

International Monetary Fund

[Mali](#) and the IMF

Press Release:
[IMF Executive Board
Completes Fifth
Review
under the PRGF
Arrangement for
Mali, Approves US\\$2
Million
Disbursement, and
Extends the
Commitment Period
until October 2007](#)
February 14, 2007

[Country's Policy
Intentions Documents](#)

E-Mail Notification
[Subscribe](#) or [Modify](#)
your subscription

Mali: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

January 10, 2007

The following item is a Letter of Intent of the government of Mali, which describes the policies that Mali intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Mali, is being made available on the IMF website by agreement with the member as a service to users of the [IMF](#) website.

Bamako, January 30, 2007

Mr. Rodrigo de Rato
Managing Director
International Monetary Fund
Washington, D.C. 20431
U.S.A.

Dear Mr. de Rato:

1. **The outlook for the Malian economy in 2006-2007 remains positive.** At the national level, the rainfall recorded during the recent rainy season bodes well for robust agricultural production, particularly for cereals, and sustained economic growth. At the international level, continued strong global growth, combined with a terms of trade improvement and a reduction in debt service following the Multilateral Debt Relief Initiative (MDRI), have created a particularly advantageous external climate for Mali.
2. **We expect to take advantage of these favorable domestic and international economic conditions to strengthen our macroeconomic management, particularly in the area of public finances, and to deepen our structural reforms.** The final phase of our current program under the Poverty Reduction and Growth Facility (PRGF), which will be completed in June 2007, will focus above all on consolidating the results achieved in macroeconomic stability and on completing the implementation of the key elements of the structural reform program launched in 2004. This policy is primarily intended to create the conditions for accelerating growth in the medium term, including with the support of external assistance and debt relief, in order to reduce poverty and make progress in achieving the other Millennium Development Goals (MDGs).
3. **The cornerstone of our medium-term economic and social development strategy is to create conditions for a sustained acceleration in growth, primarily through private sector development.** This focus is reflected in our second-generation growth and Poverty Reduction Strategy Paper (PRSP) for the period 2007-2011. The government will adopt the PRSP before end-2006, following in-depth consultations with our development partners, civil society, and the representatives of the Malian people. This strategy will lead to the establishment of a concrete and ambitious action plan, the main objectives of which will be to improve the business climate, strengthen core public infrastructure (particularly in the energy and transport sectors), and reform the state so that it can refocus on its core functions (security, justice, education, and basic health care) and significantly improve public services in these areas. We also seek to increase food security and to make best use of our resources in rice production, cotton, mining, livestock and tourism. To facilitate the attainment of the ambitious objectives of the PRSP—which will depend above all on Mali's own reform efforts—we are relying on the

continuing support of our technical and financial partners (TFP), and we are committed to implementing the principles of the Paris Declaration on Aid Effectiveness.

I. MACROECONOMIC FRAMEWORK

4. **In 2006-2007, we expect GDP growth to maintain momentum around its trend rate of 5-5½ percent, owing to good agricultural production, higher gold export revenues, and growth in services.** In 2006, good rainfall supported a 14 percent increase in cereal production. Gold production is expected to reach 57 tons, stimulated by the recent surge in gold prices. The telecommunications and transport sectors should also experience an upturn. The current favorable economic environment should continue in 2007. The Malian economy is progressively becoming more diversified, with agriculture, mining and services emerging as key sources of growth.

5. **Other macroeconomic indicators are also favorable.** The inflation rate fell from 6.4 percent in 2005 to less than 2 percent in 2006, and inflationary pressures should be contained at around 2-2½ percent in 2007 as a result of strong agricultural production and stable food prices. Mali's external position is also strengthening, owing to higher gold export revenues. According to our projections, the trade balance is expected to improve, recording a slight deficit of around 0.5 percent of GDP in 2006, compared to a deficit of 4 percent of GDP in 2005, while foreign exchange reserves remain sufficient to cover about six months of imports. Thanks to the MDRI, Mali's external debt as a percentage of GDP is expected to fall from 65 percent of GDP in 2005 to only 27 percent of GDP at end-2006. The balance of payments is expected to continue improving in 2007. In particular, external debt service should account for no more than 3.6 percent of goods and services exports.

