

Mali: Selected Issues and Statistical Annex

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MALI

Selected Issues and Statistical Annex

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Mali : Basic Data

Area, population, and GDP per capita

Area	1,240,190 square kilometers
Population (1999)	10.6 million
Population growth rate (1999)	3.1 percent
GNP per capita (2000)	US\$240

	1995	1996	1997	1998	1999	2000
	(In billions of CFA francs)					
Gross domestic product at current prices						
Total (at current prices)	1,186.8	1,318.9	1,422.5	1,592.5	1,670.7	1,811.2
	(In percent of nominal GDP)					
Consumption	95.5	96.0	87.7	88.9	91.1	91.4
Gross domestic savings	1.7	4.0	12.3	11.1	8.9	8.6
Investment	24.1	20.9	22.9	21.2	20.0	20.6
Resource gap	-22.4	-16.1	-10.6	-10.1	-11.1	-12.0
	(In percent of real GDP)					
Primary sector	47.0	44.3	43.4	42.4	43.4	44.1
Secondary sector	15.6	15.8	18.2	18.5	17.7	18.2
Tertiary sector	32.0	33.4	31.5	31.7	31.5	31.1
	(Annual change in percent)					
Real GDP	7.0	4.3	6.7	4.9	6.7	4.6
Nominal GDP	21.3	11.1	7.8	12.0	4.9	8.4
Prices						
GDP deflator	13.4	6.6	1.1	6.7	-1.7	3.6
Index of consumer prices in Bamako	11.6	6.5	-0.7	4.1	-1.2	-0.7

Mali : Basic Data (continued)

	1995	1996	1997	1998	1999	2000
(In billions of CFA francs)						
Government finance						
Revenue	157.1	205.9	229.7	254.9	272.6	269.9
Budgetary revenue	140.5	185.0	207.9	231.7	247.8	245.5
Annexed budgets and special funds	16.6	20.9	21.8	23.2	24.8	24.4
Grants	92.4	96.5	84.2	89.9	83.4	101.2
Expenditure and net lending	289.4	314.2	345.2	383.5	417.6	439.2
Budgetary expenditure	291.8	303.9	328.6	363.9	395.0	417.3
<i>Of which</i> : externally financed investment	133.5	137.3	124.5	149.4	147.4	157.1
Annexed budgets and special funds	16.6	20.9	21.8	23.2	24.8	24.4
Overall deficit, commitment basis						
Excluding grants	-132.3	-108.3	-115.5	-128.6	-144.9	-169.3
Including grants	-39.9	-11.8	-31.3	-38.7	-61.5	-68.1
Overall deficit, cash basis	-53.9	-30.7	-39.7	-48.7	-59.1	-66.5
Financing (net)	53.9	30.7	39.7	48.7	59.2	66.5
External (net)	90.9	82.2	49.0	58.0	60.3	64.4
Banking system (net)	-37.5	-46.0	-1.9	-4.0	1.8	-17.0
Privatization receipts	1.3	0.3	1.4	1.2	10.4	20.3
Other	-0.7	-5.8	-8.7	-6.4	-13.4	-1.2
Monetary survey (end-of-year)						
Net foreign assets ¹	147.3	190.4	183.4	150.1	113.3	167.7
Net domestic assets	144.1	136.1	171.5	217.1	257.8	250.6
Medium- and long-term						
External liabilities	-8.9	-10.3	-11.0	-8.1	-7.1	-10.9
Reevaluation account	1.1	1.1	1.1	1.1	1.1	1.0
Money and quasi-money	283.6	317.3	345.0	360.2	365.0	408.5

Mali : Basic Data (continued)

	1995	1996	1997	1998	1999	2000
	(In millions of SDRs)					
Balance of payments						
Exports, f.o.b.	223.9	221.4	327.7	331.1	351.6	378.5
Imports, c.i.f.	-311.2	-282.1	-318.6	-329.3	-372.8	-421.4
Services (net)	-176.3	-149.1	-156.9	-159.2	-161.3	-170.8
<i>Of which</i> : interest	-17.6	-13.9	-13.2	-11.2	-14.0	-15.6
Private transfers (net)	51.0	46.1	42.6	40.0	45.8	47.1
Current account (excluding grants)	-212.6	-163.7	-105.2	-117.4	-136.7	-166.7
Unrequited public transfers (net)	142.1	52.3	31.1	27.6	24.1	46.4
Current account (including grants)	-88.2	-133.4	-104.2	-119.7	-155.8	-171.2
Capital (net)	83.0	70.6	65.0	73.2	69.8	69.0
Official capital (net)	38.4	41.2	33.7	58.0	60.3	61.4
Disbursements	117.6	102.1	72.7	83.9	91.7	95.0
Amortization	-79.2	-60.9	-39.0	-25.9	-31.4	-33.6
Private capital (net)	44.6	29.4	31.3	15.2	9.5	7.6
Debt relief	59.2	55.2	19.1	0.0	0.0	0.0
Errors and omissions	-2.3	9.5	-3.2	-11.2	6.0	-12.2
Overall balance	28.8	63.2	-2.0	-22.6	-12.7	24.7
Foreign assets (net) (increases -)	-28.8	-63.2	2.0	22.6	12.7	-27.3
<i>Of which</i> : IMF (net)	18.4	10.0	9.9	1.8	6.9	-5.7
HIPC Initiative assistance	0.0	0.0	0.0	0.0	0.0	2.6

Mali : Basic Data (concluded)

	1995	1996	1997	1998	1999	2000
(In millions of U.S. dollars)						
Outstanding external debt						
(end-of-period)	2,846.2	2,909.1	2,884.0	3,056.4	2,987.0	3,038.0
Of which: Fund credit	147.2	164.8	175.7	186.5	193.4	175.5
Debt service ratio						
Scheduled debt service ²	16.4	15.1	11.1	11.4	12.9	13.3
Excluding the Fund	14.7	13.3	9.8	9.4	10.9	10.4
(CFA francs per SDR and per U.S. dollar)						
Exchange rates						
Period average						
SDR	757.1	742.8	803.1	800.0	841.9	938.9
U.S. dollar	499.1	511.6	583.7	590.0	615.7	712.0
End of period						
SDR	728.4	753.1	807.9	791.6	896.2	918.5
U.S. dollar	490.0	523.7	598.8	562.2	653.0	705.0
Trade-weighted effective exchange rate index						
Nominal	55.3	55.1	53.0	53.9	52.7	50.3
Real (CPI-based)	62.0	64.1	60.2	63.0	60.4	56.2

¹ Excluding SDR allocations and medium- and long-term liabilities.

² In percent of exports of goods and nonfactor services; after debt cancellation; before debt relief; excluding debt service due to the People's Republic of China and Russia.

Mali: Selected Social and Demographic Indicators ¹

Area		Gross national product (2000)	
Total (sq. km.)	1,240,190	Per capita (US\$)	240
Agricultural (percent of total)	26.4	<i>(World Bank Atlas methodology)</i>	
Of which : under irrigation	0.24		
Population (1999)		Population density	
Total (million)	10.6	General density (per sq. km)	9
Average rate of growth (percent a year)		Density per sq. km. of agricultural land	32.4
(1993-99)	2.4		
Population characteristics		Health	
Crude birth rate (per thousand; 1999)	46.2	Population per physician (in thousands, 1996)	16.7
Crude death rate (per thousand; 1999)	19.4	Population per hospital bed (1998)	5,000.5
Urban population (percent of total; 1999)	29.4	Infant mortality rate (per thousand live births) (1999)	120
Access to an improved water source		Education	
	2000	Enrollment rates (in percent of school age population)	
In percent of population		Primary (1999)	50.0
Total	65	Secondary (1997)	12.6
Urban	74	Pupil-teacher ratio (in percent)	
Rural	61	Primary (1998)	79.5
Nutrition (1998)		Secondary (1994)	16.0
Per capita supply of			
Calories (per day)	2,314.0		
Proteins (grams per day)	64.0		

Sources: World Bank, *Social Indicators of Development*, 2001, and *African Development Indicators*, 2001 and World Development Indicators, 2001 CD-ROM; and staff estimates.

¹ Latest single year between 1990 and 1999, unless otherwise indicated.

I. INTRODUCTION

1. Mali is one of the least developed economies in the world, ranking 153rd out of 162 countries listed in the 2001 United Nations Development Program Human Development Index. A landlocked Sahelian nation of West Africa, covering an area of about 1.24 million square kilometers, Mali opted for a state-controlled model of economic development shortly after gaining independence in 1960. Since the early 1990s, however, Mali has made significant progress in moving toward a democratic system of government, as well as in promoting peace, stability, and economic integration in the region. Mali is a member of the West African Economic and Monetary Union (WAEMU) and participates actively in regional economic integration initiatives that involve reforms in areas of common interest to the Union.

2. Mali's resident population is estimated at about 10½ million (in 2000), the vast majority of whom live in rural areas, and depend on food and cash crops and livestock for their livelihood. The northern half of the country forms part of the Sahara Desert, and at present contributes little to the country's overall output. The southern half, irrigated by the Niger and Senegal Rivers, produces a variety of cash and subsistence crops. Agricultural production suffers from recurrent droughts, poor and fragile soils, and the encroachment of the desert. Mali's mineral resource base is narrow, and exploitation has traditionally been limited to small-scale gold mining. However, based on recent geological surveys, important gold deposits have been identified and are being extensively exploited (see Chapter VII).

3. Since the early 1990s, Mali has made appreciable progress in reducing macroeconomic imbalances and liberalizing the economy. This has been made possible by consolidating the government fiscal position, lowering inflation, dismantling public monopolies¹, abolishing price controls, liberalizing the trade regime, and allowing for a greater role for private sector initiative. The country's adjustment efforts were reinforced with the devaluation of the CFA franc in January 1994, which combined with fiscal adjustment and structural reforms, improved international competitiveness, revived economic growth, and reversed the decline in GDP per capita.²

4. Notwithstanding the recent progress made in fostering economic progress, the pace of the country's development remains constrained by a low level of human capital, inadequate infrastructure, and high energy and telecommunications costs. Diversification of the economy has been limited, and the industrialization process, which is hindered by high

¹ A notable exception to this effort is the monopsonistic structure of the cotton sector, which is now slated for reform and liberalization (see Chapter VI).

² In January 1994, Mali significantly strengthened its adjustment effort, in consultation with its WAEMU partners, with the devaluation of the CFA franc against the French franc from FF 1=CFAF 50 to FF 1= CFAF 100.

transportation and energy costs, remains slow. Physical infrastructure is sparse, underdeveloped, and lacks maintenance. Mali is subject to severe cyclical droughts. In addition, the country's high dependence on two principal export commodities (cotton and gold) and imported oil, makes the economy vulnerable to terms of trade shocks. The country's vulnerability to exogenous shocks came to the fore last year, when economic developments were adversely affected by a crisis in the cotton sector, the hike in oil prices, a drought, and tensions in neighboring countries. The cotton sector crisis was triggered by depressed world prices for cotton fiber, and compounded by weaknesses in the management of the Compagnie Malienne pour le Développement des Textiles (CMDT) and the producers' decision to boycott production to protest the low producer price paid by the CMDT (see Chapter VI).

5. Poverty reduction remains the government's priority and its commitment in this area reflects a twofold need: (i) to identify policies and instruments geared toward achieving the objective of poverty reduction, and (ii) to adopt appropriate short- and medium-term measures to enable the government to make rational and more effective use of domestic and external resources. Private sector promotion remains central to the government's poverty reduction strategy. To facilitate this diversification process, the Malian authorities are currently identifying a package of measures in the context of preparing the final Poverty Reduction Strategy Paper (PRSP) in order to address issues pertaining to: low labor productivity reflecting the shortage of skilled workers; the inadequacy of physical infrastructures; the high cost of factors of production (energy and telecommunications); the low level of financial deepening; and deficiencies in governance and efforts to deal with corruption. Furthermore, given the importance of the cotton sector to Mali's economy, the Malian authorities have launched a set of short- and medium-term reforms designed to restructure the CMDT and to liberalize the cotton sector in order to improve its competitiveness (see Chapter VI). The government's stated objective is to ensure that Mali can in the medium term achieve an annual growth rate averaging at least 5-6 percent, which will help to roll back poverty.

II. RECENT ECONOMIC DEVELOPMENT

A. Recent Adjustment Efforts and Economic Performance

6. The Malian government started implementing structural adjustment policies in 1986, prompted by disappointing economic performance, which was exacerbated by a serious drought over the 1982-85 period. Mali's adjustment efforts gained the financial support of the Fund in 1988, with the adoption of a policy framework paper and strong medium-term macroeconomic policies designed to stabilize the economy, prepared in consultation with the Fund and the World Bank. To add new impetus to this effort, starting in the early 1990s, with the change of political régime to a democratic system, the government decided to transform and modernize the economy from a state-controlled system into one increasingly governed by market forces in the context of Fund- and Bank-supported programs.

7. Mali's collaboration with the Fund has included the successful implementation of a Stand-By Arrangement, two annual arrangements under the Structural Adjustment Facility (SAF), and three three-year arrangements under the Enhanced Structural Adjustment Facility (ESAF). In addition, in September 1998, Mali was deemed eligible by the Executive Boards of the Fund and the World Bank to benefit from the Heavily Indebted Poor Country (HIPC) Initiative. Mali's adjustment efforts have generally been sustained, with two exceptions: an interruption in 1991-92 during the transition to a democratically elected government; and between August 1993 and April 1994, owing to prevailing social tensions and the need to develop policies designed to accompany the change in the CFA franc parity in January 1994. Since 1994, the government has completed the remainder of the first three-year ESAF program; negotiated and implemented a successor ESAF arrangement. Mali currently benefits from Fund assistance in the framework of a three-year PRGF arrangement approved in August 1999. Owing to slippages in the implementation of the 1999/2000 PRGF arrangement, there were delays in reaching the completion point under the original HIPC initiative; Mali reached the decision point under the enhanced HIPC initiative on September 6, 2000. Cumulative assistance under the original and enhanced HIPC initiatives would amount to US\$523 million in end-1998 NPV terms (representing a reduction of about 36 percent of the pre-HIPC debt stock).

8. A number of structural reforms have been implemented since the early 1990s, most notably in the areas of price and trade liberalization; tax reform, legal and regulatory reform; and the liberalization of the rice sector. Mali also benefited from the reform of monetary policy and the strengthening of bank supervision at the regional level. The CFA franc was devalued in 1994 at the zone-wide level and Mali implemented structural reforms in the postdevaluation period, namely in the legal and regulatory areas, the public enterprise sector, and more recently, in the areas of privatization of the energy company and commercial banks. In addition, since the second half of 2001, Mali has been implementing reforms in the cotton sector (see Chapter VI).

9. Since the devaluation of the CFA franc in early 1994, Mali has made appreciable progress in improving the external price

	1990-94 Average	1995-2000 Average
	(Index, 1990=100)	
Real effective exchange rate	86.2	60.9
	(Percentage change)	
Real GDP	1.3	5.7
CPI (period average)	4.2	3.3
Export volume	6.3	12.8
Import volume	2.7	5.5
	(In percent of GDP)	
Gross domestic investment	20.6	21.6
Gross domestic saving	4.9	7.9
Budgetary revenue	12.4	13.9
Tax revenue	11.0	13.1
Total expenditure and net lending	26.5	23.5
Overall fiscal balance (excluding grants)	-11.3	-8.9
Basic fiscal balance ¹	-2.1	0.6
Current account balance ²	-15.5	-12.5
Broad money	22.4	23.2

Source: Malian authorities; and Fund staff estimates.

¹ Defined as total revenue (excluding grants) minus total expenditure and net lending (excluding foreign-financed capital expenditure).

² Excluding official transfers.

competitiveness of the economy, reducing macroeconomic imbalances, and alleviating economic distortions through the implementation of strong stabilization policies and broad-based structural reforms. Mali's external competitiveness has been largely maintained during the postdevaluation period (1995-2000), with the real effective exchange rate being about 30 percent below its pre-devaluation level. The improvement in external competitiveness provided a significant boost to exports, with volume growth more than doubling on an annual average basis between 1990-94 and 1995-2000 (Table II.1) and Figure II.1). As a consequence, the current account balance, excluding external grants, improved by about 3 percentage points of GDP on average between these two subperiods. Further, output growth picked up significantly, with real GDP growing at an annual average rate of about 5½ percent during 1995-2000, compared with about 1 percent on average during 1990-94. The boost to growth was accompanied by an appreciable increase in total factor productivity growth (see Box II.1). The government intensified its fiscal reform efforts in the post-devaluation period as described in Chapter III, and as a result the country's fiscal position was strengthened. Tax revenue increased by 2 percentage points of GDP on average between 1990-94 and 1995-2000. In addition, total expenditure was reduced by 3 percentage points of GDP on average between these two sub-periods. As a consequence, the basic fiscal balance turned into a surplus of about ½ of 1 percent of GDP on average during 1995-2000, compared with an average deficit of about 2 percent of GDP during 1990-94. However, the degree of financial deepening did not improve appreciably between these two subperiods, with the broad money-GDP ratio increasing by less than 1 percentage point. Nonetheless, the domestic saving-GDP ratio increased by 3 percentage points, reflecting primarily the positive impact of gains in real income, as well as progress in achieving macroeconomic stability.

10. Notwithstanding the achievements described above, it bears emphasizing that Mali's economic and financial situation remains fragile, owing to its vulnerability to exogenous shocks, including poor weather and adverse terms of trade shocks. Indeed, as described below, Mali's economic performance was adversely affected by exogenous shocks in 2000, including a crisis in the cotton sector, the hike in oil prices, a drought, and tensions in neighboring countries (Table II.2). In addition, while this report does not describe performance in 2001, it is worth noting that real GDP is expected to stagnate in 2001, owing to the cumulative effects from last year of the drought and the sharp drop in cotton production. The current account balance, excluding grants, for 2001 is expected to deteriorate by about 1 percentage point of GDP relative to 2000 on account of the drop in cotton exports and a rise in profit transfer from mining companies.

11. Mali's vulnerability to exogenous shocks points to the critical need to diversify the country's economic base. While Mali has largely maintained the gains in external competitiveness it achieved after the devaluation of the CFA franc in 1994, the successful diversification of the Malian economy will require the development of human capital and physical infrastructure, as well as lower energy and telecommunications costs. The linking of the Malian power grid to the regional Manantali electricity network is expected to keep electricity costs from rising rapidly and to improve its reliability. In addition, the planned liberalization of the telecommunications sector would be expected to foster efficiency gains and reliability of service. The planned increase in outlays from HIPC Initiative-related

resources to boost human capital and rural infrastructure would help in efforts to diversify the economy. In addition, the authorities should steadfastly implement structural reforms, including the liberalization of the cotton sector.

Box II.1. Mali: Sources of Economic Growth

A growth accounting framework is used for the analysis of the sources of economic growth. The following production function is used: $Y=AL^{0.6}K^{0.4}$, where Y is real GDP, A is total factor productivity (TFP), L is labor, and K is physical capital. The capital stock series was constructed by using the perpetual inventory accumulation framework, and assuming a constant depreciation rate of 6 percent and a capital-output ratio of 1.5 in 1967.

The main results of the analysis are provided in the accompanying table. These results are fairly robust to small variations in the coefficients underlying the production function. It should be noted up-front however, that there are a number of weaknesses to this exercise, most notably the lack of data on the capacity utilization and unemployment rate, which are needed to adjust the capital stock and labor force series, respectively. Hence, the results need to be viewed as indicative. They are summarized as follows:

- Factor accumulation explained the bulk of output growth before the devaluation of the CFA franc in 1994, with little or no role played by total factor productivity. A large increase in capital stock made possible the boost in average output growth between 1980-85 and 1986-94. Major investment efforts were undertaken to raise cotton production, which increased by about 7 percent per year on average during 1986-94, compared with an average decline of about 1 percent per year in the preceding subperiod.

Mali: Sources of Economic Growth, 1980-2000 (In percent)			
	1980-85	1986-94	1995-2000
Real GDP growth	-0.3	3.2	5.7
Factor accumulation 1/	1.7	3.6	3.3
Solow residual 2/	-2.0	-0.4	2.4

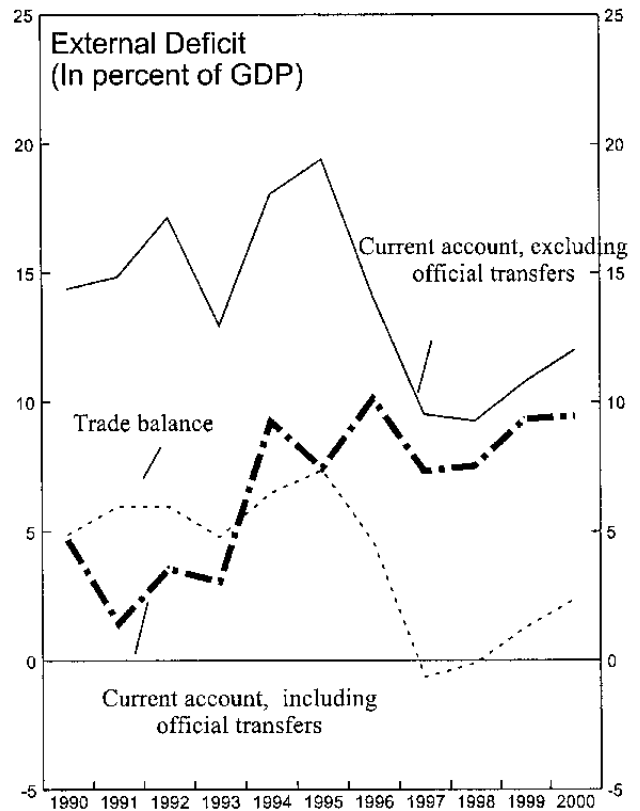
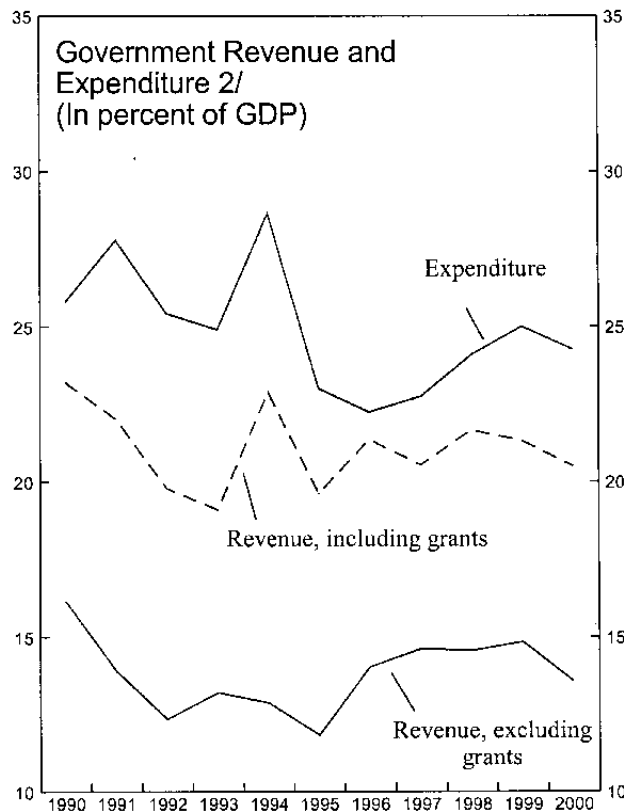
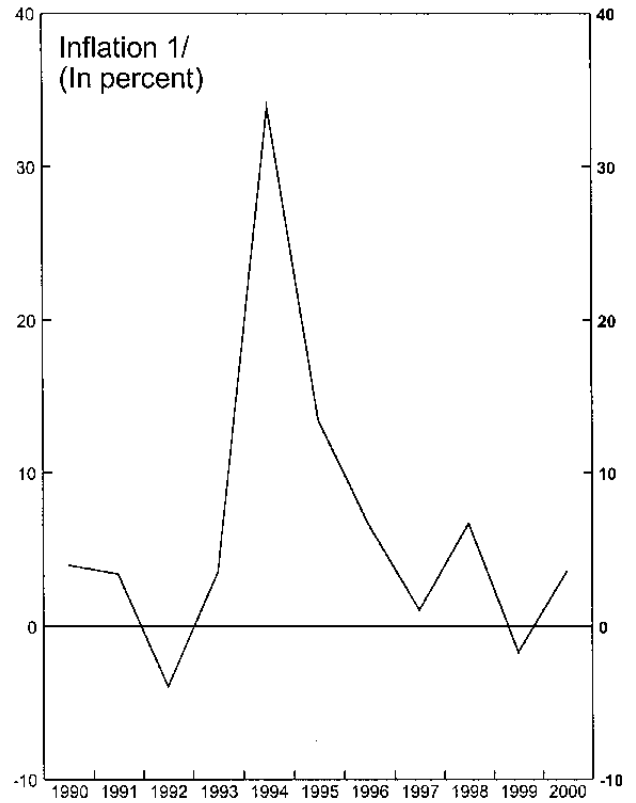
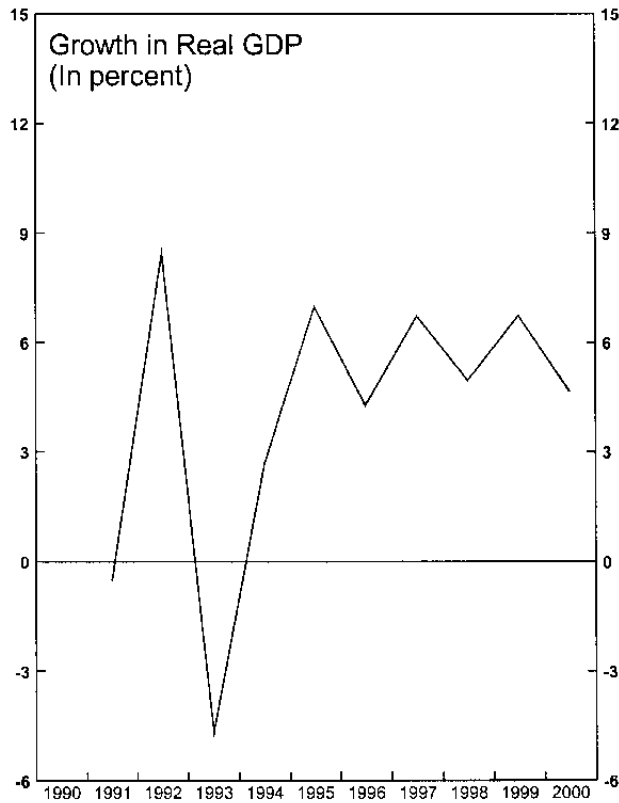
Source: Malian authorities; and Fund staff estimates.

