali</b>	Sep. 98	Spring 00	200		128	37	90	14	44	10	250	<i>Being sought</i>
<b>Total assistance provided/committed</b>					9,323	3,942	5,380	762 4/	2,562		16,730	
Preliminary HIPC document issued 5/												
<b>Cameroon</b>	...	...	150		1,466	1,047	358	41	197	30	2,700	...
<b>Chad</b>	...	...	150		157	34	123	15	65	27	250	...
<b>Ethiopia</b>	...	...	200		636	225	411	22	214	23	1,300	...
<b>Guinea</b>	...	...	150		638	256	383	37	173	34	1,150	...
<b>Guinea-Bissau</b>	...	...	200		300	148	153	8	73	73	600	...
<b>Malawi</b>	...	...	150		629	163	466	29	323	43	1,100	...
<b>Nicaragua</b>	...	...	150		2,507	1,416	1,091	32	188	66	5,000	...
<b>Rwanda</b>	...	...	150		445	54	391	43	226	71	800	...
<b>Zambia</b>	...	...	150		2,468	1,100	1,300	600	485	62	4,500	...

Sources: IMF and World Bank Board decisions, completion point documents, decision point documents, preliminary HIPC documents, and staff calculations.

1/ Assistance levels are at countries' respective decision or completion points, as applicable.

2/ In percent of the net present value of debt at the decision or completion point (as applicable), after the full use of traditional debt-relief mechanism

3/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, is excluded from the NPV of debt at the completion point in the calculation of this ratio

4/ Equivalent to SDR 515 million at an SDR/USD exchange rate of 0.744.

5/ Figures are based on preliminary assessments at the time of the issuance of the preliminary HIPC document; and are subject to change. Assistance levels for Ethiopia and Guinea-Bissau were based on the original framework and applied at the completion point; for Cameroon, Chad, Guinea, Malawi, Nicaragua, Rwanda, and Zambia, targets are based on the enhanced framework and assistance levels are at the decision point

**Mali: Status of Social Development Performance Indicators  
Envisaged at the 1998 Decision Point**

<b>Objective</b>	<b>Target for 1999</b>	<b>Status</b>	<b>Comment</b>
<b>HEALTH</b>			
Increase public spending on health	Increase share in current expenditure from 8.9 percent in 1997 to 10.5 percent in 1999.	Substantially met	The share of health spending in current expenditure was 10.1 percent in 1999.
Improve access to health facilities from 30 to 60 percent of the population.	Increase primary health coverage from 40 percent of the population in 1998 to 45 percent in 1999.	Objective exceeded	Construction of CSCOM proceeded faster than expected with 59 percent coverage achieved; but personnel and material have not followed as fast.
Reduce infant mortality by 40 percent by 2002.	Increase vaccination coverage for children from 40 percent in 1996 to 70 percent in 1999.	Partially met	52 percent in 1999.
	Reduce by 20 percent compared to 1997, the incidence of death caused by diarrhea, respiratory disease, malnutrition and malaria.	No information	
Reduce by 30 percent maternal mortality by 2002.	Increase pre-natal visits from 40 percent to 50 percent of pregnant women.	Partially met	44 percent in 1999.
Increase contraceptive use from 7 percent in 1997 to 15 percent by 2002.	Increase to 10 percent the number of family planning users.	Substantially met	9.5 percent in 1999
<b>EDUCATION</b>			
Increase the share of public expenditure on primary education.	Share of primary education in total education budget will increase from 54 percent in 1996 to 58 percent in 1999.	Objective exceeded	59 percent in 1999.
	Increase share of teaching material expenditure from 12 percent in 1997 to 13 percent of recurrent budget for primary education.	Objective exceeded	16 percent in 1999.
Improve the intrasectoral allocation of expenditure.	Agreement with World Bank on a public expenditure review and on an action plan to implement its recommendations.	On-going	
Reduce unit cost per teachers.	Contract teachers as share of newly hired teachers to increase from 10 percent to 40 percent in 1999.	Partially met	15 percent in 1999.
Improve access to basic education in rural areas.	Increase primary school enrollment from 47 percent in 1997 to 55 percent in 1999.	Substantially met	53 percent in 1999.



Objective	Target for 1999	Status	Comment
<b>RURAL DEVELOPMENT</b>			
Provide rural communities with basic infrastructure.	Approval of PNIR project. Assessment of project impact (NRM). Strengthening Monitoring and Evaluation (NRM).	Objective met	PNIR approved June 2000
Promote local community empowerment and sustainable use of their natural resources.	Assessment of project impact (NRM).  Strengthening monitoring and evaluation (NRM).	Objective met  Objective met	Evaluation of participatory process is available.  Monitoring of execution was done in parallel with evaluation of impact indicators.
Increase farmers' incomes in the cotton area due to new cost sharing mechanisms.	Agreement with IDA on a new performance contract with CMDT.	Objective met	A one-year performance contract was signed in October 1999
Improve technology generation and diffusion through research and extension.	Complete preparation of PSAOP. Adopt and start implementing the Strategic Research Plan.	On-going	Pre-evaluation completed.

**CSCOM:** Community Health Centre  
**PNIR:** Rural Infrastructure Project  
**NRM:** Natural Resource Management Project  
**CMDT:** Malian Cotton Company  
**PSAOP:** Agricultural and Peasant Organization Support Project