II. PERFORMANCE UNDER THE PRGF PROGRAM

6. **Economic performance under the program has been satisfactory, thanks to sound macroeconomic management and favorable exogenous factors, notably rainfall and terms of trade.** We have implemented fiscal policies in 2006 that are broadly consistent with the program, although tax revenue targets for end-September were not reached. In the structural reform program, we have achieved significant progress in some areas since the fourth review but have encountered delays in others. From now until the end of the PRGF program in June 2007, we are firmly determined to pursue a policy of sound macroeconomic management and to complete the key structural reforms identified in the five priority areas established at the program's inception: pension funds, the banking sector, the cotton sector, public financial management, and privatization.

7. **On the basis of the policies described in this supplementary letter of intent and its annexes, we request the completion of the fifth review of the PRGF-supported program.** We request a modification of the end-March 2007 performance criterion for net domestic financing to accommodate the budget approved by the National Assembly in December 2006. We have also adopted quarterly quantitative indicative targets for the remainder of 2007, beyond the period covered by the program. To realize promptly the fiscal benefits of reforms to the civil service pension fund (*Caisse des*

Retraites du Mali), we will submit a draft law to the National Assembly authorizing parametric reforms by the end of April 2007 (new structural performance criterion). Moreover, to help state-owned *Banque de l'Habitat du Mali* (BHM) recover delinquent loans, we will submit to the National Assembly before end-April 2007 a draft law that aims to strengthen the bank's legal authority to recover its debts (new structural performance criterion). The seventh and final disbursement under the PRGF will be subject to a review, to be completed on or after May 15, 2007. We request that the arrangement be extended until October 31, 2007, to ensure that there is sufficient time to complete the sixth review and that the final disbursement can be made within the arrangement period.

8. **We believe that the policies set forth in the Letter of Intent (LOI) are sufficient to achieve the objectives of the program. Nevertheless, we will take any further measures that may become necessary for this purpose.** The government of Mali will consult with the Fund on the adoption of these measures and in advance of any revision to the policies contained in the LOI, in accordance with the Fund's policies on such consultations.

A. Implementation of the 2006 Budget Law

9. **Implementation of the 2006 budget through end-September 2006 has been broadly consistent with the objectives of the Fund-supported program.** The performance criterion for net domestic financing for end-September 2006 was met with a relatively comfortable margin. No external or domestic payments arrears (defined according to WAEMU regulations) were accumulated, and no nonconcessional external loans were contracted or guaranteed by the State. The indicative target for the wage bill was also observed. However, a tax revenue shortfall prevented the attainment of indicative targets on the tax revenue side and the overall fiscal balance at end-September 2006. To remedy the situation, corrective measures were implemented with determination on both the revenue and expenditure fronts beginning in September (see below). The expected shortfall in general budget support and privatization proceeds will be managed by reducing expenditures (with the exception of those related to poverty reduction) and resorting to domestic financing within the limits of the program. The expenditures related to the financing of the separation compensation packages associated with the SOTELMA privatization have already been put off owing to the delays in its privatization process.

10. **The revenue shortfall at the end of September was 0.8 percent of GDP (CFAF 26 billion) and stemmed largely from poor performance in the collection by the customs administration of VAT, domestic petroleum taxes (*Taxes Intérieures sur les Produits Pétroliers* - TIPP), and import duties.** Following the IMF budget mission in August 2006, the following measures were implemented or strengthened: (i) broadening the tax base for the special tax on certain products, in accordance with the WAEMU directive on this issue; (ii) strengthening the application of rules of origin for imports from WAEMU; (iii) improving customs valuation of mixed container cargoes; (iv) enhancing controls on vehicle imports; (v) reorganizing the customs administration; and (vi) stepping up the monitoring of exemptions. In September, we also increased the TIPP and petroleum product prices at the pump. With international oil prices falling,

these measures helped to significantly boost monthly revenues in September and October 2006.