1/ Accumulation of labor and capital, using factor shares of 0.6 and 0.4 respectively.

2/ Residual from the growth accounting exercise.

- The bulk of the increase in cotton production was the result of an expansion in acreage.
- The 1994 devaluation provided a significant boost to output growth. While factor accumulation continued to play a large role in the postdevaluation period (1995-2000), TFP growth played an enhanced role, explaining about one-fifth of output growth. The boost in TFP growth may have partly been the result of the lagged effects of the structural reforms implemented in the early 1990s.
- Output growth in the postdevaluation period (1995-2000) was to a large extent export led, with export volume growth increasing from about 6 percent on average during 1986-93 to about 13 percent during 1995-2000. The contribution to overall growth of the secondary and tertiary sectors was enhanced during the postdevaluation period.
- Maintaining a sustained real GDP growth rate of 5-6 percent per year in the period ahead would require TFP growth of about 2-2½ percent per year. The liberalization of the cotton sector, as well as efforts to diversify the economy, will be critical in this regard. Competition will need to be introduced and fostered at various stages of cotton production. Boosting annual average potential output growth beyond 5-6 percent will require concerted efforts by the authorities to diversify the sources of economic growth and attract foreign direct investment.

Figure II.1. Mali: Main Economic Indicators, 1990-2000



Sources: Malian authorities; and staff estimates and projections.

1/ Percentage change in GDP deflator.

2/ Central government on commitment basis.

B. National Accounts

Table II.2. Mali: Real Sector Development, 1990-2000 (Percentage change)				
	1990-94 Average	1999	2000	1995-2000 Average
Primary sector	1.5	9.2	6.3	4.8
Of which: Food crops	2.6	19.7	15.7	6.0
Cash crops	-2.2	0.1	-9.4	10.3
Secondary sector	4.3	2.4	7.5	9.1
Of which: Industry	1.9	-4.1	11.7	5.3
Mining	16.8	9.8	11.1	32.0
Tertiary sector	0.7	6.2	3.2	4.2
Of which: Transportation	3.7	6.9	3.9	7.0
Trade	0.4	10.3	3.7	5.1
GDP (at factor cost)	1.5	6.8	5.5	5.3
Import taxes	-0.7	5.8	-5.8	15.2
GDP (at market prices)	1.3	6.7	4.6	5.7

Source: Malian authorities; and staff estimates.

12. Economic developments in 2000 were adversely affected by the crisis in the cotton sector, the hike in oil prices, poor rainfall, and tensions in Côte d'Ivoire. A large number of cotton farmers boycotted production for the 2000/01 season in protest of the low producer price offered by the CMDT (see Chapter VI). The inability of the CMDT to pay an adequate price to farmers reflected the cumulative effect of the secular price decline of cotton fiber in the world market, as well as poor management of the company, which kept ginning costs relatively high. Real GDP growth in 2000 slowed considerably to about 4 percent from 6½ percent in 1999 (Table II.2).

13. The demand side of the national accounts reveals a noteworthy adjustment by the government in the postdevaluation period to reduce “excess” consumption and reinforce domestic saving. Government consumption declined on average by 2 percentage points of GDP between 1990-94 and 1995-2000, thus enhancing government saving (Table II.3). The fiscal adjustment made by the government, coupled with the boost in exports provided by the devaluation, helped to lower the imbalance in the resource gap.

14. The government’s efforts to consolidate its fiscal position helped to lower inflation. The consumer price inflation, which had reached about 24 percent in 1994 (on a period average basis) in the aftermath of the devaluation, quickly decelerated to -0.7 percent in 1997 and remained subdued through 2000. Given Mali’s membership of the West African Economic and Monetary Union (WAEMU), which has a fixed exchange rate vis-à-vis the euro, its inflation rate is also influenced to a large degree by the average inflation rate in euro area.³ Thus the low inflation environment in Mali over the past few years has been influenced not only by the government’s fiscal consolidation efforts, but also by the low inflation environment in the euro area. Nonetheless, short-term inflation in Mali is also influenced by weather shocks. Thus, more recently, reflecting the food shortage that resulted from the drought and the increase in water and electricity rates, price pressures surged during the first seven months of the year, with consumer price inflation reaching 6.3 percent (year on year) in July 2001. However, with the improved prospects for cereal production this crop season, inflation decelerated to 5½ percent (year-on-year) in September 2001.

	1990-94 Average	1999	2000	1995-2000 Average
Consumption	95.1	91.1	91.4	92.1
Government	15.8	15.1	14.4	13.9
Non-Government	79.3	76.0	77.1	78.2
Investment	20.6	20.0	20.6	21.6
Government	8.4	9.1	9.1	9.1
Non-Government	12.3	11.0	11.5	12.5
Resource gap	-15.7	-11.1	-12.0	-13.7
Exports of GNFS	18.5	25.1	25.5	23.8
Imports of GNFS	34.1	36.2	37.5	37.5
<i>Memorandum items:</i>				
Domestic savings	4.9	8.9	8.6	7.9
Government	-0.6	1.2	0.6	1.8
Non-Government	5.5	7.7	8.0	6.1

Source: Malian authorities; and staff estimates.

³ The union’s currency, the CFA franc was pegged to the French franc at a rate of CFAF 50=FF1 from 1948 until 1994. Effective January 12, 1994, the CFA franc was devalued and the new parity set at CFAF 100=FF1. Effective January 1, 1999, the CFA franc has been pegged to the euro at the rate of CFAF 655.96=Euro 1.

C. Fiscal Development

	1995	1996	1997	1998	1999	2000	1990-94 Average	1995-2000 Average
Total revenue and grants	19.6	21.4	20.5	21.7	21.3	20.5	22.6	20.8
Tax revenue	11.1	13.1	13.8	13.9	14.1	12.9	11.0	13.1
Expenditure and net lending	23.0	22.2	22.7	24.1	25.0	24.2	26.5	23.5
Current expenditure	11.4	10.4	11.8	10.5	11.6	11.0	11.9	11.1
Wages and salaries	4.0	3.8	4.0	3.8	3.9	4.0	5.6	3.9
Capital expenditure	12.8	12.2	11.0	12.2	12.0	12.0	10.2	12.0
Foreign-financed	11.2	10.4	8.8	9.4	8.8	8.7	9.2	9.5
Domestic-financed	1.6	1.8	2.2	2.8	3.1	3.3	1.0	2.5
Overall fiscal balance ¹	-11.2	-8.2	-8.1	-8.1	-8.7	-9.3	-11.3	-8.9
Basic fiscal balance ²	0.1	2.2	0.6	1.3	0.1	-0.7	-2.1	0.6

Source: Malian authorities; and Fund staff estimates.

1/ Total revenue (excluding grants) minus total expenditure and net lending.
 1/ Total revenue (excluding grants) minus total expenditure and net lending
 (excluding foreign-financed investment).

15. Mali made appreciable progress in strengthening public finances in the postdevaluation period (Table II.4). This has been achieved through an enhanced tax revenue mobilization and tight expenditure policies. As a result, the overall fiscal deficit (on a commitment basis and excluding grants) narrowed from about 11 percent of GDP in 1995 to about 8 percent in 1998, before deteriorating in the subsequent two years to reach about 9 percent of GDP in 2000 (see explanation below). While the basic fiscal balance has been positive on average in the post-devaluation period through 1999, it followed a declining trend. This trend decline can be explained by the fact that, in an effort to strictly control inflation following the devaluation in 1994, there was an “overshooting” of fiscal consolidation between 1994 and 1996, with the basic fiscal balance improving by 5 percentage points of GDP during this period. With inflation brought under control at the end of 1996, and with a view to supporting economic activity, the degree of fiscal consolidation was eased somewhat starting in 1997, while keeping the basic fiscal balance at a positive level. In addition, the almost secular decline in the price of cotton fiber in the world market had a negative impact on the contribution of the cotton sector to government tax revenue.

16. The government’s fiscal adjustment included a combination of tax and administrative reforms (see section Chapter III) and prudent expenditure policy. Tax revenue increased by 3 percentage points of GDP between 1995 and 1999, before falling in 2000 (explained below) (Figure II.2). Over the postdevaluation period, government expenditure was strictly contained, particularly as regards the wage bill and nonpriority spending. The wage bill was kept at around 4 percent of GDP over the period 1995–2000, mainly by a freeze on net recruitment, except for teachers and health workers. A merit-based promotion system was instituted and vigorously applied, and the payroll and personnel registers were fully merged

in order to improve wage bill management. At the same time, capital expenditure was raised, and in its priority effort to fight poverty, the government raised the share of spending on health and education increased from 3.0 percent of GDP in 1995 to 3.6 percent in 2000. Finally, social safety net expenditures, previously nonexistent as a budgetary item, were established in 1994 and accounted for 0.6 percent of GDP in 2000 (Figure II.3).

17. The government's fiscal consolidation effort also included the clearance by 1994 of external payments arrears that were accumulated in the early 1990's. No new external payment arrears have been accumulated since then. On the domestic front, the stock of domestic arrears at end-1992 has been gradually repaid; the last remaining stock of arrears (about CFAF 9 billion) was fully repaid in 1999.

18. Fiscal performance in 2000 was adversely affected by the increase in oil prices⁴ and the slowdown in the economy. The revenue shortfall for 2000, estimated at about 1.4 percent of GDP, is explained by (a) the decision by the authorities to freeze retail petroleum product prices at their March 2000 level; (b) poor customs revenue performance in the last quarter of the year (reflecting significantly lower nonmining imports); (c) the financial crisis in the CMTD; and (d) the effect of the introduction of the common external tariff (CET) the previous year. With the decline in revenue, the basic fiscal balance turned into a deficit of 0.7 percent of GDP.

D. Money and Credit Developments

19. Monetary policy, which is conducted at the regional level by the BCEAO, is guided primarily by the objectives of preserving the peg of the CFA franc to the euro and consolidating official reserves (see Box II.2). Mali's contribution to the regional official reserves has been positive on average during 1995-2000. In addition, reflecting the fiscal consolidation efforts, the government's net creditor position in the banking system was strengthened on average during this period (Table II.5 and Figure II.2).

⁴ During 2000, the government continued pursuing its policy of ensuring that retail petroleum prices remained stable. This was accomplished by lowering the effective taxes on petroleum products, to the detriment of government revenue, when the import price increased. This practice was abolished in July 2001, with the adoption of a new tax mechanism that allowed the automatic pass-through of changes in the import price to the consumer.

Box II.2. WAEMU: Conduct of Monetary Policy

Monetary policy in the WAEMU is conducted at the regional level by the Central Bank of West African States (BCEAO), which holds the pooled foreign exchange reserves of the member states. At least 65 percent of these are kept in an operations account with the French Treasury. To support the fixed parity of the CFA franc and its convertibility, the main objective of monetary policy is to ensure price stability and maintain an appropriate level of foreign reserves, with the BCEAO required to keep a minimum level of foreign exchange equivalent to 20 percent of its short-term liabilities (foreign reserve cover ratio).

The fixed exchange rate system and the absence of foreign exchange restrictions imply that the independence of regional monetary policy is constrained as the money growth within the region is endogenously determined. Moreover, there is no scope for national monetary policies. For this reason, Fund-supported programs in the WAEMU countries do not include targets for either base money or the central bank's net domestic assets because these variables cannot be meaningfully defined at the national level or controlled by the national authorities. Of course, fiscal policy—including public debt management—remains within the purview of individual countries, and Fund-supported programs typically include targets for the fiscal deficit, external borrowings by the government, and net domestic bank credit to the government. To ensure consistency between the regional objectives and national economic and financial developments, the BCEAO conducts an annual financial programming exercise that sets specific targets for credit to governments consistent with a targeted level of net domestic assets and gross foreign assets of the central bank.

The BCEAO seeks to control domestic credit expansion in the region by using indirect monetary policy instruments and enforcing ceilings on central bank credit to governments. The policy instruments available to the BCEAO are the discount rate mechanism, a repurchase agreement facility, and a system of periodic auctions of central bank bills, as well as reverse auctions, introduced in July 1996. A system of reserve requirements has also been in place since late 1993. Auctions and repurchase agreements are the most frequently used instruments; the discount rate is used primarily to signal policy intentions about future movements in interest rates. Ceilings on central bank credit to governments, set at the equivalent of 20 percent of tax revenue in the preceding year, are a powerful tool of credit policy. In its refinancing policy, the BCEAO uses a creditworthiness rating system (*accords de classement*¹) to guide its refinancing of commercial banks. In September, 1998, the Council of Ministers decided on the elimination of the monetary financing of budget deficits by 2002. Nevertheless, within-year advances by the central bank to governments will be allowed for smoothing temporary cash-flow fluctuations in line with Article 16 of the statutes of the central bank. In keeping with that decision, the BCEAO has already frozen the ceilings on its statutory advances to governments.

The BCEAO is subject to a full safeguards assessment with the Stage One report now being circulated for comments by departments. Staff is in the process of obtaining from the BCEAO an authorization letter to speak with external auditors, which is the only document left to fully conclude the Stage One assessment.

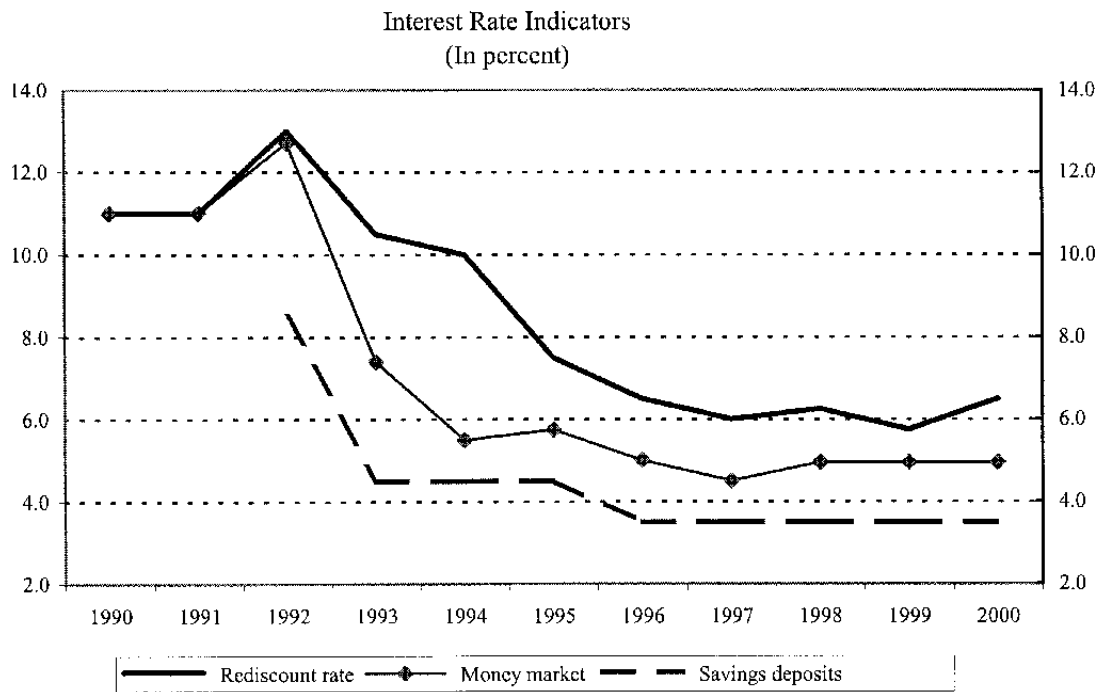
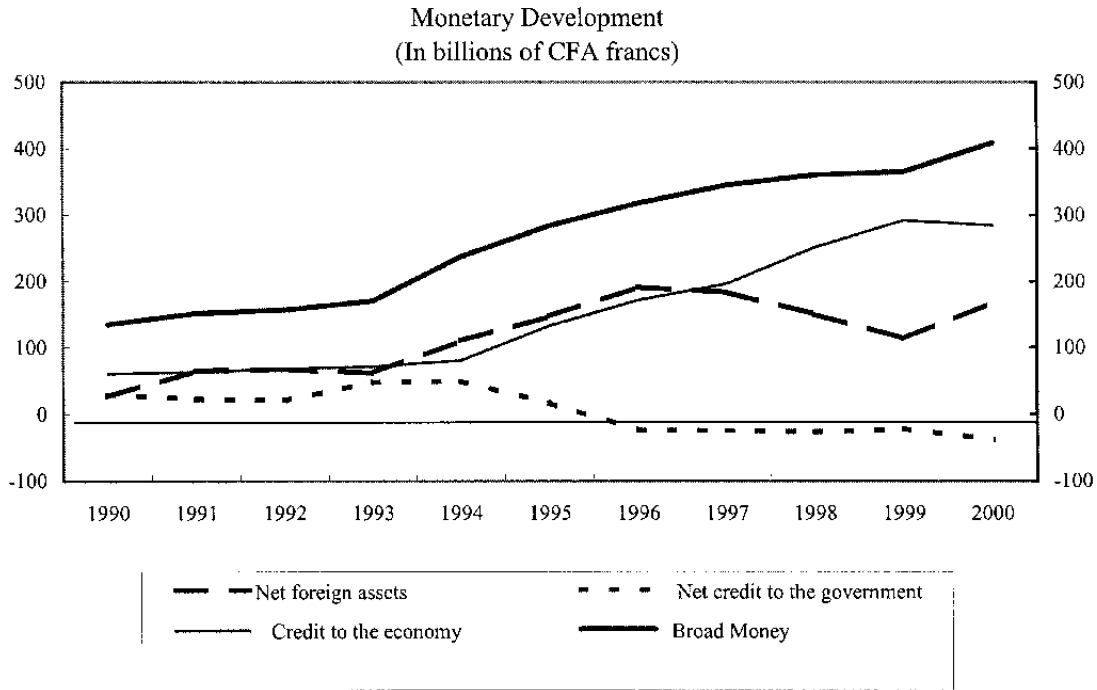
¹ A system requiring that at least 60 percent of banks' portfolio include loans to borrowers certified by the BCEAO. While this policy is intended to ensure sound banking practices, 81 of the 84 credit institutions were in violation of the norm at end-1998.

Table II.5. Mali: Monetary Development, 1996-2001						
	1996	1997	1998	1999	2000	2001 Sept. est.
	(Contribution to the growth of broad money) ¹					
Net foreign assets	15.2	-2.2	-9.6	-10.2	14.9	7.7
Of which: Central Bank	22.3	-0.6	-6.5	-3.5	8.3	0.6
Net domestic assets	-3.3	10.9	14.1	11.5	-3.0	6.1
Of which:						
Net claims on central government	-14.2	-0.1	-0.6	1.1	-4.2	8.0
Claims on the economy	14.3	8.6	15.8	10.2	-2.0	1.7
Broad money	11.9	8.7	4.4	1.3	11.9	13.8
Currency	4.6	2.9	1.7	-3.2	6.7	3.5
Deposits	7.3	5.9	2.7	4.6	5.2	10.3
Source: Malian authorities; and staff estimates.						
1/ From the beginning of the year.						

20. In 1999, broad money increased by 1.3 percent, well below the growth of nominal GDP. Reflecting the relatively strong fiscal performance, the government's net creditor position vis-à-vis the banking system improved somewhat, while credit to the economy expanded by about 14½ percent. This latter development was partly related to the financial difficulties in the cotton sector, which resulted in delays by end-1999 in the repayment of crop credits. Excluding these unpaid loans, credit to the private sector rose by about 8½ percent. As a result of these developments and the weakening of the external position, the net foreign assets of the banking system registered a decline of about 10 percent in terms of beginning-of-period money stock, and Mali's contribution to the net foreign reserves of the BCEAO declined in 1999 (Figure II.4).

21. In 2000, the net foreign assets of the banking system increased sharply by about 15 percent in terms of beginning-of-period money stock, reflecting significant inflows of budgetary assistance and a reversal in the decline in commercial bank's net foreign assets. This reversal followed the increase in the intervention rate implemented by the BCEAO in June. The BCEAO raised the intervention rate by 75 basis points to 6½ percent in response to the rapid growth of credit in the union. The counterpart of the increase in net foreign assets was a rise in broad money of about 12 percent. Credit to the economy fell at the end of 2000, owing to a depressed demand as the economy started to weaken. Net credit to the government was also sharply down because of increased deposits from privatization receipts and aid inflows.

Figure II.2. Mali: Monetary Indicators, 1990-2000



Source: Malian authorities.

22. Preliminary data through September 2001 (latest available) indicate that the net foreign assets of the banking system increased by about CFAF 31.5 billion from end-2000, mainly because of the surge in the net foreign assets of the commercial banks. This movement marked a reversal in the decline in these banks' net foreign assets (observed through May 2000), following the increase in the intervention rate at the regional level.⁵ The net domestic assets (NDA) of the banking system increased by about 6 percent since end-2000, with credit to the economy increasing by about 1½ percent. The bulk of the increase in the NDA was on account of a surge in net credit to the government, following the crisis in the cotton sector and the need to resolve it (see Chapter VI).

E. Balance of Payments

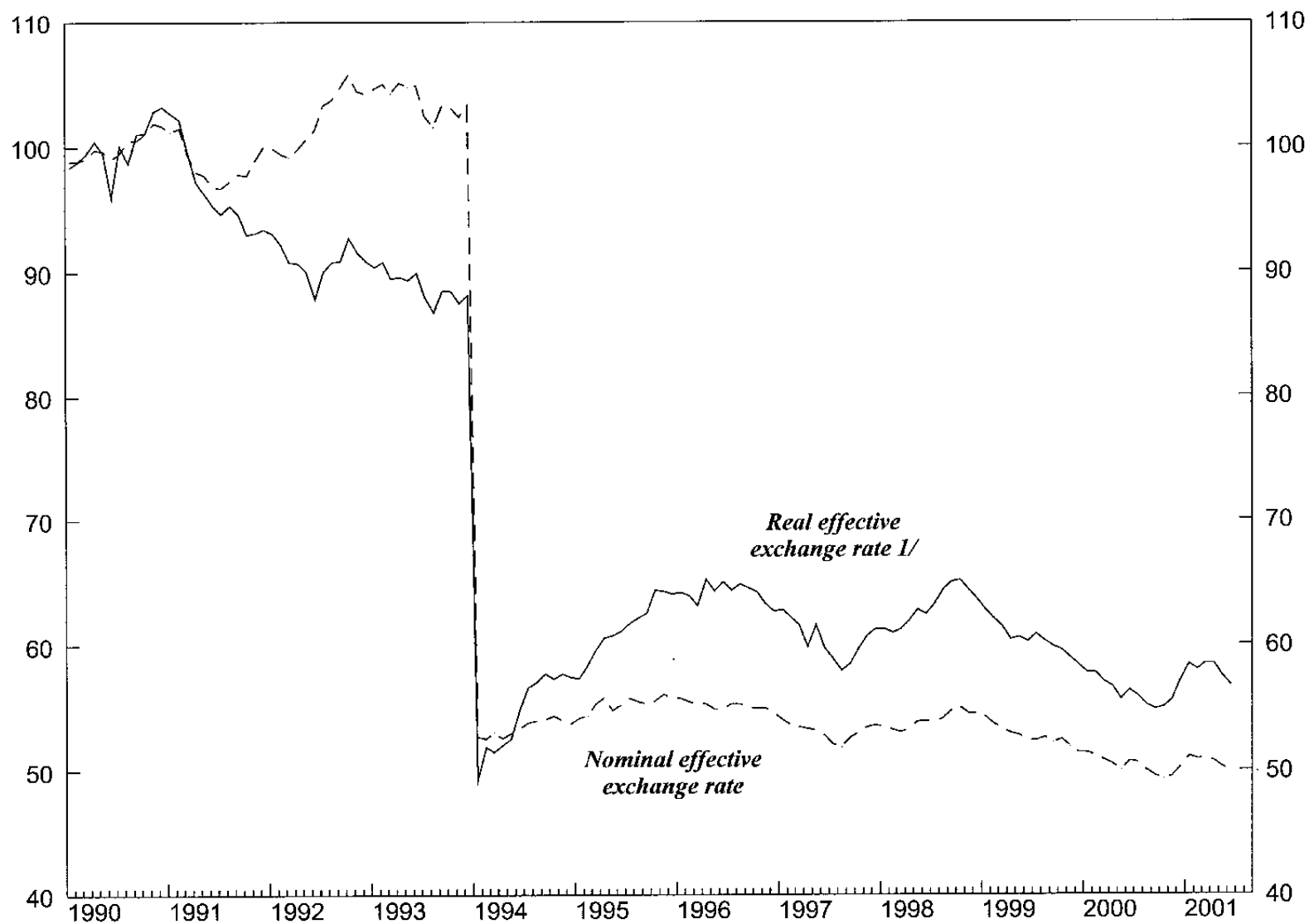
23. The devaluation of the CFA franc in 1994 provided a significant boost to Mali's external competitiveness. This in turn helped to strengthen the country's external position and attract foreign direct investment, especially in the gold sector. The nominal effective rate has been fairly stable since the devaluation of the CFA franc in January 1994, falling by about 4 percent until August 2001 (Figure II.3). This movement reflects the exchange rate peg to the French franc and the high proportion of Mali's trade with the European area and other WAEMU countries. The real effective exchange rate index, based on consumer price indices, appreciated in the two year following the devaluation, but subsequently depreciated by 10½ percent between August 1996 and August 2001. In August 2001, the index was about 34 percent below its predevaluation level.

24. There was a noticeable surge in Mali's main export products (cotton and gold) on average from 1990-94 to 1995-2000 (Table II.6). In addition, while imports surged, its rate of increase was lower than that of exports, resulting in a net improvement in the current account balance (excluding official transfers) between these two subperiods. Nonetheless, more recently, with the slowdown in cotton production, coupled with a decline in the international prices of Mali's main commodities, the current account deficit (excluding official transfers) has deteriorated, from about 9 percent of GDP in 1998 to 12 percent in 2000.

25. Cotton accounts for almost one-half of total exports and has a large impact on the trade and current account balances (Figure II.5). Cotton production declined from levels in both 1997/1998 and 1998/99 of more than 500 thousand tons to 459 thousand tons in 1999/2000 and 243 thousand tons in 2000/01. As a result, the volume of ginned cotton exports showed a trend decline. This was exacerbated by the secular decline in world cotton price since 1995, declining by about 40 percent (in U.S. dollar terms) on a cumulative basis during 1995-2000.

⁵ The BCEAO raised the intervention rate by 75 basis points to 6½ percent in June 2000 in response to the rapid growth of credit in the zone.

Figure II.3. Mali: Real and Nominal Effective Exchange Rates, January 1990 - August 2001
(Period average; 1990=100)



Source: IMF, Information Notice System.
1/ Based on relative consumer price indices.

	1990-94 Average	1995	1996	1997	1998	1999	2000	1995-2000 Average
	(In percent of GDP)							
Exports, fob	15.2	18.9	16.8	23.0	20.8	21.0	20.9	20.2
Cotton	6.8	10.9	10.2	11.3	9.5	9.2	6.2	9.5
Gold	2.2	3.0	3.0	8.2	8.4	8.5	10.5	6.9
Other	6.2	5.0	3.5	3.5	3.0	3.4	4.2	3.8
Imports, fob	20.8	26.2	21.4	22.4	20.7	22.3	23.3	22.7
Trade balance	-5.6	-7.4	-4.6	0.6	0.1	-1.3	-2.4	-2.5
Services, net	-12.1	-14.9	-11.3	-11.0	-10.0	-9.7	-9.4	-11.0
Factor services, net	-1.3	-1.5	-1.7	-2.1	-1.9	-2.6	-2.8	-2.1
Transfers, net	14.6	16.3	7.5	5.2	4.2	4.2	5.2	7.1
Current account balance								
Including official transfers	-4.4	-7.4	-10.1	-7.3	-7.5	-9.3	-9.5	-8.5
Excluding official transfers	-15.5	-19.4	-14.1	-9.5	-9.3	-10.8	-12.0	-12.5
Capital and financial account, net	5.8	10.1	14.2	7.4	6.8	8.2	11.5	9.7
Of which: Foreign direct investment	-0.3	1.8	1.7	2.9	0.3	0.0	5.8	2.1
	(Percentage change)							
Export volume	6.3	14.7	0.0	47.1	-0.1	17.4	-2.3	12.8
Cotton	3.3	35.6	8.7	26.1	-12.4	24.6	-19.6	10.5
Gold	15.7	33.9	6.9	180.7	23.5	11.0	11.6	44.6
Import volume	2.7	20.7	-7.6	8.3	5.6	8.0	-1.9	5.5
Terms of trade	-3.6	2.6	-0.9	-0.7	3.3	-13.8	-4.4	-2.3
<i>Memorandum items:</i>								
Commodity prices								
Cotton (US cents per pound)	68.1	98.3	80.5	79.2	65.5	53.1	59.0	72.6
Gold (US dollar per fine ounce)	362.4	384.2	387.8	331.1	294.1	278.9	279.2	325.9

Source: Malian authorities; and Fund staff estimates.

26. Endowed with significant gold deposits, Mali has developed into Africa's third-largest gold producer and exporter, after South Africa and Ghana. Since 1991, with the reform of the Mining Code, Mali has succeeded in creating an environment conducive to international exploration and mining company operations (see Chapter VII). Following the commissioning of the Sadiola Hill mine in 1997, gold became Mali's second most important export commodity, surpassing cotton in 2000. Currently, gold is mined at Sadiola Hill (Mali's largest gold-mining operation), Syama, Morila, and Orpaillage. Morila started production and exports in 2000, producing 3.5 tons in that year. Even though the strong decline in international prices in 1998 and 1999 slowed exploration and delayed production start-ups, the value of exports of gold increased from CFAF 133 billion in 1998 to almost CFAF 190 billion in 2000 (Statistical Appendix Table 11). Based on the production capacities of Sadiola mill and Syama, the stable production at Orpaillage of about 2.3 tons per year, and a substantial increase in production in Morila, Mali is expected to export about 50 tons of gold in 2001, valued at about CFAF 326 billion.

27. The strong growth in imports observed during 1995-2000 (an annual average rate of 5½ percent) reflects imports related to foreign-financed public investment, and private investment in the mining and construction sectors. Import of machinery and equipment (including in the mining sector) increased from 8½ percent of GDP in 1995 to almost 10 percent in 2000. Food imports, which had risen substantially in 1998 as a result of poor cereal crops, returned to normal levels in 1999, owing to good harvests of cereals. The value of petroleum imports increased from 3.7 percent of GDP in 1995 to 6.7 percent of GDP in 2000 because of high international prices.

28. The deficit in factor services account surged from about 2 percent of GDP in 1998 to about 3 percent in 2000. This reflected the increased transfer abroad of profits by mining companies (owing to the surge in foreign direct investment in the sector in previous years). Official transfers also recovered in 2000, mainly owing to a surge in budgetary support (from about CFAF 19 billion in 1998 to CFAF 32 billion in 2000). The capital account, which includes mainly official project grants, has been stable since 1998 at about CFAF 70 billion, with fluctuations depending largely on the execution of the public investment program. Since 1994, there have been large fluctuations in the financial account, owing to sharp swings in foreign direct investment and loan disbursements related to the adjustment program. Preliminary data for 2000 indicate that foreign direct investment reached a record level of CFAF 105 billion (5.8 percent of GDP) while loan disbursements, mainly project financing, have been increasing steadily since 1997. As a result of these developments, the inflow of medium- and long-term capital strengthened over the period 1998-2000. Short-term capital have recorded net inflows since 1999.

III. RECENT FISCAL REFORMS

29. In the early 1980s, government revenue was heavily dependent on direct taxes, especially taxes on international trade. The tax system was characterized by excessive dependence on specific excise taxes, as well as export and import taxes assessed on administrative values. It was also characterized by a large tax-exempt sector, whose imports and domestic turnover accounted for a significant share of industrial and commercial activity, as well as excessive adhoc exemptions. These factors contributed to the weak revenue performance throughout most of the 1980s.

30. Since the mid-1990s, a comprehensive tax reform has been implemented to rationalize the tax system and improve tax administration, with a view to producing a sustained improvement in government revenue performance. Key measures have included: (1) strengthening of the customs administration through computerization; (2) assessment of import duties on actual rather than administrative values; (3) verification of import value by a reputable international firm to reduce underinvoicing; (4) reduction of ad hoc exemptions; (5) opening of additional tax centers; and (6) improved monitoring of tax obligations and payments. The sales tax has been replaced with a VAT and a special tax on services (TPS) similar to the VAT; customs duties were rationalized.

31. Immediately following the devaluation of the CFA franc of 1994, important measures were taken to broaden the tax base, durably strengthen tax collection, and reduce exemptions and tax evasion. At the same time, to limit domestic cost increases in the wake of the devaluation, certain duties and income tax rates were reduced. In particular, the maximum cumulative import tariff rate was reduced from 61 percent to 36 percent, personal and corporate income tax rates were lowered, and the normal VAT rate was reduced from 17 percent to 15 percent. In 1995, the number of goods exempted from the VAT or subject to the reduced rate was significantly lowered. In addition, a large-taxpayer unit was established to improve monitoring of the largest enterprises beginning in 1996, and computerization of the tax departments was introduced. In 1997, a common taxpayer identification number system was implemented for use by all tax collection agencies, with a view to enhancing compliance.

32. These reforms were reinforced in 1998 and early 1999 with the implementation of the common external tariff (CET) by WAEMU member countries. The CET involves merging the customs duty and the fiscal duty into a single customs duty, and reducing tariff protection through the introduction of four rates.⁶

33. To modernize the tax system and offset the potential customs revenue loss related to the introduction of the CET, which is estimated at 1 percent of GDP in 1999 and 2000, the authorities have prepared a comprehensive domestic tax reform, including a single-rate VAT of 18 percent (Box III.1). At the same time, measures have been taken to further improve the customs and tax administrations. Taxpayer compliance has been enhanced by extending the scope of registration on the basis of a single identification number for each taxpayer, which allows for better cross-checks of tax files between the customs and tax administrations.

34. The Malian authorities have implemented most of the reforms required to improve the structure of the tax system with the adoption of the common external tariff (CET) and a single-rate value-added tax (VAT). Other tax reform measures are in the pipeline, particularly an increase in a number of excise duties, as well as the harmonization of the BIC rate with a view to raising tax revenues. Moreover, the administrative measures being taken will be strengthened. Accordingly, since January 1, 2001, the single taxpayer identification number has been used systematically by all tax administrations—a practice that has improved communication among the various assessment and collection agencies. Furthermore, the National Directorate of Taxes (DNI) has launched a procedure to bring the informal sector into the tax base and has allocated additional resources to units responsible for tax assessments, which should improve the tax yield. The government will continue its effort to strengthen the capacities of the various tax administrations through the use of data processing tools, transport equipment, and professional training.

⁶The CET was implemented by all WAEMU member countries on January 1, 2000; it comprises duty rates at zero percent, 5 percent, 10 percent, and 20 percent, respectively, with, in addition, a statistical tax of 1 percent.

Box III.1. Mali: Domestic Tax Reform, 1999

The Malian authorities have implemented in 1999 a comprehensive reform of direct and indirect taxation and a number of administrative measures.

The reform of the system of direct taxation includes the following :

- elimination of the progressive surtax in the form of the general income tax (IGR) with the introduction of a single proportional scheduler tax on current income, including the tax on industrial and commercial profits (BIC) ;
- introduction of a tax on wages and salaries (ITS) at progressive rates, withheld at the source; and
- application of a global tax (*taxe synthétique*) for taxpayers whose annual turnover does not exceed CFAF 30 million.

The reform of indirect taxation includes the following measures:

- replacement of the existing two-rate VAT (10 percent and 15 percent), the tax on services (TPS) of 15 percent, and the customs service fee (CPS) of 5 percent on imports by a single-rate VAT of 18 percent; and
- limitation of the list of goods exempted from VAT to medical supplies, educational materials, and agricultural inputs.

With respect to administrative measures, the authorities have taken a number of steps:

- eliminated any remaining exemptions not based on international agreements;
- strengthened operational controls at customs, as well as the procedures for goods in transit and in warehouses;
- generalized the new fiscal registration system;
- improved the processing of large-taxpayer files by the large-enterprise unit; and
- strengthened and computerized the VAT administration, and improved follow-up on delinquent taxpayers.

IV. THE FINANCIAL SECTOR

35. The financial sector in Mali consists of (a) nine banks, comprising seven commercial banks, one agricultural bank and one housing bank;⁷ (b) three nonbank financial institutions (NBFIs),⁸ (c) two pension funds, comprising a social security fund for private sector employees (Institut National de Prévoyance Sociale, INPS) and a pension fund for civil servants (Caisse de Retraite de Mali, CRM); (d) five insurance companies; and (e) forty-six approved microfinance institutions and a large number of informal microfinance institutions, funded mainly by foreign donors or nongovernmental organizations.

A. Banking Sector

36. Commercial banks and nonbank financial institutions are governed by the banking law of BCEAO and supervised by the Commission Bancaire, which are both established as regional institutions.⁹ The BCEAO has also issued regulations for microfinance institutions, while the insurance companies are regulated and supervised at the regional level by the Conférence Inter-Africaine du Marché des Assurances (CIMA).

37. The banking sector has played an important role in supporting Mali's economic development, as evidenced by the increasing monetization of the economy and the deepening of financial intermediation. The ratio of bank deposits to GDP increased from about 5½ percent in 1980 to about 12½ percent in 1990 and 15 percent in 2000, while the ratio of credit to the economy to GDP has increased since the mid-1990s, although from very low levels (Table IV.1).

⁷ They are the following: Banque de Développement du Mali (BDM-SA), Banque Internationale pour le Mali (BIM-SA), Banque Malienne de Crédit et de Dépôts (BMCD), Bank of Africa (BOA-MALI), Banque Commerciale du Sahel (BCS), Banque Internationale pour le Commerce et l'Industrie au Mali (BICI-M), Ecobank-Mali (ECB-M), Banque Nationale de Développement Agricole (BNDA), and Banque de l'Habitat du Mali (BHM).

⁸ They are (a) a specialized credit institution for small and medium-sized enterprises (Crédit Initiative du Mali, CI-SA) and two (b) leasing companies (Equibail and Société Malienne de Financement, SOMAFI).

⁹ The regional banking commission, commission bancaire, is based in Abidjan (Côte d'Ivoire) and was established in October 1990. The commission conducts on-site inspections and off-site analyses of monthly statistics of all registered banks and financial institutions in the WAMU.

Table IV.1: Mali: Key Indicators of Financial Intermediation, 1980-2000
(In percent of GDP, unless otherwise indicated)

	1980	1990	1995	1996	1997	1998	1999	2000
Credit to the economy	20.3	12.5	10.8	13.1	14.1	16.0	17.5	16.4
Money supply	15.6	20.0	23.0	24.1	24.3	22.6	21.9	23.5
Bank deposits	5.4	12.4	14.3	14.9	15.1	14.1	14.5	15.0
Currency in circulation/M2	64.6	34.7	37.9	38.0	37.5	37.6	33.9	36.3

Sources: Central Bank of African States (BCEAO); and Fund staff estimates

38. Despite the deepening of the financial sector, financial intermediation remains weak, and bank services are concentrated in the urban areas. The underdeveloped financial infrastructure is reflected in a high currency-to-deposit ratio (56.9 percent in 2000). The share of short-term credits remains large (about 71½ percent in June 2001). Lending is mostly limited to short-term trade finance, as banks are cautious about extending long-term credits for investment because of the paucity of bankable projects, the high proportion of short-term deposits (about 59 percent of total deposits in June 2001) and an inadequate legal and judiciary protection against delinquent debtors.

39. Against the background of a continuing deterioration of the banking system in late 1980s, the government implemented reform measures aimed at restoring the financial viability of banks through recapitalization, the streamlining and modernization of operations, the improvement of management, and the strengthening of the collection of nonperforming loans. Almost all the state-owned banks were restructured, and steps were taken to open equity to private shareholders, and to hire foreign management. As a result of the implementation of reform measures, the financial position of the banking system improved significantly, and most of the banks resumed normal activity and profitability.

40. The banking sector is still characterized by substantial government ownership. Of the nine banks, three (Bank of Africa – BOA-Mali; Banque Internationale pour le Commerce et l'Industrie en Mali – BICI-M; and Ecobank-Mali) are fully private. The government has a majority share in one bank and a minority share of at least 20 percent in four other banks, while one bank has government participation of less than 20 percent. Details relating to the size, structure and ownership of Mali's banks are provided in Table 23 in the Statistical Appendix.

41. The Banque de Développement du Mali (BDM-SA) is the largest bank in terms of capital, deposits, and number of branches. The BDM was restructured in 1988-89, leading to the establishment of the BDM-SA in June 1989 as a mixed-capital company in which the government holds 20 percent of the shares. The government intends to withdraw from the BDM-SA by end-2004. Steps were taken to attract a foreign partner to the Banque Malienne de Crédit et de Dépôts (BMCD). A consortium consisting of the BDM-SA and BMCE

(Banque Marocaine du Commerce Extérieur) holds a majority of the shares, and the BMCD has merged with the BDM-SA.¹⁰ The resulting combined bank will account for about 46 percent of the deposits in the banking sector and rank 7th in size in the WAEMU. The Banque Internationale pour le Mali (BIM-SA), established after the bankruptcy of the Meridien-BIAO in 1995, is the second largest bank in terms of lending activity. The government intends to withdraw completely from the BIM-SA and open the bank to foreign participation in its capital and management by mid-2002. The privatization of the Banque Commerciale du Sahel is also planned for mid-2002.

42. The fragile economic environment, lack of qualified bank personnel, and weak legal and judicial framework pose risks. The ratio of nonperforming loans to total outstanding bank credit fell, however, from 28 percent at end-June 1998 to about 24 percent at end-June 2001, mainly owing to more efficient recovery actions and better risk assessment in extending new credits. The still high level of nonperforming loans is partly due to the carryover by the BDM-SA of a stock of bad loans from the liquidated bank (BDM).

43. Despite recent improvements, some banks still face difficulties in respecting some of the prudential ratios established by the regional banking commission, in particular the medium- and long-term maturity-matching ratios and the portfolio structure ratio. The situation regarding the observance of the prudential ratios is summarized in Table IV.2.

B. Nonbank Financial Institutions

44. The social security funds are characterized by weak management, insufficient controls, inadequate accounting, and expenditures that exceed revenues. According to a World Bank study the CRM requires subsidies from the budget of at least 0.1 percent of GDP per year. The financial situation of the INPS, even if not as dramatic, is also weak. Audits of the pension funds (CRM and INPS) have been prepared and an action plan, agreed with the World Bank, was issued in December 2000; it is currently being implemented. This will lead to better transparency in the institutions' financial condition, which is necessary for the preparation of the actuarial study. The government is taking preliminary steps to prepare an action plan based on a comprehensive review of both institutions.

C. Microfinance

45. Microfinance institutions include a variety of savings and credit institutions that are differentiated from commercial banks by size, structure, objectives, and technical and financial capacity. The sector encompasses (a) mutual savings and loans institutions (*institutions mutualistes*), governed by their members and whose main activity is savings mobilization; (b) autonomous village banks (*caisses villageoises d'épargne et de crédit autogérées*, CVECA), governed by the villages; and (c) direct credit institutions (*institutions de crédit solidaire*), whose main activity is to provide credit to small borrowers.