11. **At end-September 2006, expenditures (excluding externally financed capital expenditures) were 0.6 percent of GDP (or about CFAF 17 billion) below planned levels, affecting every major category.** The wage bill and other operating expenditures were below budgeted amounts for the first three quarters of the year. In addition, the execution of foreign-financed capital budget was at a rate of only 66 percent, resulting from delays in external project disbursements. Debt service savings under MDRI amounting to 0.4 percent of GDP (CFAF 13 billion) have been allocated to priority road and water projects.

B. 2007 Budget Law

12. **The 2007 budget continues our prudent fiscal policies, in accordance with the program.** The overall fiscal deficit (excluding grants) will be only slightly larger at 8.9 percent of GDP, with exceptional spending for the presidential and legislative elections to be held in April and August 2007 accounting for most of the difference. According to our projections, the 2007 budget deficit will be financed by concessional external grants and loans, which will enable us to avoid resorting to domestic financing, with the exception of privatization revenues.

13. **In 2007, total revenues excluding grants should remain stable at 17.1 percent of GDP based on the effective and sustained implementation of the corrective administrative measures introduced in September 2006.** Two actions planned in 2007 to strengthen customs administration—a one-stop shop for vehicle imports and a new regional office—have already been implemented. Also in 2007, customs equipment will be strengthened through the acquisition of computer equipment and the use of container scanners as part of the Import Verification Program (PVI). In addition, we are committed to gradually reforming the taxation and pricing of petroleum products. We have decided in the first instance to safeguard the TIPP revenues in the budget by maintaining constant TIPP levels in 2007 (revised structural benchmark). The TIPP rates, determined by product and import corridor, will be established at the levels required to attain the budgetary objectives, beginning in December 2006 (a prior action for completing the fifth review). The government will refrain from issuing decrees to adjust TIPP rates in a discretionary manner, but it will continue to consult with distributors, importers, and consumers to monitor the impact of the reforms. During the second half of 2007, we will examine the possibilities for standardizing the TIPP rate on all corridors, consistent with the relevant WAEMU directive and international trade rules. Finally, we have reached agreement with mining companies on the stock and timing of tax refunds to be paid; we will clear CFAF 27 billion of this stock in 2007—a considerable effort that will reduce the outstanding amount to CFAF 13 billion in 2008. As for grants, our survey of donors indicates that they will increase from 5.2 percent of GDP in 2006 (excluding MDRI) to 5.3 percent in 2007.

14. **Over the medium-term, we intend to further enhance the tax administration, enlarge the tax base, and reduce exemptions, with the goal of**

increasing the revenue-to-GDP ratio without raising marginal tax rates. To this end, and in the near future, we intend to request that the IMF Fiscal Affairs Department organize a technical assistance mission that could quickly perform a diagnostic study of our priority needs in terms of improving our tax administration. This mission could be followed by two or three more specific missions in 2007 on the taxation of the mining and corporate sectors; our goal being to eliminate discretionary exemptions as soon as possible. In addition, we will prepare and implement an action plan resulting from the recent audit by the World Customs Organization. Our budget financing strategy will continue to be based on the principle of obtaining only grants and highly concessional external loans to safeguard debt sustainability.

15. **The 2007 budget provides for increased spending as a proportion of GDP, due partially to exceptional spending on election financing.** Spending is projected to grow to 26.0 percent of GDP, only 0.3 percent more than in 2006. The funding allocated for elections will reach CFAF 15 billion (0.5 percent of GDP). The wage bill will be held below 5 percent of GDP. Public investment will continue to account for approximately 11½ percent of GDP (excluding the recapitalization of the state-owned cotton ginning company CMDT in 2007). With the assistance of our partners, we also aim to prepare a strategy in 2007 to further improve labor productivity in the public sector. The budget foresees no transfer of public resources to state-owned enterprises, which should be able to meet their own financing needs (see below). Despite the pressures on the 2007 budget, poverty reduction spending will be increased by an amount that exceeds the debt service savings from the MDRI. Over the medium term, we intend to continue increasing the resources devoted to poverty reduction and shifting the composition of spending in this direction, taking advantage *inter alia* of debt servicing savings due to MDRI. Addressing structural rigidities in the budget, such as the civil service pension fund and pay structure, will help to improve the composition of expenditure.