¹⁰ The merger became official November 2, 2001.

Table IV.2. Mali: Prudential Regulation Situation, December 2000 - June 2001¹

Prudential Rule	Number of Financial Institutions Not Meeting Requirements		
	December 2000	March 2001	June 2001
Minimum capital requirement ²	1	2	2
Capital adequacy ratio ³	1	4	3
Liquidity ratio ⁴ (applicable only to banks)	4	5	6
Division of risk ⁵	3	2	0
Medium- and long-term maturity matching ⁶	6	6	6
Off-balance sheet fixed assets ⁷	0	0	0
Ratio of fixed assets and equity ⁸	1	0	1
Insider lending ⁹	1	1	2

¹ The data cover nine banks and three nonbank financial institutions (NBFIs).

² Minimum capital requirement is CFAF 1 billion for a commercial bank and CFAF 300 million for an NBFi.

³ The minimum requirement for capital adequacy ratio was increased from 4 percent to 8 percent in January 2000, but a two-year transition period for meeting the ratio was granted.

⁴ The minimum requirement for the liquidity ratio (ratio of liquid assets to short-term liabilities) is 75 percent.

⁵ The limit for loans representing more than 25 percent of the capital base is eight times the capital base.

⁶ The minimum coverage of medium- and long-term liabilities by medium- and long-term assets is 75 percent.

⁷ The maximum ratio of off-balance-sheet fixed assets is 15 percent.

⁸ The maximum ratio of fixed assets and equity investment to capital is 100 percent.

⁹ The maximum requirement for insider lending is 20 percent of total lending.

46. Microfinance institutions have emerged in Mali since the mid-1980s to mobilize small savings and finance microprojects in the informal sector in both urban and rural areas, showing a preference for low-income groups and individuals. Microfinance activities have grown rapidly in recent years. At present, there are 342 such institutions in Mali, with a total membership of 405,751 individuals, compared with 313 institutions and 346,093 individuals in 1999. At end-2000, total savings collected by these institutions amounted to about CFAF 14 billion (an increase of 21½ percent over the previous year), while total loans amounted to CFAF 16.0 billion (a 1.7 percent increase compared with end-1999). Total savings represented about 5 percent of deposits in the banking system, while total loans amounted to about 5½ percent of the credit to the economy granted by the banking system. The gap in resources was financed by borrowing from the banking sector and external resources. The overall performance of microfinance institutions is satisfactory, with a credit recovery rate of more than 90 percent, except in few cases, and an average ratio of nonperforming loans to total loans of 7.0 percent.

47. The oversight responsibility for microfinance operations is undertaken by the Ministry of Finance, which approves, delivers, and withdraws the licenses of microfinance institutions, and controls and supervises them. The BCEAO is mainly responsible for the control and surveillance of umbrella organizations of microfinance institutions, and, in cooperation with the regional banking commission, it defines prudential ratios. The commission conducts surveillance operations and proposes disciplinary sanctions when microfinance institutions do not observe regulations. Following the adoption of the PARMEC (Project d'Appui à la Règlementation des Mutuelles d'Épargne et de Crédit) law

by the WAMU in December 1994 (and its application decree in August 1995), microfinance institutions are required to register at the Ministry of Finance. The law and its implementation decree specify requirements for constituting institutions, including their administrative structure, prudential ratios to be met, and penalties.¹¹

48. By mid-2001, 46 microfinance institutions had received formal approval for their operations. The government intends to assist the further expansion of the sector on the basis of an action plan. Policies are aimed at bringing the microfinance institutions into full compliance with the laws and regulations governing their activity, providing training in management and accounting, fostering cooperation between formal commercial banks and the microfinance system, and creating a national fund for microfinance.

49. The government launched in 2000 a financial sector development project, with the assistance of the World Bank, to consolidate the gains obtained so far. The main objective of the project is to improve the soundness, performance, and competitiveness of the financial sector by (a) restructuring and privatizing viable state-owned banks; (b) strengthening the Ministry of Economy and Finance to enable it to better follow up on the recommendations of the supervisory authorities; (c) strengthening nonbank and microfinance institutions; and (d) improving the legal and regulatory environment affecting the financial sector through adequate implementation of business laws and regulations enacted at the regional level by OHADA (Organisation pour l'Harmonisation du Droit des Affaires en Afrique).¹²

¹¹ The implementation decree specifies (a) a ceiling of 5 percent on operations other than savings and credits; (b) minimum reserves (15 percent for mutual savings and loans institutions, 30 percent for autonomous village banks, and 40 percent for direct credit institutions); (c) a ratio of medium- and long-term loans to capital and reserves below 100 percent; (d) a ceiling on the total amount of loans granted to anyone holding a management position in the institution (under 20 percent of the value of the same individual's deposits); (e) a ceiling on the total amount of loans granted to a single individual (under 10 percent of the total value of deposits); and (f) a ratio of liquid assets to short-term liabilities of at least 80 percent.

¹² The following texts have been adopted by the Council of Ministers of Justice and Finance, which is the legislative body of OHADA: (a) General Commercial Law; (b) Corporate Law and rules concerning different types of joint ventures; (c) laws concerning secured transactions such as guarantees and collaterals; (d) Debt Recovery and Enforcement Law; (e) Bankruptcy Law; (f) Arbitration Law; and (g) Accounting Law. The OHADA legislation is applicable in Benin, Guinea-Bissau, Burkina Faso, Cameroon, Central Africa, Chad, Comoros, Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Mali, Niger, Senegal, and Togo.

V. TRADE REGIME

50. Mali shares a common trade regime with other members of the WAEMU. The common external tariff (CET), with four tariff rates (0, 5, 10 and 20 percent) was adopted in January 1, 2000, together with a uniform statistical duty of 1 percent. At the same time, the custom union dismantled internal tariff barriers and adopted common rules for custom valuation of goods and common safeguards measures. Mali is compliant with the tariff rate structure of the union and has effectively implemented the dismantling of internal tariffs.¹³ The country is broadly in compliance with the common nomenclature. Imports to Mali are not subject to quantitative restrictions (Box 5.1).

51. Mali does not provide additional protection to its economic activities through safeguard measures. Concerning common safeguard measures established by the WAEMU, Mali does not implement the decreasing protection tax (Taxe Dégressive de Protection, TDP) applied by some member countries to provide temporary and declining protection for selected products, nor the compensatory import levies (Taxe Conjoncturelle à l'Importation, TCI). It only maintains a surtax of 25 percent on imports of wheat flour, while a 55 percent surtax on sugar was removed in August 2001.¹⁴ While a common antidumping legislation for the WAEMU has still to be prepared, Mali does not implement antidumping tariffs unilaterally.

52. Given Mali's relatively open trade regime, the major remaining source of distortions is the large number of exemptions on import duties and VAT under existing import codes and special regimes. This is an issue that will require harmonization at the regional level. The WAEMU is preparing a common proposal on transaction valuation for negotiations with the WTO. Until the two institutions reach an understanding, the WAEMU member countries, including Mali, do not comply with the WTO standards on custom valuation.

53. Mali is a signatory of the Cotonou Convention.¹⁵ As a result, many Malian exports to the European Union enjoy non-reciprocal preferential treatment in the form of exemption from import duties. Malian goods enjoy non-reciprocal preferential access to the markets of developed countries other than the European Union member states under the generalized system of preferences. However, the scope of this preferential treatment is limited, owing to

¹³ Eligible industrial products are those with a regional value added equal to at least 40 percent of total value added or with a regional content of at least 60 percent. All duties on agricultural products and handicrafts were eliminated in July 1996.

¹⁴ The reintroduction of import protection for sugar would require the implementation of the TCI, based on the calculation of a trigger price.

¹⁵ The convention regulates relations between the European Union and the African, Caribbean and Pacific (ACP) countries in the areas of trade cooperation and development aid. Mali ratified the Convention on April 19, 2001.

the small number of products exported by the country. At the WAEMU level, Mali does not face formal legal or regulatory impediments to its exports.

Box V.1. WAEMU: Implementation of the Common External Tariff (CET)

As of January 1, 2000, the adoption of the CET resulted in

- a common classification of goods;
- the implementation of a common external tariff;
- the abolition of tariffs within the WAEMU for local primary goods and eligible industrial products; and
- the adoption by member countries of common safeguards.

The common classification of goods was adopted in mid-1998 for implementation on January 1, 1999. Most member countries, however, experienced some delays in effective implementation. In September 1999, the WAEMU Commission agreed to reclassify 20 products (mostly agricultural inputs and manufactured goods), mainly by creating subproduct categories corresponding to new tariff lines. In December 1999, the commission agreed to the reclassification of another 96 products.

The ad valorem CET has four rates applicable to the following broadly defined categories: “social” products (0 percent), “primary” products (5 percent), “intermediate” goods (10 percent) and “final consumption” goods (20 percent). In addition to the tariff, other taxes include a statistical duty of 1 percent on most imports, a solidarity contribution (PCS) paid to the WAEMU institutions—equivalent to 1 percent of the value of goods imported from other countries outside the WAEMU, excluding petroleum products and exempted imports.

As of January 1, 2000, all tariffs within the WAEMU have been removed for local primary goods and eligible industrial products. For ineligible industrial products, there is a reduction of 5 percent on the tariff charged on equivalent goods imported from outside the region.

The common safeguards to help member countries cope with the adjustment period include three instruments: the decreasing protection tax (TDP); the compensatory import levy (TCI); and administratively set import values (*valeurs de référence*):

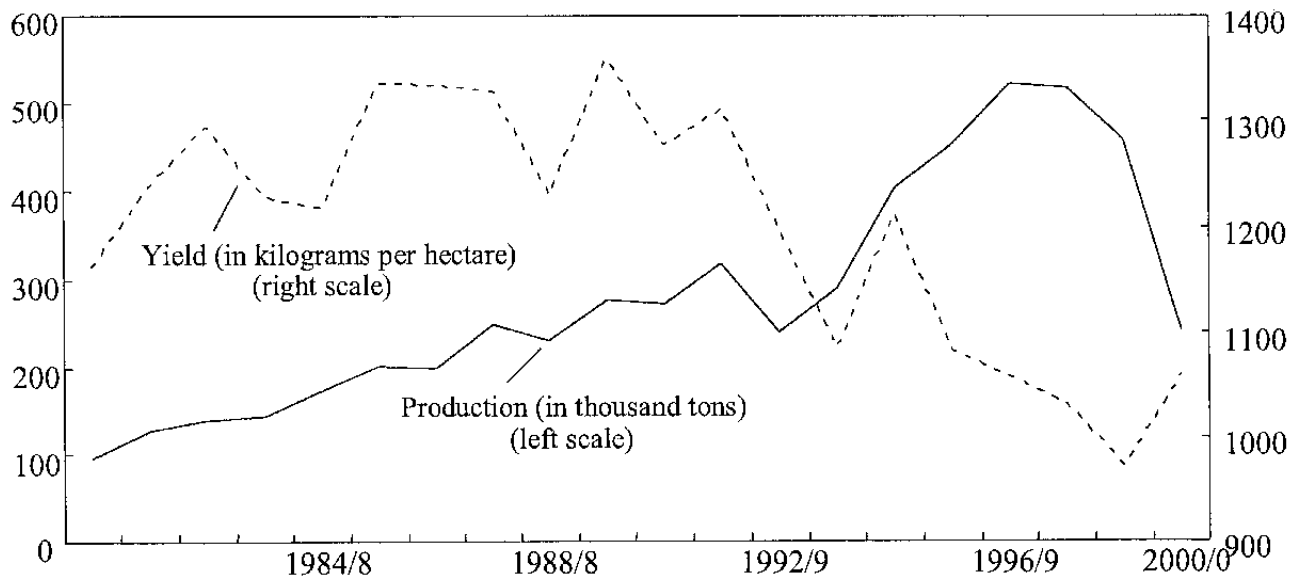
- The TDP is a temporary surtax of 10 percent or 20 percent applied on the c.i.f. value and linearly declining over four years (from July 1999 to December 2002) for industrial and agro-industrial products. The TDP and the TCI can be applied cumulatively on the same product.
- The TCI is a 10 percent protection levy against fluctuations in international prices for agricultural products. It is applied when the international commodity price falls below the trigger price, calculated as a weighted average of the domestic production cost (70 percent) and international prices (30 percent). The trigger price is set and adjusted every six months by the WAEMU Commission, based on developments in world market prices. The 10 percent tax can be replaced by a special levy (*péréquation*) absorbing the difference between the trigger price and the actual import price.
- Finally, World Trade Organization (WTO)-compliant administratively set import values could be assigned to a limited number of products; they will serve as the tax base for all customs taxes. However, these have not yet been implemented.

VI. COTTON SECTOR: CRISIS AND REFORM

A. Background

54. Mali is sub-Saharan Africa's largest cotton producer. During 1989/90-1997/98, cotton production doubled in this West African nation to reach 523 thousand tons. The rapid surge in production was made possible primarily by increased land use and investment in new ginneries, and not by productivity improvements; in fact, seed cotton yield has been on a declining trend since the late 1980s. The introduction of new, higher-quality varieties of seed cotton was also helpful in raising production to some extent in the post devaluation period. Cotton production was further boosted by the devaluation of the CFA franc in 1994. In 1997/98, the cotton sector accounted for nearly half of export revenue, 9 percent of GDP, about 6 percent of government's total tax revenue. The cotton sector directly affects the livelihood of about a third of the Malian population (Figure VI.1).

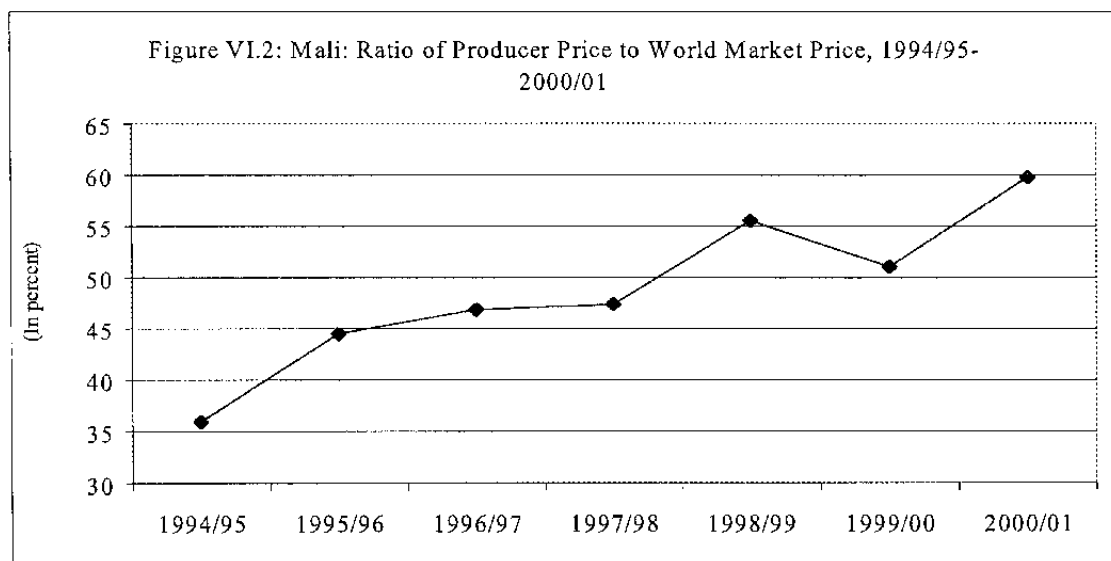
Figure VI.1 Mali: Cotton Production and Yield, 1981/82-2000/01



55. More recently, as explained below, the sector has encountered difficulties, starting with the 1999/2000-crop year, when CMDT was unable to pay an adequate producer price. In June 2001, a large number of cotton farmers boycotted production for the 2000/01 season in protest of the low producer price offered by the CMDT. As a result, production fell by about 50 percent. However, as described below, the Malian authorities have embarked on a reform of the sector, which has helped to restore producer confidence.

B. Organization of the Cotton Sector

56. Mali's cotton industry is organized as a vertically integrated system with the *Compagnie Malienne pour le Développement des Textiles* (CMDT) at the center of all related activities. The CMDT is a vertically-integrated monopolist-monopsonist; it controls all aspects of the cotton sector in Mali, including: sale of seeds; purchase of seed cotton; ginning; import, transportation, sale and distribution of fertilizer, pesticide, seed cotton, and cotton fiber; crop financing; and marketing of cotton fiber. The Malian government owns 60 percent of its capital and the *Compagnie Française pour le Développement des Textiles* (CFDT) owns the remaining 40 percent. Also, the CMDT provides training, extension services, and organizational support to cotton farmers, in addition to mobilizing and distributing credit.



57. The sector's integrated monopsonistic structure generates a number of inefficiencies and rents. The implicit tax burden on cotton farmers has historically been heavy. For example, in 1994/95, Malian producer price (including benefits from CMDT's public services) was about 36 percent of world market price—compared with 70–80 percent in India and Zimbabwe, where the production process is liberalized (Figure VI.2). However, progress has been made in raising the share of the producer price relative to the world price, with this ratio reaching 60 percent in 2000/01.

C. Background to the Crisis in 2000/01

58. In protest of the low producer price paid by the CMDT around May-June 2000 for the 2000/01 season, a large number of Malian cotton farmers boycotted production. At the beginning of the cotton season, CMDT had announced a price for cotton seed of CFAF 160 per kilogram, compared with CFAF 190-200 per kilogram in neighboring

countries. By the time the government stepped in to resolve this problem, it was too late in the season to resume planting.¹⁶ In addition, poor rainfall compounded an already precarious situation. The liquidity crisis faced by the CMDT's had a number of dimensions:

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Production of seed cotton (1) ¹	293.0	405.9	452.1	522.9	518.1	459.5	242.7
Percent change	21.8	38.5	11.4	15.7	-0.9	-11.3	-47.2
Production of fibers (2) ¹	128.1	169.3	189.6	217.7	217.1	197.3	101.9
Quantity exports	...	...	...	216.0	215.5	195.7	100.3
Quantity sold locally	...	...	...	1.7	1.6	1.6	1.6
Fiber yield (3)=(2)/(1)	0.44	0.42	0.42	0.42	0.42	0.43	0.42
Producer price (4) ⁴	130.0	155.0	155.0	170.0	185.0	150.0	170.0
Minimum price	130.0	155.0	155.0	140.0	145.0	150.0	170.0
Bonus	0.0	0.0	0.0	30.0	40.0	0.0	0.0
Producer price in cotton fiber equivalent (5)=(4)/(3) ⁴	297.4	371.6	369.6	408.4	441.5	349.4	405.0
Unit production cost (6) ⁴	356.4	340.2	371.6	405.3	410.9	419.6	466.9
Total unit cost of cotton fiber (7)=(5)+(6) ⁴	653.8	711.8	741.2	813.6	852.3	769.0	871.8
Average sale price of cotton fiber (9) ⁴	928.9	931.1	879.8	925.0	808.5	692.4	682.5
Total revenue from cotton fiber (in billion CFA francs)	119.0	157.6	166.8	203.2	177.5	140.4	71.5
Total cost on cotton fiber (in billion CFA francs)	83.7	120.5	140.5	177.1	185.1	151.7	88.8
Gross CMDT profit (in bil. CFA francs)	35.2	37.1	26.3	26.1	-7.5	-11.3	-17.3
Taxes and other government revenue (in billion CFA francs)	14.8	11.3	9.5	13.2	1.3	0.1	0.0
Average tax ⁴	115.9	66.6	50.3	60.5	6.0	0.3	0.0
<i>Memorandum items:</i>							
Share of revenue to producers							
Relative to CMDT's export price (5)/(9)	35.9	44.4	46.8	47.4	55.5	51.0	59.7

Sources: Malian authorities; and Fund staff estimates. Data are reported on CMDT's financial year, October to September.

1/ Thousands of metric tons.
2/ Thousands of hectares.
3/ Tons per hectare.
4/ CFA francs per kilogram.
5/ In percent.

- World market price for cotton plummeted by about 30 percent during the period 1994/95–1998/99 (in CFA franc terms). In view of the secular price decline in world price during this period, the minimum guaranteed producer price was adjusted downward starting in 1997/98; producers reacted by lowering production. Owing to the decline in

¹⁶ Measures taken to resolve the situation and relieve farmers' financial burden include (1) an increase of the producer price by CFAF 10 per kilogram; (2) compensation to farmers for loss due to past floods; and (3) rescheduling of farmers' loans over a period of 1-5 years.

cotton volume and export price, CMDT's revenue declined significantly during 1998/99–2000/01. This aggravated the company's liquidity position.

- The CMDT's liquidity problems were compounded by two factors. First, the company was unable to lower unit production costs, owing to operational inefficiencies, governance problems, and poor investment decisions. Second, CMDT's marketing strategies were weak. Mali's cotton fiber—which is generally viewed by industry analysts as being of good quality—was typically sold to one foreign marketing agency at substantial discounts which (according to recent studies done) were not justified by product quality.
- Reeling from its liquidity crisis, the CMDT announced a low producer price at the outset of the 2000/01 season. A large number of farmers decided that they would boycott cotton production, unless their demands for a price increase were met. Negotiations involving the government, CMDT, and producers eventually resulted in an agreement that met the farmers' demands. It was signed in July 2000, but by this time it was too late in the rainy season for many farmers to resume planting. Consequently, cotton production declined by close to 50 percent in 2000/01.

D. Cotton Sector Reform

59. Until recently, the implementation of reform in the cotton sector had been sluggish. The reform package—in the context of a new ESAF arrangement approved in mid-1999—was based on the 1998 technical audit of the CMDT and called for (1) realization of substantial savings in procurement policy and procedures, and the management of the CMDT, particularly with respect to contracting procedures, stock management and overhead costs; (2) improving CMDT's financial management and information systems, especially in accounting and management control systems; (3) improving ginning operations and maintenance policy of CMDT's factories so as to increase capacity utilization; (4) establishing a marketing department within the CMDT and revising its fiber marketing policy; (5) undertaking annual financial and management audits of the CMDT and of the Cotton Sector Stabilization Fund by an external auditing firm; (6) strengthening of farmers' organizations and defining the modalities for producers' participation in the capital of the CMDT, with clearly defined exit strategy; (7) improving sales pricing of cotton seed and derived products on the basis of an in-depth study of the cotton seed market; and (8) increasing private sector participation in transport and road maintenance activities. However, the implementation of these reforms encountered setbacks. With a view to reviving the reform process, the PRGF-supported program called for the authorities to adopt by end-September 2000 of a set of measures to improve transparency and efficiency of CMDT's financial management and reduce its production costs, based on the conclusion and recommendations of the financial audit completed in July 2000. The reform measures that were proposed by the authorities were reinforced with the help of the World Bank and the French authorities in the first half of 2001.

60. In order to build a broad consensus on the need for the reform of the cotton sector, the government organized a participatory forum of major players in April 2001. Producers asked for the establishment of a pricing mechanism for seed cotton based on movements in international prices. They also indicated that, as a way to lower its production costs, the CMDT should focus on its core activities (ginning and marketing), entailing the transfer to the private sector, producer organizations, and decentralized communities of the company's noncore activities (transportation of seed cotton; distribution of fertilizer, pesticides, and farm equipment; and public services, such as road maintenance and extension services). A small group of producers recommended the establishment of an independent entity to be managed and operated by the private sector in the OHVN (Office de la Haute Vallée du Niger) zone.