B. Structural Fiscal Reforms

16. **The timing of consultations with social partners did not allow us to submit reforms of the civil service pension fund (CRM) to the National Assembly along with the draft 2007 budget law, as originally intended.** As a result, we were unable to meet the structural benchmark for end-September. Nevertheless, the government remains committed to enacting this critical reform, as approved in June by the Council of Ministers. The legislation embodying the reforms (draft legislation and decree on the package) will gradually reduce the CRM's financial deficit through changes to various parameters, including the contribution rates, the retirement age, and benefits. It is our intention to refer the matter to the High Council of the Civil Service to bring negotiations with the social partners to a conclusion and submit the draft law authorizing the parametric reforms to parliament by end-April 2007 (new structural performance criterion for the sixth review). As soon as the law is enacted, the government will issue a decree implementing the package of parametric reforms chosen in consultation with the social partners.

17. **We are also working with the social partners to identify parametric reforms to bring the state-managed pension fund for non-civil service employees**

(INPS) to a sustainable balance. Following negotiations with the social partners, the Council of Ministers will adopt, by end-April 2007, draft legislation reforming the INPS, including a package of parametric reforms that will ensure the medium-term financial viability of the INPS.

18. **Progress continued in strengthening public finance management; the goal is to enable the effective use of resources, notably those from aid and debt relief.** The main revenue-collecting agencies were connected electronically in September, and it is our intention to complete the networking of the Customs, Tax, and Treasury Departments to enable cross-checking of data by end-December (structural benchmark). All Tax Department centers in Bamako have also been computerized. In order to improve ex-ante controls and enhance traceability at all stages of the expenditure procedure, the Ministry of Finance will complete by end-March (structural benchmark) its project to integrate the spending chain and put in place a joint database (Budget Directorate-Financial Control-Treasury Directorate), which will enable tracking of the execution of government spending from the commitment stage to the payment stage. We are also strengthening ex-post controls on spending, notably the verification of the delivery of goods and services to spending ministries. We expect to complete the Public Expenditure and Financial Accountability (PEFA) exercise by end-December 2006. Furthermore, we are committed to implementing the Government Action Program for Improving and Modernizing Public Finance (PAGAM) and adjusting it, taking into account the conclusions of the PEFA. To enhance transparency in government procurement, the Council of Ministers will adopt the new government procurement code and the CPAR action plan by end-March 2007.

C. Strengthening the Financial System

19. **We remain committed to increasing the role of the private sector in the banking system so as to enhance financial intermediation, improve the availability of financial products, and reduce budgetary risks.** In consultation with the IMF and the World Bank, we have begun the elaboration of a comprehensive strategy to strengthen and develop the financial sector. In view of the Regional FSAP planned for 2007, we expect to implement the strategy 6 to 12 months thereafter. The deterioration of the quality of the portfolio of certain financial institutions remains a source of considerable concern.

20. **The most immediate challenge in the banking system is to ensure that the state-owned *Banque de l'Habitat du Mali* (BHM) is successfully restructured.** The bank has continued to experience liquidity problems following a CFAF 22.2 billion recapitalization in late 2005. In August 2006, Malian banks extended BHM a CFAF 8.6 billion syndicated loan guaranteed by the government and contingent on a BHM action plan. Thus far, the implementation of the plan has enabled the bank to improve its liquidity. The success of the action plan now depends on the bank's ability to: (i) maintain a minimum level of liquidity to restore confidence; and (ii) recover nonperforming loans, and thereby resume its activities. Under the action plan, the authorities undertake to support the new management of BHM and send a strong signal by convening talks with the principal developers who are debtors to the bank. The government of Mali intends to use all the legal means at its disposal to enable BHM to

recover the debts owed to it by these developers. The government will seek the adoption of a law to strengthen BHM's legal authority to recover its debts. Under this authority, all acts and procedures necessary for the recovery of the amounts due on loans made by BHM will operate in the same manner as for direct taxes, social security contributions and similar items. The draft legislation will be submitted to the National Assembly before the end of April 2007 (new structural performance criterion). To this end, the government will approve this draft legislation as soon as possible. Moreover, the authorities will ensure that BHM will maintain a minimum liquidity ratio of 25 percent (revised structural benchmark). Data on BHM's cash position will be reported every month to the IMF. Our objective remains to privatize BHM.

21. **We also plan to relaunch the process to privatize *Banque Internationale du Mali (BIM)* without delay.** Following the April 2006 Supreme Court decision affirming the validity of the state shareholding in BIM, we plan by end-June 2007 to launch a final call for tenders for the sale of at least a 51 percent stake to a strategic investor (revised structural benchmark). Concerning the remaining 10 percent, it will be sold through *Société de Gestion et d'Intermédiation (SGI-Mali)* to private individuals who are from Mali or the sub region, once the 51 percent has been sold.

D. State Enterprise Reforms and Private Sector Development

22. **After its resumption in December 2005, the privatization of the cotton ginning company, CMDT, is on track, but reform of the sector is threatened by the company's recurring financial difficulties.** The operational plan for CMDT's privatization was approved by the Council of Ministers in early October 2006, meeting an end-September structural benchmark with a slight delay. Recruitment of a privatization consultant is under way, and the contract is expected to be finalized by March 2007 (structural benchmark).

23. **The CMDT expects operating losses for the 2005/2006 and 2006/2007 crop seasons, leading to a commensurate erosion of its net worth.** The loss for the 2005/06 cotton crop season is projected to be CFAF 11.7 billion and around CFAF 15 billion for the 2006/2007 crop season. Based on the 2005 financial results, a recapitalization of CFAF 44 billion will be needed to ensure the company's compliance with OHADA provisions. As the principal shareholder, the Mali government intends to finance its contribution to the recapitalization by converting its claims on the CMDT into equity. In order to avoid further strain on government finances, the CMDT will continue to improve its management and to reduce its operating costs. Furthermore, the examination of the debts owed by HUICOMA to CMDT will be put on the meeting agenda for the Board of Directors scheduled for January 2007 with a view to considering the ways to reach a definitive solution of the dispute. The government will transmit the decisions of this Board meeting to the IMF. Furthermore, the committee tasked with the surveillance of CMDT's cash flow operations will be strengthened, and henceforth meetings will be held monthly. The conclusions and recommendations of the committee will be communicated to the IMF after each meeting. Payment arrears will be reduced in accordance with agreements reached with creditors and with cash flow developments. Regarding investments to upgrade CMDT ginning plants, our intention is to keep them to a

minimum until privatization, to protect public finances and allow buyers to make their own strategic investment choices.

24. **The other key privatization outside the financial sector—the state telecommunications company (SOTELMA)—should be completed in 2007, despite delays in preparatory work.** To this end, a privatization consultant will be selected by the end of the year, and the process will be completed within the following 12 months. Similarly, our intention is also to relaunch the Aéroport de Mali privatization process and pursue the privatization of the pharmaceutical company UMPP, and the CLUB Hotel of Sélingué.

25. **In the electricity sector, we aim to ensure that Énergie du Mali (EdM) remains a viable operation in preparation for its re-privatization.** Completion of the management audit for 2000-2005, the institutional study, and the tariff study (May 2006 structural benchmark) envisioned in the strategic plan will take longer than expected and is unlikely before the end of the PRGF program in June 2007. Three consultants will nevertheless be selected, notably the consultant for the tariff study by the end of March 2007 (revised structural benchmark). In the interim, given the combined effect of Mali's hydrological deficit and the rise in oil prices, EdM is expected to continue to run operating losses, which will require strengthening the safeguard measures already adopted. Our intention is to continue to strengthen EdM's management significantly by controlling costs, optimizing operating productivity, and implementing technical assistance in consultation with the World Bank. We will also endeavor to manage EdM's net worth and create a regulatory environment that will promote a successful re-privatization in 2008.