61. The government's letter of development policy for the liberalization of the cotton sector was approved by the Council of Ministers in June 2001.¹⁷ The reform plan envisages the full liberalization of the cotton sector by 2005. In the interim, measures will be taken to restructure the CMDT and make it more cost-effective, refocus the CMDT's operation on its core activities, establish a pricing mechanism for seed cotton based on market conditions, privatize the ginneries in one cotton-producing region, and prepare the sector for full liberalization. The authorities prepared a crisis resolution plan for the CMDT with technical assistance from the World Bank. An important feature of this plan was the full repayment by the CMDT of the CFAF 30 billion to the domestic banking system by September 2001. This was regarded as key to safeguarding the soundness of the banking system and ensuring the financing of the 2001/02 growing season. In addition, in order to reestablish producers' confidence in the cotton sector and provide incentives for farmers to resume production, the government announced a price of CFAF 200 per kilogram for seed cotton following the participatory forum.

62. The reform of the cotton sector has the following main objectives:

- a. to lower production cost;
- b. to establish a market-based pricing mechanism based on free negotiations among economic agents;
- c. to strengthen producers' organizations so that they can play a more important role in the management of the sector;
- d. to enhance participation of the private sector, producers, and local government agencies in the development of the sector; and
- e. to increase the contribution of the cotton sector to the national economy, thereby helping the fight against poverty and improving the standard of living of the population.

¹⁷ The authorities worked in close collaboration with the World Bank in preparing the letter of development policy, following the participatory forum. The letter of development policy provides the objectives of the reform and a broad outline of the reform plan.

63. To reach these objectives, the strategy adopted by the government is based on the following main components: (i) refocusing the CMDT's operations on ginning and marketing, its core activities linked to the cotton sector; and (ii) completing the liberalization of the sector in the medium term. The refocusing of the company on its core activities will entail notably the withdrawal of the CMDT from the provision of extension services; its progressive withdrawal from its public service activities (the responsibility to provide inputs and equipment, and transportation); and a subsequent scaling down of the size of the company. Moreover, the government reaffirms its commitment to follow a policy of liberalizing the economy and to foster a broader involvement of producers in the management of the sector, in particular by opening up the capital of the CMDT to producers and employees; the government also reaffirms its commitment to strengthen participation of producers in the provision of the services they need (such as advice on rural development, and the supply of inputs, equipment, and transportation services).

64. In the short-run (2001-02), the key actions are to (i) prepare and implement a financial restructuring plan for the CMDT; (ii) initiate a program to refocus the CMDT on its core activities in the cotton sector; (iii) implement measures that have been identified to strengthen producers' managerial and organizational capabilities; (iv) prepare a study for an autonomous region and complete the terms of reference for the opening up of the Office de la Haute Vallée du Niger (OHVN) region (which will eventually be enlarged to incorporate adjacent areas) to a private sector enterprise; (v) prepare a study of the steps and options for the complete liberalization of the cotton sector over time; (vi) adopt and implement a mechanism for the determination of the producer price for seed cotton that reflects movements in international prices and takes into account prices offered in the sub-region; (vii) complete a study of the modalities for the transfer of extension services; and (viii) implementation by the CMDT of a more competitive mechanism for marketing cotton fiber for export, namely, one that maximizes receipts. In addition, an institutional reform of the cottonseed oil subsector is to be implemented by June 2002 at the latest, with the liberalization of the sale price for cottonseed. The cottonseed oil public enterprise, HUICOMA, will be privatized by June 2002 at the latest. Over the medium term (2003-05), the conclusions and recommendations of the study referred to in point (v) above will be validated and implemented in order to complete the liberalization of the cotton sector by opening up the sector to competition and by privatizing the CMDT.

65. The short-term aspects of the reform plan are being implemented as envisaged. The plan for the repayment of the CFAF 30 billion owed by the CMDT to local banks and guaranteed by the government was implemented before end-September 2001, according to plan. The CMDT has begun implementing a set of measures to strengthen the transparency and effectiveness of its financial management and to reduce production costs. The company has begun to observe the effect of these measures on its production costs. In 2000, the CMDT reduced its production costs by about CFAF 15 billion, two-thirds of which on a permanent basis. The CMDT has started implementing measures to improve internal management and marketing strategies, as well as lower its operating cost: (i) the president of the company was replaced last year; (ii) the wage bill has been cut by about 20 percent; (iii) the marketing of cotton fiber is no longer being done by one exclusive agent; (iv) all aspects of transportation

have been liberalized, with the exception of that for seed cotton, which is also slated for liberalization; and (v) investment in new capacity has been significantly curtailed. Furthermore, the Malian authorities have discussed the letter of development policy for the cotton sector with the key players in the sector, and the document has been translated into local languages in order to ensure that it reaches as many cotton producers as possible.

66. There is evidence that the satisfactory implementation of the reform plan to date has restored confidence among cotton growers. Crop surveys indicate that cotton production will more than double in 2001/02, reflecting a boost in cotton growers' confidence following the significant increase in producer price and the good rainfall.¹⁸ The combined volume and producer price hike in 2001/02 should raise cotton producers' income significantly in 2001/02, thus contributing to a pickup in consumption. The authorities intend to launch public campaigns to build support around the objective of complete liberalization of the sector.

VII. THE GOLD SECTOR¹⁹

67. Since the introduction of a new Mining Code in September 1991, broadly reflecting internationally accepted standards, and the arrival of a democratically elected government in 1992, the gold mining industry in Mali has grown rapidly. Following the commissioning of the Sadiola Hill mine in 1997, gold became Mali's second most important export commodity, after cotton. Currently, gold is mined at Sadiola Hill and Syama (industrial operations) and in the Kenieba and Kangaba regions. Gold represents Mali's most important mineral resource, with estimates of reserves ranging between 500 and 700 metric tons.²⁰ Deposits of other mineral resources exist throughout Mali but remain largely undeveloped or of limited commercial significance.²¹

¹⁸ This increase represents a technical rebound in production following the crisis in the cotton sector last year when production had declined by half.

¹⁹ This Chapter updates the overview of the gold sector provided in SM/00/189 (8/11/2000).

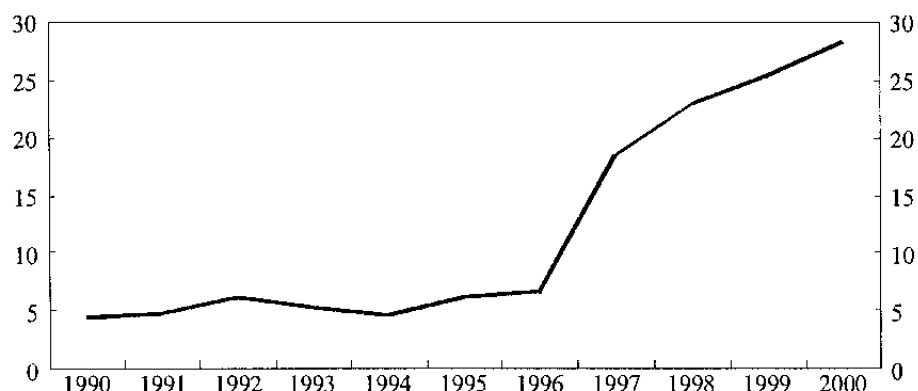
²⁰ Metric weights and measures are used throughout this note, with the exception of costs and prices, which are conventionally cited in U.S. dollars per troy ounce. For ease of exposition, all references to tons should be interpreted as meaning "metric tons." A metric ton contains 32,150 troy ounces.

²¹ According to the World Bank, Mali has significant geological potential. In addition to gold deposits, Malian geological structures are favorable for deposits of diamonds, base metals, phosphates, manganese, and uranium. Some fossil fuel deposits have been identified, as have significant reserves of bauxite, but these remain undeveloped, in part owing to the distances from markets and insufficient transportation infrastructure. A small phosphate mine operated in Mali for several years prior to its closure in 1999.

A. Gold Mining

68. Artisanal mining currently serves as a source of livelihood for an estimated 15,000 seasonal miners, a significant number of whom are women. Estimates of artisanal mining has been constant over the period 1995-2000 at around 2½ tons for a value estimated at about CFAF 9½ billion in 1999 (approximately ½ of 1 percent of GDP).

Figure VII.I Mali: Gold Production, 1990-2000
(In metric tons)



Source: Malian authorities.

69. Mali's first privately operated industrial gold mine was commissioned in 1990 at Syama in southern Mali. The Syama mine²² was originally developed by BHP-Utah (Broken Hill Proprietary Company, Australia). Hampered by technical production difficulties and low profitability for several years, BHP-Utah sold its participation in the mine to Randgold Resources (South Africa) in 1996. Subsequent to taking over the Syama mine, Randgold undertook a new investment program aimed at reducing operating costs through increased throughput. This program has resulted in a reduction of production costs to about US\$210 per ounce, thereby returning the mine to profitability at current international gold prices (the London gold fix averaged US\$279 per ounce in 1999 and 2000, and about US\$265 per ounce in 2001). Production rose to 6.1 tons in the Syama mine in 1999, an increase of some 56 percent over the average of 4 tons produced during 1993-98. In 2000, its production declined to 5.7 tons, and the Syama mine continued to encounter operating difficulties, which, combined with a decline in international price caused the mine to cease operation in 2001.

²² Owned by La Société des Mines d'Or de Syama SA (SOMISY). Participation in the capital of SOMISY at end-1999 was as follows: Randgold Resources (South Africa), 75 percent; the government of Mali, 20 percent; and the International Finance Corporation (IFC), 5 percent.

70. Mali's current largest gold mining operation is the Sadiola mine,²³ which has been operated by Anglo-American (South Africa) since its commissioning in early 1997. Sadiola is also reported to be the second-largest gold mine in West Africa. Production, all of which is exported, has increased from 12¼ tons in 1997, the initial year of operations, to 15¾ tons in 1998, 17 tons in 1999 and 2000 and 20 tons in 2001. On the basis of the original public estimates of reserves, the mine was expected to produce a minimum of 10 tons annually for approximately 13 years. The ores mined at Sadiola are relatively concentrated, yielding estimated costs of production over the 1997-99 period of US\$125-165 per ounce, thus making the mine quite profitable.

71. The gold-mining operations²⁴ at the Morila site began in the last quarter of 2000 with a production of 3.8 tons that year. The estimates for 2001 at 24.4 tons would make Morilla the largest mine in Mali (ahead of Sadiola). This mine was originally expected to produce some 7 to 10 tons of gold annually over an expected life of approximately 14 years. Average operating costs are expected to be about US\$137 per ounce over the life of the project, well below current world market prices, virtually ensuring that the project remains economically viable even in the event of a significant world price decline.

72. AngloGold (South Africa) and Iamgold (Canada) have recently developed a mine at the Yatela deposit, which started its operations and produced an estimated 5.3 tons of gold in 2001. Production costs in Yatela are comparable to that of Sadiola, which make it quite profitable. This mine is located about 25 kilometers from Sadiola, and plans call for the Sadiola refining facilities to process ores mined at Yatela. Based on reserves estimated at about 80 tons, the mine will have an estimated life of about 12 years, assuming an annual production rate of about 6½ tons.

B. Potential Gold Mining Developments and Mineral Exploration

73. The Malian mining company SODINAF is reportedly developing an open cast gold mine in the Kodieran concession, which is expected to yield 3-5 tons of gold per year for approximately eight years. The Malian government is also actively seeking to privatize the

²³ Owned by La Société d'Exploitation des Mines d'Or de Sadiola SA (SEMOS). Participation in the capital of SEMOS at end-1999 was as follows: Anglo-American (South Africa), 38 percent; Iamgold (Canada), 38 percent; the government of Mali, 18 percent; and the International Finance Corporation (IFC), 6 percent.

²⁴ Owned by La Société d'Exploitation des Mines d'Or de Morila SA (SEMOM). Participation in the capital of SEMOM at end-1999 was as follows: Randgold Resources (South Africa), 80 percent; and the government of Mali, 20 percent. In April 2000, Randgold Resources sold 50 percent of its participation to AngloGold, a subsidiary of Anglo-American, which became the mine operator in mid-2000.

Kalana mine, in light of foreign investor interest in redevelopment.²⁵ Potential future developments include the following concessions, with estimated reserves in tons noted in brackets: Loulo (70-80); Segala (50-60); and Kalana (20-25).

74. Based on the production capacities of the four existing gold mines, the two mines currently under construction, and conservative estimates for artisanal production, Mali has the potential to export about 30-40 tons of gold annually over the medium term. On the assumption of world gold prices remaining near US\$275 per ounce, this production level should be sufficient to maintain the value of gold exports in the range of CFAF 150-210 billion per year (approximately US\$240-340 million, based on mid-2000 exchange rates). Over the longer run, and on the basis of conservative reserve estimates alone (abstracting from cost, price, and other considerations), firms operating in Mali should be able to maintain or exceed exports of 20-25 tons of gold annually until 2020. Thus, on the basis of known and proven gold reserves, current policies, and the assumption that world gold prices will remain near their current levels, Mali can reasonably be expected to remain an important African gold exporter for some time to come.

75. Currently, mineral exploration activity in Mali is dominated by gold, but it also includes some exploration for diamonds, fossil fuels, and other minerals. In July 2000, more than 50 domestic and foreign companies were exploring under close to 90 permits, compared with only 12 exploration permits in 1990. However, it is unclear how many permits are actively being explored, as opposed to simply being held for speculative purposes. Worldwide gold exploration expenditures have dropped significantly since 1998, following the decline in the price of gold, and Mali, along with other African countries, has suffered some slowdown in active exploration.

C. Sector Institutions

76. Overall responsibility for the mining sector lies with the Ministère des Mines, de l'Énergie, et de l'Eau, which developed and implemented mining policies initially through the Direction Nationale de la Géologie et des Mines (DNGM).

77. The DNGM is responsible for formulating most aspects of mining policy,²⁶ regulation of the sector, and the granting of exploration and mining permits. It also acts as the manager of the government's participation in the financial capital of mining ventures. Finally, the DNGM is responsible for conducting Mali's geological survey.

²⁵ In 1995, mining rights to the Kalana property were granted to Ashanti Goldfields (Ghana); however, with no progress made in redevelopment, the concession was not renewed in 1999, and the government is seeking new investors.

²⁶ Mining tax policy is jointly developed with the Ministry of Economy and Finance.

D. Legal and Mining Taxation Framework

78. Since 1970, mining in Mali has been regulated by legislation. Supported by the World Bank, this legislation was significantly reformed in 1991 and modified again in late 1999. The revisions introduced in 1999 reduced the number of mining titles and streamlined the permit issuance process. The revisions also substantially altered the taxation regime applicable to mining by shifting the tax burden from inputs and production toward profits. Thus, the royalty on gold production was reduced from 6 percent to 3 percent and customs duties were lowered, in line with the West African Economic and Monetary Union common external tariff. The tax holidays on corporate income and import duties during the initial years of production were eliminated and a dividend withholding tax applied. Regulations concerning government participation in the capital of the mining enterprises (back-in rights) were also modified. These policy changes were designed to foster the development of new gold deposits and, at the same time, increase government revenue from the sector.

79. Since 1991, Mali has made use of a model investment agreement to accelerate the process of negotiating and awarding permits for mining exploration. The standard agreement serves as a point of departure for negotiations with foreign and private operators and fixes fiscal obligations such as income taxes, tax exemptions, depreciation allowances, and royalties. While actual mining agreements are negotiated and could vary substantially, key features of the current model agreement are as follows:

- **Permits.** Exploration permits are issued by the Minister of Mines for a period of three years, with a 50 percent reduction on the surface area at the discretion of the holder at the end of the second year of the first tenure. Exploration permits are twice renewable for three-year periods over a certain area, which again are reduced by half each time. Mining permits are granted by decree for a maximum of 30 years, including renewals, to applicants with provable, bona fide ore bodies.
- **Capital.** Earnings are freely repatriated.
- **Taxes.** Mining ventures are subject to the 35 percent corporate income tax (the previous law provided a corporate income tax holiday for the first five years of production). Depletion allowances are set at 27½ percent of gross sales proceeds. Imports used for exploration are taxed at a zero rate, while imports used for production are subject to normal duties (the 1991 code granted duty exemptions to cover the first three years of production). Gold production attracts a 3 percent ad valorem tax (under the 1991 law, gold production attracted a 3 percent royalty and a 3 percent production tax).
- **Rights to government participation.** The government's "back-in rights" were also modified in 1999. The government of Mali now reserves the right to participate as a shareholder in the capital of a mining company to the extent of a maximum carried interest of 10 percent, free of financial obligations, but with the right to preferential dividends, and the option to acquire an additional 10 percent working interest through

a contribution to the financial capital of the venture. Under the 1991 mining law, the government retained rights to a maximum 20 percent participation through a combination of a 15 percent carried interest and 5 percent working interest.

E. Impact of Gold Mining on the Economy

80. In 1984, the first year of operations at the Kalana mine, the mining sector accounted for an estimated 1½ percent of Mali's GDP. In 1990, the first year of operation of the Syama mine and the final year of production at Kalana, gold mining accounted for just over 2 percent of GDP, and about 14 percent of total export receipts. During the period 1992-2000, the share of gold mining in GDP more than doubled, from 2¼ percent to 6.2 percent, and the value of gold exports rose from 16 percent of goods exports to about 50 percent. This is expected to further increase in 2001 with the share of the mining sector to GDP reaching almost 11 percent of GDP and of and 68 percent of exports receipts. Tax receipts from the sector increased from 3½ percent of total government revenue in 1995 to 8½ percent by 2000.

VIII. POVERTY STRATEGY

A. Poverty Issues

81. 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 (Table VIII.1). About two thirds of the population in Mali live below the poverty line, with about one-fifth living in extreme poverty. The majority of the poor live in rural areas. The government's current economic program, supported by the PRGF arrangement, reinforces the growth-oriented adjustment strategy in place since the early 1990s that led to a boost in economic growth during the postdevaluation period (1995-2000), and contributed to a reduction in the incidence of poverty by about 7½ percentage points between 1996 and 2000. Nonetheless poverty, remains widespread, given the extremely low per capita income base.

Table VIII.1. Mali: Basic Social Indicators for Mali and Sub-Saharan Africa		
	Mali	SSA
Population (millions, 1998)	9.8	627.1
Population growth rate (percent, 1998) ¹	2.9	2.8
GNP per capita (US\$, 1998)	250	530
Illiteracy rate (percent, 1999)	60	40
Female illiteracy rate (percent, 1999)	67	47
Gross primary enrollment ratio (percent, 1998)	50	78 ²
<i>Of which:</i> for girls (1998)	30	81 ²
Infant mortality (per 1,000 live births, 1999)	143	107
Life expectancy at birth (years, 1999)	51	49
Access to safe water (percent of population, 1998)	66	54

Sources: World Bank, *World Development Indicators*, 2000; UNDP, *Human Development Report*, 2001; and UNESCO, *Statistical Yearbook*, 1999.

¹Natural rate of population growth as estimated in the 1998 census.
²1997.

Box VIII.1. Mali: Poverty Data Issues

Quantitative studies on poverty in Mali are based on two main surveys.

The first is the Budget Consumption Survey (BCS) for the year 1988/89, prepared with UNDP assistance. The first poverty profile for Mali was done using the BCS survey. The poverty line was then derived on the basis of the value of a typical bundle of goods ensuring a daily nutritional requirement of 2,450 calories.

The second survey is the 1994 Economic and Social Survey (EMCES), financed by the World Bank. This survey was not designed for poverty analysis and therefore does not allow for an easy comparison with the BCS of the poverty status in Mali. The poverty line in this survey was derived by applying 1994 prices to the poverty line from the 1989 BCS. The same methodology was applied to update the poverty profile in 1996 and 1998. The fact the EMCES was conducted a few months after the devaluation (likely to reflect exceptional household behavior) may have compromised the quality information on poverty in Mali.

The government launched a new BCS survey at the end of 2000 with final result expected in the first half of 2002. This latest BCS is expected to provide significantly better information on the status of poverty in Mali, as well as on its causes.

82. According to an evaluation made by the Malian authorities,²⁷ it was estimated that about two third of the population currently live below the poverty line, with poverty defined as being below the WHO-recommended level of daily caloric intake. The primary finding of the three poverty surveys in Mali is that poverty increased from 1989 to 1996 both in rural and urban areas. This trend continued during the period 1994-96, immediately following the devaluation of the CFA franc.

83. The 1998 and 1999 data, however, show a reversal in the trend, with poverty on the national level falling by 7½ percentage points between 1996 and 1999. 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 resides 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.

84. There have been significant advances in agricultural production in certain areas over the past decade, although the impact of these advances on poverty has yet to be adequately assessed. For example, Mali has recently become a 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. Also, 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.

85. The poverty gap is also much wider in the rural areas (45½ percent) than in the urban area (31.1 percent), reflecting a higher concentration of social infrastructure in urban areas, especially in the district of Bamako. The surveys also show that poverty is higher among children and old people (71 percent) and in large households. Households where the head is a

Year	Index
National	
1989	40.8
1994	68.8
1996	71.6
1998	69.0
1999	64.2
Urban	
1989	15.0
1994	26.6
1996	40.6
1998	36.3
1999	31.2
Rural	
1989	46.7
1994	75.6
1996	78.3
1998	76.0
1999	71.3

²⁷ The Observatoire du Développement Humain Durable (ODHD) calculated poverty lines for 1996, 1998, and 1999. 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.

farmer or stockbreeder, as opposed to being employed in the public or nonrural private sector, are poorer. The number of years of schooling of the head of the household was also found to be an important determinant of the level of poverty.

86. 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 1999, according to the UNDP's *Human Development Report*, only 40 percent of the total population over the age of 15 and only 33 percent of women were literate. In 1998, 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,²⁸ and primary enrollment of girls is roughly 25 percent below that of boys. The inability to recruit and train teachers in sufficient numbers has not only resulted in the deterioration of the quality of education and rising repetition and dropout rates, but have also limited the elimination of regional disparities.²⁹

87. 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 1000 people, and infant mortality was reduced from 200 to 123 per 1000 live births between 1970 and 1996. However, life expectancy at birth in 1999 was a mere 51 years, and maternal mortality was about 577 per 100,000 live births.³⁰ As 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 2 percent of the population between 15 and 49 years old in 1999 according to the UNDP's *Human Development Report*) 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.

²⁸ The gross enrollment rate measures 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.

²⁹ Data from the World Bank public expenditure review of education (1999), and ODHD reports (1996 and 1998).

³⁰ Data from the demographic and health survey of 1995/96 and the 1996 ODHD report.

88. 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.

89. Access to water and adequate sanitation is also limited. In 2000, about 50 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.

90. 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.

91. According to the 1997 qualitative survey of perceptions³¹ 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. Policy Response

92. With the establishment of a democratic government in 1992 and the resolution of the conflict in the north in 1994, substantial policy reforms have 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 have been taken, including labor-intensive public works programs (AGETIPE), credit-based interventions, and a social safety net for vulnerable groups. The government's current economic program, which strengthens the growth-oriented adjustment strategy in place since the early 1990s, places increased emphasis on reinforcing the enabling environment for private sector development. Effective implementation of the government's program led to an increase in economic growth during the period 1995-2000, which was a factor in reducing in the incidence of poverty between 1996 and 2000.