26. **Efforts to improve the business climate will occupy a prominent place in the structural reform agenda in the medium term, as explained in the second-generation PRSP for the period 2007-2011.** Our immediate objective is a comprehensive implementation of the action plan developed by the Presidential Investment Council (CPI), which aims to reduce transaction costs for starting a business, simplify licensing, reduce hiring and firing restrictions, and simplify tax payments – all measures recommended by the Diagnostic Trade Integration Study (DTIS) undertaken by the World Bank in 2004. Although Mali's ranking in the World Bank's Doing Business Indicators rose slightly, we plan to redouble our efforts to facilitate a welcoming environment for investors and to develop the private sector. In particular, we are about to complete the implementation of the one-stop shop for all administrative procedures related to new investments, to be located at the Malian Investment Promotion Agency (APIM) (end-December structural benchmark).

Very truly yours,

/s/

Abou-Bakar Traoré
Minister of Economy and Finance

Attachment I: Annex I. Mali: Quantitative Performance Criteria and Indicative Targets for March-December 2006¹

	2006							
	March		June		September		December	
	Performance Criteria	Actual	Indicative Targets	Actual	Performance Criteria	Actual	Indicative targets	Actual
(In billions of CFA francs)								
Quantitative performance criteria and indicative targets								
Net domestic financing of the government, program ceiling ²	-23.0		-81.9		-96.5		-90.9	
Net domestic financing, adjusted ceiling and actual ²	-9.5	-65.4	-80.6	-86.8	-88.4	-95.5	..	..
Cumulative change in government external payments arrears ^{2,3}	0.0	0.0	0.0	0.0	0.0	0.0	0.0	..
Domestic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	..
External	0.0	0.0	0.0	0.0	0.0	0.0	0.0	..
New external borrowing at terms of one year or more contracted or guaranteed by the government on nonconcessional terms ^{2,3}	0.0	0.0	0.0	0.0	0.0	0.0	0.0	..
New short-term external debt (less than one year) contracted or guaranteed by the government ³	0.0	0.0	0.0	0.0	0.0	0.0	0.0	..
Financial performance indicators								
Cumulative tax revenue ⁴	109.3	92.8	218.7	208.0	350.0	320.3	469.9	..
Cumulative wage bill ²	29.8	33.4	74.5	68.1	111.8	105.0	149.0	..
Basic fiscal balance ⁴	36.0	6.3	19.2	24.0	24.9	21.3	-7.9	..
Memorandum items:								
External budgetary assistance during the year ⁵	18.4	2.1	43.1	41.8	63.4	55.4	81.7	..
HIPC Initiative debt relief	4.9	5.9	8.8	13.2	12.2	17.8	12.4	..
Expenditure financed with HIPC Initiative resources	7.2	5.2	8.8	12.4	12.2	17.8	12.4	..
Balance of HIPC Initiative resources	-2.3	0.6	..	..	..	..	..	..

¹ All numbers are cumulative from January 2006. Program includes impact of MDRI from Q2 2006.

For definitions and explanations, see Technical Memorandum of Understanding.

² Maximum.

³ These performance criteria will be monitored on a continuous basis.

⁴ Minimum.

⁵ Excluding use of Fund resources and HIPC resources.

Attachment I: Annex I. Mali: Quantitative Performance Criteria and Indicative Targets for March-December 2007¹ (concluded)

	2007							
	March		June		September		December	
	Performance Criteria	Actual	Indicative Targets	Actual	Indicative Targets	Actual	Indicative targets	Actual
	(In billions of CFA francs)							
Quantitative performance criteria and indicative targets								
Net domestic financing of the government, program ceiling ²	25.4		8.1		0.7		-11.0	
Net domestic financing, adjusted ceiling and actual ²	..	..	..	..	..	..	..	..
Cumulative change in government external payments arrears ^{2,3}	0.0	..	0.0	..	0.0	..	0.0	..
Domestic	0.0	..	0.0	..	0.0	..	0.0	..
External	0.0	..	0.0	..	0.0	..	0.0	..
New external borrowing at terms of one year or more contracted or guaranteed by the government on nonconcessional terms ^{2,3}	0.0	..	0.0	..	0.0	..	0.0	..
New short-term external debt (less than one year) contracted or guaranteed by the government ³	0.0	..	0.0	..	0.0	..	0.0	..
Financial performance indicators								
Cumulative tax revenue ⁴	101.9	..	229.4	..	356.8	..	509.7	..
Cumulative wage bill ²	40.1	..	80.2	..	120.2	..	160.3	..
Basic fiscal balance ⁴	-21.5	..	-28.5	..	-33.1	..	-25.7	..
Memorandum items:								
External budgetary assistance during the year ⁵	3.8	..	38.9	..	55.7	..	65.7	..
HIPC Initiative debt relief	2.6	..	5.3	..	7.9	..	10.5	..
Expenditure financed with HIPC Initiative resources	2.6	..	5.3	..	7.9	..	10.5	..
Balance of HIPC Initiative resources		..	..	..	..	..	..	..

¹ All numbers are cumulative from January 2007. For definitions and explanations, see Technical Memorandum of Understanding.

² Maximum.

³ These performance criteria will be monitored on a continuous basis.

⁴ Minimum.

⁵ Excluding use of Fund resources and HIPC resources.

Attachment I: Annex II. Mali: Structural Measures, March–September 2006

Measures	Date	Status
Structural Performance Criteria		
1. Identification by the government of a specific package of parametric reforms that will gradually reduce the projected deficit of the CRM from the present level over the medium term as described in paragraph 24 of the letter of intent for the second and third reviews	End-Mar. 2006	Completed in June 2006
Structural Benchmarks		
1. Introduction by decree of a petroleum product pricing mechanism linked to world prices, in accordance with the hydrocarbon excise tax estimates in the 2006 Budget	End-Mar. 2006	Not met. In December 2006, the authorities established hydrocarbon excise tax (TIPP) rates at levels required to attain the 2007 budgetary objectives (prior action for completing the fifth review).
2. Publication of a final call for bids related to the sale of the government's shares in Banque Internationale du Mali (BIM), providing no legal impediments remain	End-Mar. 2006	Not met
3. Completion of a management audit of the power company, Energie du Mali (EdM), as well as an assessment of the financial situation and a review of the mechanism for setting rates, with a view to resolving cash management problems	End-May 2006	Not met
4. Completion of the recapitalization of the Banque de l'Habitat du Mali (BHM), with the view of ensuring significant private sector involvement	End-Jun. 2006	Not met
5. Approval by the Council of Ministers of an operational plan for privatization of the CMDT in 2008	End-Sep. 2006	Completed in October 2006
6. Presentation to the National Assembly, with the 2007 budget, of a draft law authorizing the parametric reforms and a draft decree that will gradually reduce the CRM deficit over the medium term	End-Sep. 2006	Not met

Attachment I: Annex III. Mali: Structural Measures, October 2006–June 2007

Measures	Date	Status
Structural Performance Criteria		
1. Submission to the National Assembly of a draft law authorizing the parametric reforms designed to gradually reduce the CRM's pension deficit over the medium term	End-Apr. 2007	End-Sept. 2006 structural benchmark, revised
2. Submission to the National Assembly of a draft law to strengthen BHM's legal authority to recover its debts in accordance with paragraph 20 of the Loi	End-Apr. 2007	End-June 2006 structural benchmark, revised
Structural Benchmarks		
1. Interconnect revenue agencies, in particular, Customs and Tax departments	End-Dec. 2006	Met
2. Launch of a one-stop shop for new investors	End-Dec. 2006	Met
3. Maintain hydrocarbon excise tax (TIPP) rates constant in 2007	Ongoing	End-March 2006 structural benchmark, revised
4. Ensure that the BHM maintains a minimum liquidity ratio of 25 percent	Ongoing	End-June 2006 structural benchmark, revised
5. Publish the consultant contract for the privatization of CMDT	End-Mar. 2007	Existing structural benchmark
6. Select the consultant to conduct the tariff study for EdM	End-Mar 2007	End-May 2006 structural benchmark, revised
7. Complete the project integrating the spending chain and implementing a joint database (Budget Directorate- Financial Control-Treasury Directorate)	End-Mar. 2007	New structural benchmark.
8. Recruit a privatization consultant for the sale of SOTELMA	End-Mar. 2007	New structural benchmark
9. Publish the final call for bids related to the sale of the government's shares in BIM	End-June 2007	End-March 2006 structural benchmark, revised