93. In addition to the beneficial impact of growth on poverty reduction, the government is taking measures that will have a larger direct impact on poverty reduction, especially in rural

³¹ 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.

arcas, where the majority of the poor live. 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 in these areas has been slow and implementation relatively weak, reflecting inadequate administrative capacity at the operational level.

94. The fiscal adjustment measures included in the government's program are designed to minimize any significant adverse effects on the poor. The revenue mobilization effort will sustain the increase in poverty-related spending while allowing Mali to return to the path of fiscal consolidation. The program also emphasizes the reinforcement of public expenditure management, in particular for outlays to poverty reduction programs. These reforms, together with a decentralization of expenditure commitments and the placing of more emphasis on transparency and accountability, should increase efficiency in the allocation and targeting of resources to the poor. Since poverty in Mali is predominantly rural, the key structural measures in the government's program are focused on measures to provide higher revenues to cotton farmers, through a comprehensive reform package aiming at a full liberalization of the cotton sector which affects the livelihood of one-third of the population.

95. 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. The SNLP was based on a number of studies on the characteristics and causes of poverty, using a large consultation process. The SNLP was published in July 1998. The preparation by the government of an interim PRSP (I-PRSP) in the second half of 2000 was an occasion to update the SNLP and provide it with an operational content.

96. The approach taken in the I-PRSP and in the preparation of the full PRSP has translated into higher expenditure directed to social sectors. The preparation of the I-PRSP and of the full PRSP has brought a new perspective to the government's poverty reduction policy, which is now oriented toward outcome and, therefore, toward improving the efficiency of resource use, as well as intersectoral budget allocation. Donor dependency, however, 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.

Table 1. Mali: Gross Domestic Product at Constant 1987 Prices, 1995-2000

STATISTICAL
APPENDIX

	1995	1996	1997	1998	1999	2000
(In billions of CFA francs)						
Primary sector	350.7	344.5	360.6	370.0	404.0	429.5
Food crops	159.9	142.3	148.9	141.5	169.3	195.9
Industrial crops ¹	46.6	59.4	66.2	75.2	75.2	68.2
Livestock	94.4	91.8	93.5	100.0	104.7	109.2
Fishing	10.0	10.1	10.2	10.4	10.5	10.7
Forestry	39.8	40.8	41.8	43.0	44.3	45.5
Secondary sector	116.3	122.6	151.1	160.9	164.8	177.2
Industry	44.9	45.3	51.3	50.9	48.8	54.5
Mining	14.7	15.8	38.0	46.4	50.9	56.5
Handicrafts	19.2	20.7	20.4	21.0	21.3	20.1
Construction and public works	37.6	40.9	41.4	42.7	43.8	46.0
Tertiary sector	239.2	259.7	261.7	276.1	293.2	302.5
Transportation	38.0	40.9	42.2	48.1	51.4	53.4
Trade	104.6	118.3	118.9	123.8	136.5	141.6
Public administration	50.4	52.4	52.5	54.2	53.2	54.0
Other services	46.2	48.1	48.1	50.0	52.1	53.5
GDP (at factor cost)	706.2	726.8	773.4	807.0	862.0	909.2
Import taxes	40.4	51.6	57.3	64.8	68.6	64.6
GDP (at market prices)	746.6	778.4	830.7	871.9	930.6	973.8
(Annual percentage change unless otherwise indicated)						
Primary sector	7.5	-1.8	4.7	2.6	9.2	6.3
Food crops	11.9	-11.0	4.6	-5.0	19.7	15.7
Industrial crops ¹	18.7	27.5	11.4	13.5	0.1	-9.4
Livestock	-1.7	-2.7	1.8	6.9	4.7	4.3
Fishing	-0.8	1.2	1.2	1.6	1.6	1.5
Forestry	5.3	2.5	2.5	2.9	2.9	2.8
Secondary sector	9.7	5.5	23.2	6.5	2.4	7.5
Industry	10.5	0.9	13.3	-0.8	-4.1	11.7
Mining	0.8	7.8	140.8	21.9	9.8	11.1
Handicrafts	7.0	7.6	-1.3	2.8	1.6	-5.6
Construction and public works	14.1	8.9	1.1	3.2	2.6	5.0
Tertiary sector	1.0	8.6	0.8	5.5	6.2	3.2
Transportation	6.6	7.5	3.3	13.9	6.9	3.9
Trade	-1.3	13.1	0.5	4.2	10.3	3.7
Public administration	1.3	3.9	0.2	3.2	-1.9	1.5
Other services	1.5	4.2	-0.1	4.1	4.1	2.7
GDP (at factor cost)	5.6	2.9	6.4	4.3	6.8	5.5
Import taxes	39.3	27.7	11.0	13.1	5.8	-5.8
GDP (at market prices)	7.0	4.3	6.7	4.9	6.7	4.6
Memorandum items:						
GDP deflator	13.4	6.6	1.1	6.7	-1.7	3.6
GDP at current market prices ²	1,186.8	1,318.9	1,422.5	1,592.5	1,670.7	1,811.2

Sources: Malian authorities; and Fund staff estimates.

¹ Includes cotton, groundnuts, tobacco, fruits, vegetables, and others. Cotton accounted for approximately 85 percent of the total over the period 1993-98.² In billions of CFA francs.

Table 2. Mali: Origin and Use of Resources, 1995-2000

	1995	1996	1997	1998	1999	2000
(In billions of CFA francs)						
Gross domestic product	1,186.8	1,318.9	1,422.5	1,592.5	1,670.7	1,811.2
Consumption	1,132.8	1,265.9	1,247.7	1,415.5	1,521.4	1,655.8
Government	135.7	177.2	210.2	224.8	252.3	259.9
Nongovernment	997.1	1,088.7	1,037.5	1,190.8	1,269.2	1,395.8
Domestic savings	19.6	63.3	174.8	176.9	149.3	155.4
Government	41.6	28.7	19.6	30.2	20.3	10.0
Nongovernment	-22.0	34.6	155.2	146.8	128.9	145.4
Investment	285.8	275.5	325.3	337.1	334.9	372.7
Government	115.9	123.1	118.9	147.1	151.3	164.2
Nongovernment	169.9	152.4	206.4	190.1	183.6	208.5
Resource gap	-266.1	-212.2	-150.5	-160.2	-185.7	-217.3
Exports of goods and nonfactor services	259.9	267.9	374.4	379.7	418.6	461.9
Imports of goods and nonfactor services	-526.0	-480.1	-524.9	-539.9	-604.3	-679.2
(In percent of GDP)						
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0
Consumption	95.5	96.0	87.7	88.9	91.1	91.4
Government	11.4	13.4	14.8	14.1	15.1	14.4
Nongovernment	84.0	82.5	72.9	74.8	76.0	77.1
Domestic savings	1.7	4.0	12.3	11.1	8.9	8.6
Government	3.5	2.2	1.4	1.9	1.2	0.6
Nongovernment	-1.8	2.6	10.9	9.2	7.7	8.0
Investment	24.1	20.9	22.9	21.2	20.0	20.6
Government	9.8	9.3	8.4	9.2	9.1	9.1
Nongovernment	14.3	11.6	14.5	11.9	11.0	11.5
Resource gap	-22.4	-16.1	-10.6	-10.1	-11.1	-12.0
Exports of goods and nonfactor services	21.9	20.3	26.3	23.8	25.1	25.5
Imports of goods and nonfactor services	-44.3	-36.4	-36.9	-33.9	-36.2	-37.5
Memorandum items:	(In billions of CFA francs)					
Current account deficit (excl.off. transfers)	-230.3	-185.7	-135.3	-147.3	-179.9	-217.6
<i>Of which:</i> private transfers	51.0	46.1	42.6	40.0	45.8	47.1
Official transfers	142.1	52.3	31.1	27.6	24.1	46.4
Net factor income	-17.7	-22.0	-30.2	-30.0	-43.2	-51.0
National savings	197.6	142.1	221.1	217.4	179.1	201.5
(In percent of GDP)						
Current account deficit (excl.off. transfers)	-19.4	-14.1	-9.5	-9.3	-10.8	-12.0
<i>Of which:</i> private transfers	4.3	3.5	3.0	2.5	2.7	2.6
Official transfers	12.0	4.0	2.2	1.7	1.4	2.6
Net factor income	-1.5	-1.7	-2.1	-1.9	-2.6	-2.8
National savings	16.7	10.8	15.5	13.7	10.7	11.1

Sources: Malian authorities; and Fund staff estimates.

Table 3. Mali: Agricultural Production and Average
Producer Prices, 1995/96-2000/01 ¹

	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01 Est.
(In thousands of metric tons)						
Production (gross)						
Cotton	406	452	523	519	460	243
Groundnuts	157	134	143	151	158	166
Millet	707	739	577	732	858	722
Sorghum	710	541	503	539	641	533
Maize	264	294	311	354	397	205
Paddy rice	463	627	511	634	722	671
(In CFA francs per kilogram)						
Average producer prices						
Cotton, ^{2,3}	155	155	170	185	150	170
Floor price	125	125	125	145	150	170
Rebate from profit sharing	30	30	30	40	0	0
Groundnuts	180	249	150	152	159	159
Millet	97	77	105	71	70	71
Sorghum	99	77	98	86	84	86
Maize	83	69	80	67	66	67
Paddy rice	118	105	123	115	113	116

Sources: Malian authorities; and Fund staff estimates.

¹ The crop year is April-March; the marketing year is November/October.

² Except for cotton, the marketing of agricultural products by official agencies was discontinued in 1995.

³ Actual price for first-quality cotton, including rebate based on profit of the cotton company (CMDT).

Table 4. Mali: Cereals - Cultivated Area and Rainfall, 1995/96-2000/01 ¹

	1960-90 Average	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01 Est.
(In thousands of hectares, unless otherwise indicated)							
Cultivated area							
Millet/sorghum	1,423	2,137	1,476	1,451	1,527	1,661	2,057
Deviation ²		50	4	2	7	17	45
Maize	97	205	181	197	239	419	172
Deviation ²		111	87	103	139	332	77
Paddy rice	159	303	324	326	332	323	374
Deviation ²		91	104	105	103	103	135
(In millimeters, unless otherwise indicated; April-October) ³							
Rainfall							
Millet/sorghum	720	525	579	586	602	692	656
Deviation ²		-27	-20	-19	-16	-4	-9
Maize	880	1,033	882	938	1,412	931	798
Deviation ²		17	0	7	60	6	-9
Paddy rice	557	399	515	328	453	585	429
Deviation ²		-28	-8	-41	-19	5	-23

Sources: Malian authorities; and Fund staff estimates.

¹ The crop year is April-March; the marketing year is November/October.

² Deviation in percent from the annual average of the 1960-90 period.

³ Rainfall is measured for the specific area where each cereal is grown.

Table 5. Mali: Quarterly Retail Prices for Cereals, 1995-2001
(In CFA francs per kilogram)

	Millet/Sorghum	Maize	Rice (RM 40)
Annual averages			
1995	109.6	114.8	258.8
1996	151.3	139.3	266.5
1997	121.3	121.5	244.8
1998	149.0	144.8	259.0
1999	132.7	124.7	255.9
2000	97.8	98.8	246.0
1995			
I	88.0	98.0	227.0
II	91.5	112.0	264.0
III	132.0	127.0	274.0
IV	127.0	122.0	270.0
1996			
I	114.0	114.0	254.0
II	151.0	144.0	277.0
III	184.0	172.0	285.0
IV	156.0	127.0	250.0
1997			
I	127.0	123.0	248.0
II	125.0	124.0	241.0
III	118.0	125.0	249.0
IV	115.0	114.0	241.0
1998 ¹			
I	113.0	117.0	227.0
II	151.0	143.0	250.0
III	177.0	178.0	291.0
IV	155.0	141.0	268.0
1999			
I	130.0	126.0	231.0
II	141.0	129.0	262.0
III	140.0	126.0	274.0
IV	119.8	117.7	256.7
2000 ²			
I	99.9	99.7	240.4
II	95.7	97.6	238.8
III	96.3	98.4	255.1
IV	99.1	99.3	249.5
2001 ²			
I	108.8	108.5	243.5
II	147.8	146.1	244.9

Sources: Malian authorities; and Fund staff estimates.

¹ Free market prices represent the average of prices prevailing in 13 Bamako markets.

² Estimates.

Table 6. Mali: Office du Niger - Indicators of Activity, 1994/95-2000/01 ¹

	Area Cultivated with Rice (In hectares)	Paddy Rice Harvested (In metric tons)
1994/95	46,740	209,979
1995/96	50,911	238,803
1996/97	54,102	267,980
1997/98	53,876	277,182
1998/99	50,026	295,000
1999/00	55,727	321,480
2000/01	64,037	365,122

Source: Malian authorities.

¹ The crop year is April-March.

Table 7. Mali: Implementation of the Public Investment Program, 1995-2000

(In billions of CFA francs)

	1995	1996	1997	1998	1999	2000
Rural development	53.1	57.8	63.9	50.8	61.4	31.8
Agriculture	43.0	45.8	53.8	39.5	53.8	28.6
Livestock	4.3	5.0	5.3	5.1	4.7	1.2
Fisheries	0.1	0.1	0.0	0.0	0.0	0.0
Forestry	5.7	6.9	4.8	6.2	2.9	2
Secondary sector	20.9	26.0	39.2	62.3	45.4	45.2
Mines and geology	0.5	1.2	1.2	0.8	1.4	0.8
Water	13.4	16.9	18.2	20.2	16.8	9.2
Energy	6.9	7.6	18.7	39.8	25.7	34.8
Industry and handicrafts	0.1	0.3	1.1	1.5	1.5	0.4
Tourism	0.0	0.0	0.0	0.0	0.0	0.0
Infrastructure	24.2	32.2	39.9	41.1	62.5	63.4
Roads	13.1	21.7	23.5	25.7	24.6	23.5
Railroads	0.1	0.0	0.0	1.7	7.7	4.6
Air transport and meteorology	0.6	0.2	0.6	1.0	4.2	4.7
Post and telecommunications	3.8	3.4	4.4	2.4	3.7	6.2
Surveying and mapping	0.1	0.2	0.2	0.1	0.3	0.3
Buildings and equipment	4.6	5.2	5.5	5.4	7.8	7.5
Urban development and housing	1.7	1.2	5.3	4.2	13.6	15.6
Transport and storage	0.2	0.3	0.4	0.6	0.6	1.0
Human resources	39.1	45.8	33.6	42.8	48.0	39.9
Employment	6.7	7.1	2.4	1.0	1	1.2
Education	9.9	9.4	10.4	15.8	16.1	8.7
Sports, arts, and culture	0.4	0.4	0.5	3.9	5.8	10.9
Health	11.8	13.7	9.9	8.0	11.7	11.4
Information	0.5	1.1	1.5	4.3	3.2	1.6
Administration	9.8	14.1	8.9	9.8	10.2	6.1
Total	137.3	161.8	176.6	197.0	217.3	180.3

Source: Malian authorities.

Table 8. Mali: The Investment Budget for 1995-2000 and Existing Commitments for Public Investment, 2001-2003 ¹

(In billions of CFA francs)

	1995	1996	1997	1998	1999	2000	2001-03 Existing Commitments
Rural development	67.1	60.8	66.3	60.7	64.7	63.3	243.0
Agriculture	53.5	46.2	51.3	49.4	55.1	55.2	229.4
Livestock	7.4	7.3	7.0	5.9	7.2	5.1	7.0
Fisheries	0.1	0.0	0.0	0.0	0.0	0.0	2.2
Forestry	6.1	7.3	8.0	5.4	2.4	3.0	4.4
Secondary sector	27.4	36.6	42.1	55.0	51.8	41.2	63.6
Mines	1.4	1.1	1.2	0.7	3.7	1.9	6.2
Water	12.1	18.3	17.5	21.9	19.4	10.2	23.1
Energy	13.6	17.0	23.1	31.9	26.7	26.7	29.0
Industry	0.1	0.1	0.3	0.5	1.9	2.3	5.2
Tourism	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Infrastructure	30.1	33.0	39.8	63.5	74.5	90.6	237.7
Roads	20.5	21.5	28.6	28.1	31.9	39.7	136.2
Railroads	2.6	3.3	2.1	6.4	6.3	7.4	21.2
Air transport	0.8	0.4	1.0	1.9	4.1	5.4	4.2
Post and telecommunications	2.8	0.6	0.6	5.6	6.4	8.5	8.7
Surveying	0.1	0.1	0.2	0.2	0.2	0.4	0.5
Buildings	2.7	5.1	5.2	5.4	7.8	7.5	43.1
Urban development	0.3	1.4	1.4	14.5	16.0	19.2	23.1
Transport and storage	0.2	0.6	0.7	1.2	1.6	2.3	0.5
Human resources	42.8	50.0	50.3	40.1	43.9	56.5	160.6
Employment	3.6	6.2	3.8	1.1	0.9	0.5	0.3
Education	9.8	8.6	12.8	12.6	17.6	13.9	45.5
Sports, arts and culture	0.3	0.2	0.4	0.2	1.6	11.0	32.1
Health	16.6	21.6	18.1	13.9	10.7	21.1	35.5
Information	1.0	1.5	2.2	3.7	3.5	1.1	1.3
Administration	11.5	11.9	13.0	8.5	9.4	8.7	45.7
Total	167.4	180.4	198.5	219.4	234.9	251.6	704.9
Financing	167.4	180.4	198.5	219.3	234.9	251.6	704.9
External financing	140.9	147.3	155.6	177.3	181.4	198.3	568.8
Loans	74.3	70.1	79.2	92.7	98.3	118.6	373.5
Grants	66.6	77.2	76.4	84.6	83.1	79.7	195.3
Domestic financing	26.5	33.1	42.9	42.0	53.5	53.3	136.1
Budget	20.0	24.2	28.6	25.8	35.1	46.2	126.6
Self-financing	5.2	7.7	12.8	12.9	15.1	6.2	4.2
Other	1.3	1.2	1.5	3.3	3.3	0.9	5.3

Source: Malian authorities.

¹ Data differ from those included in tables on government financial operations, as an implementation rate of less than 100 percent is assumed in the projections.

Table 9. Mali: Livestock Exports, Slaughtering, and Herd Size, 1995-2000

(In thousands of head, unless otherwise indicated)

	1995		1996		1997		1998		1999		2000 ¹	
	Cattle	Sheep and goats	Cattle	Sheep and goats	Cattle	Sheep and goats	Cattle	Sheep and goats	Cattle	Sheep and goats	Cattle	Sheep and goats
Exports	418	925	216	537	396	925	308	758	293	654	398	990
Controlled	107	426	65	215	119	349	108	259	129	324	279	440
Uncontrolled	311	499	151	322	277	576	200	499	164	330	119	550
Slaughtering	547	2,007	425	2,137	450	2,025	347	2,212	382	2,433	423	3,626
Controlled	192	321	149	321	158	319	172	395	191	432	279	419
Uncontrolled	355	1,686	276	1,816	292	1,706	175	1,817	191	2,001	144	3,207
Estimated herd size (end of period)	5,708	13,179	5,882	13,809	6,058	14,500	6,240	15,225	6,427	15,986	6,692	16,785
Memorandum items:												
Net birth rate (in percent)	1.1	3.6	...	...	...	...	...	...	...	...	...	...
Offtake rate (in percent)	16.9	22.2	10.9	19.4	14.0	20.0	10.5	19.5	10.5	19.3	12.3	30.0

Source: Malian authorities.

¹ Provisional data.

Table 10. Mali: Index of Industrial Production, 1995-2000

	1995	1996	1997	1998	1999	2000
(Index, 1983=100)						
Chemicals and construction materials	127.5	143.6	135.8	129.0	114.4	108.3
Energy and machinery	211.8	224.9	257.4	296.8	282.6	308.3
Food processing	133.7	139.6	147.2	135.4	129.9	209.2
Textiles	173.2	199.5	255.6	255.1	222.2	193.5
Overall index	158.2	173.1	199.8	201.5	182.6	208.7
(Annual percentage change)						
Chemicals and construction materials	9.2	12.6	-5.4	-5.0	-11.3	-5.3
Energy and machinery	21.2	6.2	14.5	15.3	-4.8	9.1
Food processing	-0.4	4.4	5.4	-8.0	-4.1	61.0
Textiles	16.2	15.2	28.1	-0.2	-12.9	-12.9
Overall index	10.2	9.4	15.4	0.9	-9.4	14.3

Source: Malian authorities.

Table 11. Mali: Gold Production, by Company, 1995-2000

(Unless otherwise indicated, values in billions of CFA francs, volumes in metric tons, and unit values in CFA francs per kilogram)

	1995	1996	1997	1998	1999	2000
Total gold exports						
Value	35.6	39.8	117.2	133.1	142.4	189.4
Volume	6.2	6.6	18.5	22.8	25.3	28.3
Unit value	11,285.1	11,759.3	18,054.7	16,718.7	15,218.0	25,683.2
Morila (Anglo-Gold; also operating Semos)						
Value	0.0	0.0	0.0	0.0	0.0	24.1
Volume	0.0	0.0	0.0	0.0	0.0	3.5
Unit value	0.0	0.0	0.0	0.0	0.0	6,929.0
Syama (Somisy - Randgold)						
Value	24.3	27.9	25.1	28.2	30.3	36.2
Volume	4.0	4.4	4.1	4.8	6.1	5.7
Unit value	6,102.4	6,356.4	6,173.4	5,813.0	4,957.3	6,392.0
Sadiola (Semos - Anglo-American)						
Value	0.0	0.0	80.4	93.8	102.6	116.4
Volume	0.0	0.0	12.2	15.7	17.0	16.8
Unit value	0.0	0.0	6,583.7	5,964.6	6,047.0	6,929.0
Orpillage						
Value	11.3	11.9	11.7	11.1	9.6	12.6
Volume	2.2	2.2	2.2	2.3	2.3	2.3
Unit value	5,182.7	5,402.9	5,297.6	4,941.1	4,213.7	5,433.2
Memorandum item:						
World price in thousands of CFA francs per kilogram	6,164.9	6,243.9	7,085.5	5,580.1	5,519.3	6,372.8

Source: Malian authorities.

Table 12.Mali: Production and Cost of Cotton Fiber, 1994/95-2000/01

(In units indicated)

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Production of seed cotton (1) 1	293.0	405.9	452.1	522.9	518.1	459.5	242.7
Percent change	21.8	38.5	11.4	15.7	-0.9	-11.3	-47.2
Production of fibers (2) 1	128.1	169.3	189.6	217.7	217.1	197.3	101.9
Quantity exports	...	...	...	216.0	215.5	195.7	100.3
Quantity sold locally	...	...	...	1.7	1.6	1.6	1.6
Fiber yield (3)=(2)/(1)	0.44	0.42	0.42	0.42	0.42	0.43	0.42
Area cultivated 2	269.8	336.3	418.6	494.2	502.1	472.8	228.4
Yield 3	1.09	1.21	1.08	1.06	1.03	0.97	1.06
Producer price (4) 4	130.0	155.0	155.0	170.0	185.0	150.0	170.0
Minimum price	130.0	155.0	155.0	140.0	145.0	150.0	170.0
Profit sharing	0.0	0.0	0.0	30.0	40.0	0.0	0.0
Equivalent unit price of cotton fiber (5)=(4)/(3) 4	297.4	371.6	369.6	408.4	441.5	349.4	405.0
Unit production cost (6) 4	356.4	340.2	371.6	405.3	410.9	419.6	466.9
Marketing cost	24.9	32.1	41.5	46.8	54.4	58.7	76.0
Milling and storage cost	103.3	103.1	115.6	125.0	126.6	129.0	122.2
Insurance, freight, and other export costs	136.5	118.7	133.8	135.6	140.3	138.3	123.4
Cost of road maintenance and public services	35.8	42.2	42.3	29.8	7.0	3.8	2.6
Financial cost	2.7	6.3	6.9	27.9	37.6	46.5	63.8
Other cost	53.2	37.8	31.5	40.1	45.1	43.2	78.8
Total unit cost of cotton fiber (7)=(5)+(6) 4	653.8	711.8	741.2	813.6	852.3	769.0	871.8
Average sale price of cotton fiber (9) 4	928.9	931.1	879.8	925.0	808.5	692.4	682.5
Total revenue from cotton fiber (in billions of CFA francs)	119.0	157.6	166.8	203.2	177.5	140.4	71.5
From exports	...	...	...	199.8	174.2	135.5	68.4
From local sales	...	...	...	0.9	0.9	0.8	1.1
Sale of cotton seed	0.9	1.3	1.9	2.5	2.4	4.1	2.0
Total cost on cotton fiber (in billions of CFA francs)	83.7	120.5	140.5	177.1	185.1	151.7	88.8
Gross CMDT profit (in billions of CFA francs)	35.2	37.1	26.3	26.1	-7.5	-11.3	-17.3
Taxes and other government revenue (in billions of CFA francs)	14.8	11.3	9.5	13.2	1.3	0.1	0.0
Average tax per kilogram of cotton fiber	115.9	66.6	50.3	60.5	6.0	0.3	0.0
CMDT net profit before seed cotton							
Total (in billions of CFA francs)	20.4	25.8	16.7	12.9	-8.8	-11.3	-17.3
Per kilogram of cotton fiber	159.2	152.6	88.3	59.3	-40.7	-57.4	-169.7
Memorandum items:							
Contribution to stabilization mechanism 4/	22.5	36.9	15.1	17.2	-3.5	-38.3	0.0
Total unit cost, including stabilization mechanism 4	676.3	748.7	756.3	830.8	848.8	730.7	871.8
World cotton price (WEO) (10) 4/	1069.0	963.5	990.0	924.3	737.8	825.1	879.9
Percent change	16.0	-9.9	2.7	-6.6	-20.2	11.8	6.6
Discount for Malian cotton (9)/(10) 5/	-13.1	-3.4	-11.1	0.1	9.6	-16.1	-22.4
Discount for Malian cotton (bil CFAF)	17.9	5.5	20.9	-0.2	-15.3	26.2	20.1

Sources: Malian authorities; and Fund staff estimates. Data are reported on CMDT's financial year, October to September.

1/ Thousands of metric tons.

2/ Thousands of hectares.

3/ Tons per hectare.

4/ CFA francs per kilogram.

5/ In percent.

Table 13. Mali: Quarterly Index of Consumer Prices in Bamako, 1998:Q1--2001Q3

(Index, 1996=100) ¹

	1998					1999					2000					2001		
	I	II	III	IV	(Annual)	I	II	III	IV	Annual)	I	II	III	IV	Annual)	I	II	III
Food	95.2	103.5	111.9	103.5	103.5	96.5	100.6	104.9	98.9	100.2	92.7	94.0	97.9	98.0	95.6	95.7	102.1	108.0
Clothing	104.1	105.0	105.1	104.7	104.7	108.9	108.1	108.4	109.1	108.6	103.3	103.9	104.9	105.3	104.3	106.5	109.7	110.6
Housing, water, and energy	97.7	99.4	98.3	98.5	98.5	98.0	98.8	106.3	107.3	102.6	103.7	102.5	105.9	107.2	104.8	106.9	108.4	111.4
Furniture and household article	101.7	101.7	103.0	102.1	102.1	104.9	105.0	105.1	105.1	105.0	108.0	108.7	109.6	110.0	109.1	106.3	106.5	106.5
Health	101.9	102.8	102.6	102.4	102.4	109.6	109.8	109.5	110.0	109.7	102.8	101.8	101.8	102.8	102.3	102.5	103.5	104.0
Transport and communications	99.9	100.0	100.0	100.0	100.0	99.9	100.0	100.4	99.9	100.1	100.8	114.1	113.8	113.9	110.5	114.7	114.8	114.0
Leisure and entertainment	102.6	102.8	102.8	102.7	102.7	100.7	100.3	100.4	100.8	100.6	99.1	99.1	99.0	99.0	99.0	99.8	99.8	99.7
Other goods and services	114.3	113.8	114.3	114.1	114.1	110.8	110.9	111.6	112.4	111.4	114.0	113.3	113.5	113.3	113.5	114.6	114.5	114.6
Total ²	98.6	103.0	107.2	104.4	103.3	99.7	101.9	105.0	102.0	102.1	98.6	100.5	103.0	103.4	101.4	102.3	105.9	109.2

Source: Malian authorities.

¹ Harmonized consumer price index for West African Economic and Monetary Union (WAEMU) countries (1996 =100), introduced in January 1, 1998.² Weighted total.

Table 14. Mali: Minimum Wages and Salaries in the Public Sector, 1995-2000

(In CFA francs per month)

	1995	1996	1997	1998	1999	2000 Est.
Contractual workers						
Minimum wage for unskilled agricultural workers (SMAG)						
Minimum wage for unskilled agricultural workers (SMAG)	21,015	21,613	23,224	23,573	24,085	24,085
Basic wage	11,265	11,863	13,474	13,823	14,335	14,335
Special allowance	1,000	1,000	1,000	1,000	1,000	1,000
Cost of living allowance	2,250	2,250	2,250	2,250	2,250	2,250
Solidarity allowance	6,500	6,500	6,500	6,500	6,500	6,500
Minimum wage for unskilled workers outside agriculture (SMIG)						
Minimum wage for unskilled workers outside agriculture (SMIG)	20,965	21,638	23,301	23,650	24,162	24,162
Basic wage	11,138	11,811	13,474	13,823	14,335	14,335
Special allowance	1,000	1,000	1,000	1,000	1,000	1,000
Cost of living allowance	2,250	2,250	2,250	2,250	2,250	2,250
Adjustment of March 1980	77	77	77	77	77	77
Solidarity allowance	6,500	6,500	6,500	6,500	6,500	6,500
Government employees						
Grade 100						
Grade 100	33,800	34,040	34,040	35,340	37,254	41,637
Base salary	24,800	26,040	26,040	27,340	29,254	33,637
Housing allowance	1,500	1,500	1,500	1,500	1,500	1,500
Special allowance	1,000	0	0	0	0	0
Solidarity allowance	6,500	6,500	6,500	6,500	6,500	6,500
Grade 316						
Grade 316	81,868	85,786	85,786	89,894	95,942	109,677
Base salary	78,368	82,286	82,286	86,394	92,442	106,177
Housing allowance	1,500	1,500	1,500	1,500	1,500	1,500
Solidarity allowance	2,000	2,000	2,000	2,000	2,000	2,000
Grade 650						
Grade 650	164,700	172,760	172,760	181,210	193,650	221,998
Base salary	161,200	169,260	169,260	177,710	190,150	218,498
Housing allowance	1,500	1,500	1,500	1,500	1,500	1,500
Solidarity allowance	2,000	2,000	2,000	2,000	2,000	2,000

Source: Malian authorities.

Table 15. Mali: Employment in the Central and
Regional Governments and the Public Enterprise Sector, 1995-2000

(Numbers of employees)

	1995	1996	1997	1998	1999	2000 Est.
Central and regional governments	32,527	36,138	37,340	37,661	40,457	43,980
Civil servants	29,067	31,961	33,235	33,534	34,226	35,458
Contractual employees and other	3,460	4,177	4,105	4,127	6,231	8,522
Public enterprises ¹	8,531	8,230	7,801	7,858	7,359	4,883

Source: Malian authorities.

¹ The public enterprises included here are as follows: Compagnie Malienne de Navigation (COMANAV), Energie du Mali (EDM), Entreprise Malienne de Maintenance (EMAMA), Office d'Exploitation des Ressources Hydrauliques du Haut Niger (OERHN), Office National des Postes (ONP), Office de Radio et Télévision (ORT), Société d'Équipement du Mali (SEMA), Société Nationale des Tabacs et Allumettes du Mali (SONATAM), and Usine Malienne de Produits Pharmaceutiques (UMPP).

Table 16. Mali: Consolidated Government Operations, 1995-2000

	1995	1996	1997	1998	1999	2000
	(In billions of CFA francs)					
Revenue and grants	249.5	302.5	314.0	344.8	356.0	371.1
Revenue	157.1	205.9	229.8	254.9	272.6	269.9
Budgetary revenue	140.5	185.0	207.9	231.7	247.8	245.5
Tax revenue	131.5	172.8	196.3	221.3	235.3	233.3
Nontax revenue	9.0	12.2	11.6	10.4	12.6	12.2
Special funds and annexed budgets	16.6	20.9	21.8	23.2	24.8	24.4
Grants	92.4	96.5	84.2	89.9	83.4	101.2
Expenditure and net lending	289.4	314.2	345.2	383.5	417.6	439.2
Budgetary expenditure	291.8	303.9	328.6	363.9	395.0	417.3
Current expenditure	134.7	137.1	167.7	167.8	193.2	199.3
Personnel	48.0	50.6	56.8	60.7	65.3	73.1
Scholarships	3.9	4.3	4.3	5.3	6.2	6.2
Interest ¹	17.6	14.5	13.8	11.7	14.0	16.0
Other expenditure	65.2	67.7	92.8	90.1	107.8	104.0
Capital expenditure, PESAP, VDP, and NP ²	157.1	166.8	160.9	196.1	201.7	218.0
Capital expenditure	152.1	161.6	156.4	194.1	199.8	217.1
Externally financed	133.5	137.3	124.5	149.4	147.4	157.1
Loans	70.5	67.5	61.1	79.1	78.6	88.1
Grants	63.0	69.8	63.4	70.3	68.8	69.0
Domestically financed	18.6	24.3	31.9	44.7	52.3	60.0
PESAP and public enterprise reform	2.3	2.5	2.1	2.0	2.0	0.9
Voluntary departure program (VDP)	0.3	0.0	0.6	0.0	0.0	0.0
National Pact (NP)	2.4	2.7	1.8	0.0	0.0	0.0
Special funds and annexed budgets	16.6	20.9	21.8	23.2	24.8	24.4
Extrabudgetary expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Reconstruction expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Net lending	-19.0	-10.6	-5.2	-3.6	-2.2	-2.5
Deficit (commitment basis)	-39.9	-11.7	-31.3	-38.7	-61.5	-68.1
Changes in payments arrears	-10.1	-18.0	-7.0	-10.0	-9.3	0.0
Domestic payments arrears	-10.1	-18.0	-7.0	-10.0	-9.3	0.0
External payments arrears	0.0	0.0	0.0	0.0	0.0	0.0
Adjustment (cash basis)	-3.9	-1.0	-1.4	0.0	11.7	1.6
Deficit (cash basis)	-53.9	-30.7	-39.7	-48.7	-59.1	-66.5
Financing (net)	53.9	30.7	39.7	48.7	59.2	66.5
External financing	90.9	82.2	49.0	58.0	60.3	64.4
Loans (gross)	110.1	102.1	72.7	83.9	91.7	95.0
Amortization ¹	-64.0	-60.9	-39.0	-25.9	-31.4	-33.2
Debt rescheduling	2.3	2.0	0.7	0.0	0.0	0.0
Debt relief from debt cancellation ³	2.0	0.0	0.0	0.0	0.0	0.0
Debt moratoriums and debt under negotiation	40.5	38.9	14.6	0.0	0.0	2.6
Domestic financing	-36.9	-51.4	-9.3	-9.3	-1.2	2.1
Banking system	-37.5	-46.0	-1.9	-4.0	1.8	-17.0
Privatization receipts	1.3	0.3	1.4	1.2	10.4	20.3
Other	-0.7	-5.8	-8.7	-6.4	-13.4	-1.2
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0

Table 16. Mali: Consolidated Government Operations, 1995-2000 (concluded)

	1995	1996	1997	1998	1999	2000 Est.
(In percent of GDP, unless otherwise indicated)						
Deficit (commitment basis)						
Excluding grants	-11.1	-8.2	-8.1	-8.1	-8.7	-9.3
Including grants	-3.4	-0.9	-2.2	-2.4	-3.7	-3.8
Deficit (cash basis)						
Excluding grants	-12.3	-9.6	-8.7	-8.7	-8.5	-9.3
Including grants	-4.5	-2.3	-2.8	-3.1	-3.5	-3.7
Memorandum item:						
Military spending (billions of CFA francs ⁵)	24.7	26.3	26.6	28.8	31.5	31.5

Sources: Malian authorities; and Fund staff estimates.

¹ Scheduled; after debt cancellation obtained through 1993.

² PESAP, Public Enterprise Sector Adjustment Program, financed by the World Bank and cofinanciers.

³ Based on the cancellation of official development assistance (ODA) debt obtained in 1994.

⁴ Expenditure by the Ministry of National Defense.

Table 17. Mali: Government Revenue, 1995-2000

(In billions of CFA francs)

	1995	1996	1997	1998	1999	2000
Taxes on net income and profits	26.6	34.5	37.8	42.8	34.7	45.4
Enterprises	10.8	19.7	20.9	25.0	17.4	23.7
Public	0.8	0.1	2.9	0.6	0.4	0.0
Private	10.0	19.6	18.0	24.4	17.0	23.7
Individuals	14.2	12.6	14.5	16.6	15.6	20.2
Tax on transporters	0.6	1.0	1.1	1.2	1.6	1.5
Rental income tax	1.0	1.2	1.3	0.0	0.0	0.0
Payroll tax	2.5	3.7	3.9	4.6	4.7	4.8
Property taxes	3.4	6.4	4.9	3.2	4.8	6.9
Taxes on goods and services	17.0	25.4	26.5	30.9	39.7	42.1
Value-added tax ¹	13.8	22.8	23.0	24.3	30.3	35.1
Public enterprises	9.3	19.8	20.4	20.0	27.9	31.5
Private enterprises	4.5	3.0	2.6	4.4	2.5	3.6
Excise duties ²	1.4	0.7	1.8	1.6	1.4	1.9
Other	1.8	1.9	1.8	4.9	8.0	5.1
Taxes on international trade	73.0	94.5	112.6	127.8	135.4	123.1
Customs duties ²	5.4	6.6	7.8	10.7	23.8	29.2
Other import charges ²	22.9	29.0	35.4	37.3	7.2	0.0
Value-added tax on imports ¹	20.8	31.6	34.2	35.3	45.1	46.5
Petroleum import duties ²	21.2	24.6	29.2	33.4	48.3	37.0
Payment of deferred taxes	0.7	1.2	1.7	0.8	1.1	0.0
Export duty ³	0.1	0.1	2.1	3.4	3.0	4.0
Other	1.9	1.5	2.0	7.0	7.0	6.3
Other tax revenue	9.0	8.4	10.6	12.0	16.0	11.1
Stamp duties	4.8	5.3	5.3	5.8	6.8	4.6
Payment of tax arrears	2.8	2.0	2.0	2.3	5.0	3.4
Other taxes	1.4	1.0	3.4	4.0	4.3	3.1
Tax revenue	131.5	172.8	196.3	221.3	235.3	233.3
Nontax revenue	9.0	12.2	11.6	10.4	12.6	12.2
Budgetary revenue	140.5	185.0	207.9	231.7	247.8	245.5
Special funds and annexed budgets	16.6	20.9	21.8	23.2	24.8	24.4
Total revenue	157.1	205.9	229.7	254.9	272.6	269.9

Source: Malian authorities.

¹ Introduced in 1990 and replaced turnover tax.² Beginning in 1991, tax revenues included in this category, which were previously earmarked for special funds, have been consolidated in the budget.³ Customs service fee on gold exports.

Table 18. Mali: Government Revenue Performance, 1995-2000

	1995	1996	1997	1998	1999	2000
(In billions of CFA francs)						
Taxes on net income and profits	26.6	34.5	37.8	42.8	34.7	45.4
Taxes on goods and services	17.0	25.4	26.5	30.9	39.7	42.1
Payroll tax	2.5	3.7	3.9	4.6	4.7	4.8
Property taxes	3.4	6.4	4.9	3.2	4.8	6.9
Taxes on international trade	73.0	94.5	112.6	127.8	135.4	123.1
Other tax revenue	9.0	8.4	10.6	12.0	16.0	11.1
Tax revenue	131.5	172.8	196.3	221.3	235.3	233.3
Nontax revenue	9.0	12.2	11.6	10.4	12.6	12.2
Budgetary revenue	140.5	185.0	207.9	231.7	247.8	245.5
Special funds and annexed budgets	16.6	20.9	21.8	23.2	24.8	24.4
Total revenue	157.1	205.9	229.7	254.9	272.6	269.9
(Annual percentage change)						
Taxes on net income and profits	64.5	29.3	9.7	13.3	-19.0	30.8
Taxes on goods and services	13.4	49.2	4.6	16.4	28.4	6.2
Taxes on international trade	32.5	29.5	19.1	13.5	5.9	-9.1
Other tax revenue	-23.7	-6.5	26.7	13.3	33.0	-30.8
Tax revenue	27.4	31.4	13.6	12.7	6.3	-0.8
Nontax revenue	48.8	35.6	-4.9	-10.6	21.1	-2.8
Budgetary revenue	28.5	31.7	12.4	11.5	6.9	-0.9
Special funds and annexed budgets	28.3	26.0	4.4	6.4	6.8	-1.6
Total revenue	28.5	31.1	11.6	11.0	6.9	-1.0
(In percent of budgetary revenue)						
Taxes on net income and profits	19.0	18.6	18.2	18.5	14.0	18.5
Taxes on goods and services	12.1	13.7	12.8	13.3	16.0	17.1
Taxes on international trade	52.0	51.1	54.1	55.2	54.6	50.1
Other tax revenue	6.4	4.5	5.1	5.2	6.5	4.5
Tax revenue	93.6	93.4	94.4	95.5	94.9	95.0
Nontax revenue	6.4	6.6	5.6	4.5	5.1	5.0
(In percent of total government revenue)						
Budgetary revenue	89.4	89.8	90.5	90.9	90.9	91.0
Special funds and annexed budgets	10.6	10.2	9.5	9.1	9.1	9.0
(In percent of GDP)						
Taxes on net income and profits	2.2	2.6	2.7	2.7	2.1	2.5
Taxes on goods and services	1.4	1.9	1.9	1.9	2.4	2.3
Taxes on international trade	6.2	7.2	7.9	8.0	8.1	6.8
Other tax revenue	0.8	0.6	0.7	0.8	1.0	0.6
Tax revenue	11.1	13.1	13.8	13.9	14.1	12.9
Nontax revenue	0.8	0.9	0.8	0.7	0.8	0.7
Budgetary revenue	11.8	14.0	14.6	14.6	14.8	13.6
Special funds and annexed budgets	1.4	1.6	1.5	1.5	1.5	1.3
Total revenue	13.2	15.6	16.1	16.0	16.3	14.9

Sources: Malian authorities; and Fund staff estimates.

Table 19. Mali: Government Expenditure, 1995-2000

	1995	1996	1997	1998	1999	2000
(In billions of CFA francs)						
Expenditure and net lending	289.4	314.2	345.2	383.5	417.6	439.2
Budgetary expenditure	291.8	303.9	328.6	363.9	395.0	417.3
Current expenditure	134.7	137.1	167.7	167.8	193.2	199.3
Personnel	48.0	50.6	56.8	60.7	65.3	73.1
Supplies	18.6	20.1	25.2	24.7	26.7	28.5
Scholarships	3.9	4.3	4.3	5.3	6.2	6.2
Interest ¹	17.6	14.5	13.8	11.7	14.0	16.0
Other current expenditure	46.6	47.6	67.6	65.4	81.1	75.5
Capital expenditure, PESAP, VDP, and NP3 ²	157.1	166.8	160.9	196.1	201.7	218.0
Capital expenditure	152.1	161.6	156.4	194.1	199.8	217.1
Externally financed	133.5	137.3	124.5	149.4	147.4	157.1
Equipment and investment	18.6	24.3	31.9	44.7	52.3	60.0
PESAP	2.3	2.5	2.1	2.0	2.0	0.9
Voluntary departure program (VDP)	0.3	0.0	0.6	0.0	0.0	0.0
National Pact (NP)	2.4	2.7	1.8	0.0	0.0	0.0
Special funds and annexed budgets	16.6	20.9	21.8	23.2	24.8	24.4
Net lending	-19.0	-10.6	-5.2	-3.6	-2.2	-2.5
(Annual percentage change)						
Expenditure and net lending	8.6	8.6	9.9	11.1	8.9	5.2
Budgetary expenditure	8.7	4.1	8.1	10.7	8.5	5.7
Current expenditure	2.0	1.8	22.3	0.1	15.1	3.1
Personnel	7.9	5.5	12.2	6.9	7.6	11.9
Supplies	31.0	8.1	25.4	-1.8	7.9	6.7
Scholarships	-7.1	10.3	0.0	23.3	16.2	0.6
Other expenditure	2.9	2.1	42.1	-3.3	24.0	-6.9
Capital expenditure, PESAP, VDP, and NP3 ²	15.3	6.2	-3.5	21.9	2.9	8.1
Capital expenditure	18.2	6.2	-3.2	24.1	2.9	8.7
Externally financed	16.1	2.8	-9.3	20.0	-1.3	6.6
Equipment and investment	35.8	30.6	31.3	40.1	17.1	14.7
Special funds and annexed budgets	28.3	26.0	4.4	6.4	6.8	-1.6
(In percent of total budgetary expenditure)						
Current expenditure	46.2	45.1	51.0	46.1	48.9	47.8
Personnel	16.4	16.7	17.3	16.7	16.5	17.5
Supplies	6.4	6.6	7.7	6.8	6.8	6.8
Scholarships	1.3	1.4	1.3	1.5	1.6	1.5
Other expenditure	16.0	15.7	20.6	18.0	20.5	18.1
Capital expenditure, PESAP, VDP, and NP ²	53.8	54.9	49.0	53.9	51.1	52.2
Capital expenditure	52.1	53.2	47.6	53.3	50.6	52.0
Externally financed	45.8	45.2	37.9	41.1	37.3	37.6
Equipment and investment	6.4	8.0	9.7	12.3	13.2	14.4
PESAP, VDP, and NP	1.7	1.7	1.4	0.5	0.5	0.2

Table 19. Mali: Government Expenditure, 1995-2000 (concluded)

	1995	1996	1997	1998	1999	2000 Est.
	(In percent of total expenditure and net lending)					
Budgetary expenditure	100.8	96.7	95.2	94.9	94.6	95.0
Special funds and annexed budgets	5.7	6.7	6.3	6.1	5.9	5.6
Net lending	-6.6	-3.4	-1.5	-0.9	-0.5	-0.6
	(In percent of GDP)					
Expenditure and net lending	24.4	23.8	24.3	24.1	25.0	24.2
Budgetary expenditure	24.6	23.0	23.1	22.9	23.6	23.0
Current expenditure	11.4	10.4	11.8	10.5	11.6	11.0
Personnel	4.0	3.8	4.0	3.8	3.9	4.0
Supplies	1.6	1.5	1.8	1.6	1.6	1.6
Scholarships	0.3	0.3	0.3	0.3	0.4	0.3
Other expenditure	3.9	3.6	4.8	4.1	4.9	4.2
Capital expenditure, PESAP, VDP, and NP ²	13.2	12.6	11.3	12.3	12.1	12.0
Capital expenditure	12.8	12.3	11.0	12.2	12.0	12.0
Externally financed	11.2	10.4	8.8	9.4	8.8	8.7
Equipment and investment	1.6	1.8	2.2	2.8	3.1	3.3
PESAP, VDP, and NP	0.4	0.4	0.3	0.1	0.1	0.0
Special funds and annexed budgets	1.4	1.6	1.5	1.5	1.5	1.3
Net lending	-1.6	-0.8	-0.4	-0.2	-0.1	-0.1

Sources: Malian authorities; and Fund staff estimates.

¹ Scheduled; after debt cancellation obtained through 1993.

² PESAP, Public Enterprise Sector Adjustment Program, financed by the World Bank and cofinanciers.

Table 20. Mali: Functional Classification of Budgetary Expenditures, 1995-2000

(In millions of CFA francs)

	1995	1996	1997	1998	1999	2000
Total expenditure	286,800	298,700	324,100	361,942	393,010	416,400
Current expenditure	134,700	137,100	167,700	167,820	193,240	199,300
General public services	21,861	24,018	25,432	29,796	39,761	45,725
Defense	24,689	25,267	28,337	29,298	32,674	37,575
Education	26,660	29,520	32,420	35,340	40,460	46,430
Health	8,700	9,360	11,130	13,300	12,200	18,290
Social services	3,541	4,079	4,463	5,220	6,210	7,142
Economic services	18,210	19,328	21,891	20,670	22,751	26,164
Other	31,039	25,528	44,027	34,196	39,184	17,975
<i>Of which</i> : interest on public deb	17,600	14,500	13,800	11,700	14,000	16,000
Capital expenditure	152,100	161,600	156,400	194,122	199,770	217,100
General public services	4,820	15,253	10,459	8,469	9,789	11,257
Defense	2,227	1,835	2,967	2,920	3,297	3,792
Education	6,280	9,290	10,360	10,260	18,450	18,500
Health	10,160	13,640	10,600	6,920	6,120	7,000
Social services	8,644	8,809	7,286	8,143	11,605	13,346
Economic services	78,616	106,600	105,107	145,375	134,666	154,866
Other	41,353	6,173	9,621	12,035	15,843	8,339

Sources: Malian authorities; and Fund staff estimates.

Table 21. Mali: Consolidated Operations of the Special Funds
and the Annexed Budgets, 1995-2000

(In billions of CFA francs)

	1995	1996	1997	1998	1999	2000
Revenue	16.6	20.9	21.8	23.2	24.8	24.4
Social Security Fund (INPS)	15.0	19.1	20.1	21.5	22.9	22.5
Other revenue ¹	1.6	1.8	1.7	1.7	1.9	1.8
Expenditure and net lending	16.6	20.9	21.8	23.2	24.8	24.4
Social Security Fund (INPS)	15.0	19.1	20.1	21.5	22.9	22.5
Other expenditure ¹	1.6	1.8	1.7	1.7	1.9	1.8
Surplus/deficit	0.0	0.0	0.0	0.0	0.0	0.0

Source: Malian authorities.

¹Includes the National Housing Fund (FNL), the Central Veterinary Laboratory (LCV), the National Lottery (LONAMA), and the National Institute of Research in Public Health (INRSP).

Table 22. Mali: Government Wage Bill and Employees, 1995-2000

	1995	1996	1997	1998	1999	2000
Wage bill (in billions of CFA francs)	48.0	50.6	56.8	60.7	65.3	73.1
Annual change in wage bill (in percent)	7.9	5.5	12.2	6.9	7.6	11.9
Wage bill (in percent of current budgetary expenditure)	35.6	36.9	33.9	36.2	33.8	36.7
Wage bill (in percent of total budgetary expenditure)	16.4	16.7	17.3	16.7	16.5	17.5
Wage bill (in percent of GDP)	4.0	3.8	4.0	3.8	3.9	4.0
Total number of government employees as of end-December	32,527	36,138	37,340	37,661	40,457	43,980
<i>Of which:</i> civil servants	29,067	31,961	33,235	33,534	34,226	35,458
Annual change in total government employees (in percent)	-0.6	11.1	3.3	0.9	7.4	8.7

Source: Malian authorities.

Table 23. Mali: Deposit Money Banks, December 2000

	Shareholders	Percent of Total Holdings	Year Established	Capital (In millions of CFA francs)	Number of Branches
Banque de Développement du Mali (BDM-SA) ¹	Government	20.0	1968	3,000	14
	BCEAO	20.0			
	WADB	20.0			
	Banque Marocaine du Commerce Extérieur (BMCE)	16.7			
	Private national shareholders	23.3			
Banque Nationale de Développement Agricole (BNDA)	Government	40.0	1981	10,133	22
	BCEAO	18.4			
	Caisse Française de Développement (France)	21.4			
	Deutsche Entwicklungs- Gesellschaft (Fed. Rep. of Germany)	20.2			
Banque Internationale du Mali (BIM-SA) ²	Government	61.5	1980	4,255	6
	Private national shareholders	38.5			
Banque Malienne de Crédit et de Dépôts (BMCD)	Government	20.0	1961	1,000	7
	BDM-BMCE	51.0			
	Société Financière Internationale (SFI)	19.0			
		10.0			
Bank of Africa-Mali (BOA)	Private national shareholders	76.6	1982	2,000	5
	Private foreign shareholders	23.4			
Banque Commerciale du Sahel (BCS; ex-BALIMA)	Government	49.5	1982	1,100	1
	Foreign Arab banks	50.0			
	Private national shareholders	0.5			
Banque de l'Habitat du Mali (BHM) ³	Government	14.8	1991	4,000	1
	INPS ⁴	37.1			
	ACI ⁵	25.9			
	BIM-SA	7.4			
	Private national shareholders	14.8			
Banque Internationale pour le Commerce et l'Industrie du Mali (BICIM) ⁶	Government	15.0	1999	2,000	1
	Banque Nationale de Paris	20.0			
	SFOM ⁷ (Switzerland)	50.0			
	BMCI ⁸ (Mauritania)	15.0			
Ecobank ⁶	Ecobank Transnational Inc.	54.0	1998	2,325	1
	Ecobank - Togo	16.0			
	Ecobank-Benin	19.0			
	Ecobank-Burkina Faso	11.0			

Sources: Central Bank of West African States (BCEAO).

¹ Restructured into a joint stock company on June 30, 1989.² Formerly the Banque Internationale pour l'Afrique Occidentale au Mali (BIAO-Mali).³ Was changed to a Bank from the Société des Chèques Postaux et de la Caisse d'Épargne (SCPCE) in March 1996.⁴ Institut National de Prévoyance Sociale.⁵ Agence Cession Immobilière.⁶ Created in 1998.⁷ SFOM: Société Financière pour les pays d'Outre Mer.⁸ BMCI: Banque Mauritanienne pour le Commerce et l'Industrie.

Table 24. Mali : Monetary Survey, 1995-2001 ¹

(In billions of CFS francs; end of period)

	1995	1996	1997	1998	1999				2000				2001
					Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	
Foreign assets (net) ²	147.3	190.4	183.4	150.1	174.0	155.5	101.0	113.3	199.0	179.4	112.8	167.7	197.8
BCEAO	80.9	131.9	129.8	107.3	128.9	105.9	68.2	94.5	141.9	118.3	69.3	125.0	110.6
Deposit money banks	66.4	58.6	53.5	42.8	45.1	49.6	32.8	18.7	57.1	61.1	43.5	42.7	87.2
Net domestic assets	144.1	136.1	171.5	217.1	267.5	264.8	292.9	257.8	242.5	240.9	278.4	250.6	264.5
Of which: BCEAO ³	50.8	34.3	29.2	42.2	57.8	66.4	82.4	71.3	58.3	68.5	83.9	75.4	87.6
Credit to the government (net)	16.6	-23.7	-23.9	-26.0	-14.0	-6.3	-0.7	-22.1	-1.7	15.6	-5.9	-37.5	-25.9
Central bank ⁴	53.4	26.7	29.2	42.2	57.8	66.4	82.4	71.3	57.8	66.3	83.9	75.4	87.6
Commercial banks	-35.3	-48.4	-48.6	-64.2	-66.7	-67.0	-77.2	-88.3	-54.3	-45.0	-88.1	-112.0	-112.3
Other	-1.5	-2.0	-4.5	-4.0	-5.2	-5.7	-5.9	-5.1	-5.2	-5.7	-1.7	-0.9	-1.2
Credit to the economy	131.1	173.2	200.4	255.0	289.7	276.1	293.9	291.6	284.5	270.3	275.8	284.5	281.7
Other items (net) ⁵	-3.6	-13.4	-5.0	-11.8	-8.1	-4.9	-0.3	-11.7	-40.3	-45.0	8.4	3.6	8.7
Medium- and long-term external liabilities	-8.9	-10.3	-11.0	-8.1	-12.1	-11.5	-11.5	-7.1	-12.1	-11.5	-11.5	-10.9	-10.2
Revaluation account	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.1	1.0	1.0	1.0	1.0	1.0
BCEAO	4.1	4.1	4.1	4.1	4.0	4.0	4.0	4.1	4.0	4.0	4.0	4.0	4.0
Deposit money banks	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Money supply (M2)	283.6	317.3	345.0	360.2	430.4	409.9	383.3	365.0	430.4	409.8	380.7	408.5	453.0
Currency in circulation	107.4	120.4	129.5	135.3	160.5	155.2	132.5	123.7	160.5	155.1	123.0	148.1	148.2
Bank deposits	176.2	196.9	215.5	224.9	269.9	254.7	250.8	241.3	269.9	254.7	257.6	260.3	304.9

Sources: Central Bank of West African States (BCEAO); and Fund staff estimates.

¹ Including transactions and reclassifications resulting from the restructuring of the Banque de Développement du Mali and reclassification of deposits resulting from other bank audits. Data are not comparable with the previous RED tables for 1990 as these were adjusted to a 1987 accounting base to provide comparability with previous years.

² Excluding SDR allocations and medium- and long-term liabilities.

³ Defined as base money minus net foreign assets.

⁴ Including SDR-CFA franc exchange rate revaluation on pre-June 1984 Fund purchases. Including the stabilization for the cotton sector and, before December 1994, the consolidation of debit balances of the Banque de Développement du Mali (BDM) at the BCEAO. For December 1994, these claims are included in credit to the government from commercial banks.

⁵ Including nonstatutory advance to the treasury resulting from the consolidation of the former central bank's debt of CFAF 41.8 billion, including interest thereon.

Table 25. Mali: Summary Accounts of the Central Bank, 1995-2001

(In billions of CFA francs; end of period)

	1995	1996	1997	1998	1999	2000	2001 Jun.
Foreign assets (net)	80.9	131.9	129.8	107.3	94.5	125.0	110.6
Assets	158.6	226.0	248.3	228.6	227.8	258.2	240.0
Liabilities ¹	-77.7	-94.1	-118.5	-121.3	-133.2	-133.2	-129.4
Net domestic assets	50.8	34.3	25.5	38.0	63.7	55.6	70.0
Claims on the government (net)	53.4	26.7	29.2	42.2	71.3	75.4	87.6
Claims	80.5	90.3	99.8	105.9	112.9	108.9	102.7
Of which: Consolidated claims ²	4.7	3.1	0.0	4.2	3.7	3.0	2.9
Liabilities ³	-27.1	-63.6	-70.6	-63.7	-41.6	-33.5	-15.1
Other items (net)	-2.6	7.5	-3.7	-4.2	-7.6	-19.8	-17.7
Of which: Revaluation account	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Claims on deposit money banks (net)	-20.2	-30.0	-32.9	-18.0	-49.4	-71.5	-67.4
Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Advances to money market	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rediscounts and other advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	20.2	30.0	32.9	18.0	49.4	71.5	67.4
Other deposits	10.9	19.4	21.6	10.4	38.1	56.2	52.0
Currency held by banks	6.9	10.6	11.3	7.5	11.3	15.3	15.4
Other deposits	...	0.6	0.4	0.4	0.4	0.6	0.4
Currency outside banks	107.4	120.4	129.5	135.3	123.7	148.1	148.2

Sources: Central Bank of West African States (BCEAO); and Fund staff estimates.

¹ Excluding SDR counterpart.² These claims were securitized and sold to Malian commercial banks in 1994.³ Including cash held by the treasury.

Table 26. Mali: Summary Accounts of the Deposit Money Banks, 1995-2001¹
(In billions of CFA francs; end of period)

	1995	1996	1997	1998	1999	2000	2001 Jun.
Foreign assets (net)	66.4	58.6	53.5	42.8	18.7	42.7	87.2
Assets	74.8	71.6	70.4	70.4	76.2	98.8	138.9
Liabilities	-8.4	-13.0	-16.9	-27.6	-57.4	-56.1	-51.7
Net domestic assets	115.7	135.3	159.0	179.1	219.6	214.6	214.7
Claims on the government (net)	-35.3	-48.4	-48.6	-64.2	-88.3	-112.0	-112.3
Claims	19.0	23.1	19.6	13.8	14.0	17.8	17.9
Deposits	-54.3	-71.5	-68.2	-78.0	-102.3	-129.8	-130.2
Credit to the private sector ²	131.1	171.2	195.9	251.0	286.5	283.6	280.9
Crop credit	4.6	2.9	1.0	12.2	15.6	18.6	1.8
Other	126.5	168.3	194.9	238.8	270.9	265.1	279.0
Reserves	20.2	30.0	32.9	18.0	49.4	71.5	67.4
Money market position (net)	2.4	0.0	0.0	0.0	0.0	0.0	0.0
Deposits	2.4	0.0	0.0	0.0	0.0	0.0	0.0
Advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other reserves	17.8	30.0	32.9	18.0	49.4	71.5	67.4
Currency holdings	6.9	10.6	11.3	7.5	11.3	15.3	15.4
Deposits at central bank	10.9	19.4	21.6	10.4	38.1	56.2	52.0
Other items (net)	-0.3	-17.4	-21.2	-25.6	-28.0	-28.5	-21.2
Revaluation account	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Deposits	176.2	196.9	215.5	224.9	241.3	260.3	304.9
Demand	90.5	119.4	126.5	122.2	135.5	143.5	190.5
Time	85.7	77.5	89.0	102.7	105.8	116.8	114.4

Sources: Central Bank of West African States (BCEAO); and Fund staff estimates.

¹ Including transactions and adjustments resulting from the restructuring of the Banque de Développement du Mali (BDM), and reclassifications of deposits resulting from other bank audits.

Table 27. Mali: Claims on the Government, 1995-2001¹
(In billions of CFA francs; end of period)

	1995	1996	1997	1998	1999	2000	2001 Jun.
Central bank, net claims	53.4	26.7	29.2	42.2	71.3	75.4	87.6
Claims	80.5	90.3	99.8	105.9	112.9	108.9	102.7
Treasury overdraft	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trust Fund on-lent	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IMF credit on-lent	75.8	87.3	99.8	101.8	109.2	105.9	99.9
Consolidated claims ²	4.7	3.1	0.0	4.2	3.7	3.0	2.9
Liabilities	27.1	63.6	70.6	63.7	41.6	33.5	15.1
Treasury currency holdings	5.2	6.6	7.6	8.4	7.5	5.8	6.1
Government deposits	21.9	57.0	63.0	55.3	34.0	27.7	9.0
Deposit money banks, net claims	-35.3	-48.4	-48.6	-64.2	-88.3	-112.0	-112.3
Claims ²	19.0	23.1	19.6	13.8	14.0	17.8	17.9
Liabilities	54.3	71.5	68.2	78.0	102.3	129.8	130.2
Counterparts	-1.5	-2.0	-4.5	-4.0	-5.1	-0.9	-1.3
Customs duty bills held by the treasury	1.5	2.0	4.5	4.0	5.1	0.9	1.3
Net claims on the government	16.6	-23.7	-23.9	-26.0	-22.1	-37.5	-25.9
<i>Of which</i> : banking system ³	18.1	-21.7	-19.4	-22.0	-17.0	-36.6	-24.7

Sources: Central Bank of West African States (BCEAO); and Fund staff estimates.

¹ Including transactions and adjustments resulting from the restructuring of the Banque de Développement du Mali (BDM), and reclassifications of deposits resulting from other bank audits.

² The consolidated debit balances of the BDM at the BCEAO were securitized in 1994 and for 1994 are included in claims of the deposit money banks on the government.
if the deposit money banks on the government.

³ Includes the cotton stabilization fund.

Table 28. Mali: Foreign Assets and Liabilities of the Banking System, 1995-2001

(In billions of CFA francs; end of period)

	1995	1996	1997	1998	1999	2000	2001 Jun.
Banking system (net) ¹	126.4	190.4	183.4	150.1	113.3	167.7	249.5
Foreign assets	233.4	297.5	318.8	299.0	303.9	357.0	378.9
Foreign liabilities	107.0	107.1	135.4	148.9	190.7	189.3	129.4
Central bank (net)	68.9	131.9	129.8	107.3	94.5	125.0	110.6
Foreign assets	158.6	226.0	248.3	228.6	227.8	258.2	240.0
Foreign exchange	151.4	219.2	241.3	221.4	220.1	261.5	238.9
Special drawing rights	0.2	0.2	0.0	0.0	0.3	0.1	0.2
Reserve position in the Fund	7.0	6.6	7.0	7.1	7.3	8.4	8.3
Foreign liabilities	89.7	94.1	118.5	121.3	133.2	133.2	129.4
Use of Fund resources	76.6	85.8	103.5	107.4	117.9	128.3	118.6
Trust Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SDR's allocations	12.0	11.8	12.8	12.7	13.4	15.2	14.9
Other liabilities	1.1	-3.5	2.2	1.2	2.0	-10.3	-4.1
Deposit money banks (net)	57.5	58.6	53.5	42.8	18.7	42.7	138.9
Foreign assets	74.8	71.6	70.4	70.389	76.2	98.8	138.9
Foreign liabilities	17.3	13.0	16.9	27.6	57.4	56.1	0.0
Short term	8.4	6.9	5.9	19.5	50.3	45.2	0.0
Medium and long term	8.9	6.1	11.0	8.1	7.1	10.9	0.0

Sources: Central Bank of West African States (BCEAO); and Fund staff estimates.

¹ Differs from net foreign assets in Table 24, which exclude medium- and long-term foreign liabilities.

Table 29. Mali: Interest Rate Indicators, 1995-2001

(In percent per year)

	1995	1996	1997	1998	1999	2000	2001 Jun.
Interest rates							
Deposits	5.75	5.00	4.50	¹	¹	¹	¹
Rediscount rate	7.50	6.50	6.00	6.25	5.75	6.50	6.50
Money market	5.75	5.00	4.50	4.95	4.95	4.95	4.95
Savings deposits	4.50	3.50	3.50	3.50	3.50	3.50	3.50

Sources: Malian authorities; IMF, *International Financial Statistics*; and Fund staff estimates.¹ Freely determined by commercial banks.

Table 30. Mali: Central Bank Rediscount Rates,
October 1993- September 2001 ¹
(In percent per year)

Date	Discount Rate
October 18, 1993	12.50
December 20, 1993	10.50
January 18, 1994	14.50
June 27, 1994	12.00
August 1, 1994	11.00
August 29, 1994	10.00
September 5, 1994	10.50
January 23, 1995	9.00
June 5, 1995	8.50
December 26, 1995	7.50
August 5, 1996	7.25
August 19, 1996	7.00
October 21, 1996	6.50
February 17, 1997	6.25
September 8, 1997	6.00
August 31, 1998	6.25
January 4, 1999	5.75
June 19, 2000	6.50
September 30, 2001	6.50

Source: Central Bank of West African States (BCEAO).

¹ Rates applied to short-term credit of one year or less and to medium-term credit of up to ten years. The BCEAO will also rediscount long-term credit that, at the time of rediscounting, has no more than 15 years to maturity.

Table 31. Mali: Interest Rates Applied in the Money
Market, March 1995-September 2001 ¹
(In percent per year)

Date	Interest Rate
1995	
March	5.50
June	5.50
September	5.50
December	5.78
1996	
March	5.50
June	5.37
September	5.25
December	5.05
1997	
March	5.00
June	5.02
September	5.02
December	4.96
1998	
March	4.53
June	4.95
September	4.95
December	4.95
1999	
March	4.95
June	4.95
September	4.95
December	4.95
2000	
March	4.95
June	4.95
September	4.95
December	4.95
2001	
March	4.95
June	4.95
September	4.95

Source: Central Bank of West African States (BCEAO).

¹ In October 1993, the money market was transformed into an auction of weekly advances. Figures shown are monthly averages. Rates paid on auctions of central bank bills, introduced in August 1996, are not included

Table 32. Mali: Maximum Lending Rates Applied by Commercial Banks, 1995 - 2001

(In percent per year)

	Jun. 23 1995	Jun. 5 1995	Dec. 26 1995	Aug. 5 1996	Aug. 19 1996	Oct. 21 1996	Feb. 17 1997	Sep. 8 1997	Sep. 5 1998	1999	2000	2001
Short- and medium-term credit												
Crop financing and export credit	18.0	17.0	15.0	14.5	14.0	13.0	12.5	12.0	18.0	18.0	18.0	18.0
Financing of storage of agricultural products	18.0	17.0	15.0	14.5	14.0	13.0	12.5	12.0	18.0	18.0	18.0	18.0
Credit to small and medium- sized national enterprises	18.0	17.0	15.0	14.5	14.0	13.0	12.5	12.0	18.0	18.0	18.0	18.0
Credit to nationals ¹ for construction of first primary residence	18.0	17.0	15.0	14.5	14.0	13.0	12.5	12.0	18.0	18.0	18.0	18.0
Other credits	18.0	17.0	15.0	14.5	14.0	13.0	12.5	12.0	18.0	18.0	18.0	18.0
Long-term credit ²												
Credit to small and medium- sized national enterprises	18.0	17.0	15.0	14.5	14.0	13.0	12.5	12.0	18.0	18.0	18.0	18.0
Credit to nationals ¹ for construction of first primary residence	18.0	17.0	15.0	14.5	14.0	13.0	12.5	12.0	18.0	18.0	18.0	18.0
Other credits	18.0	17.0	15.0	14.5	14.0	13.0	12.5	12.0	18.0	18.0	18.0	18.0

Source: Central Bank of West African States (BCEAO).

¹ Of any member state of the West African Monetary Union (WAMU).² With maturity of more than 2 years and less than 15 years.

Table 33. Mali : Balance of Payments, 1995-2000¹STATISTICAL
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	1995	1996	1997	1998	1999	2000
	(In billions of CFA francs)					
Exports, f.o.b.	223.9	221.4	327.7	331.1	351.6	378.5
Cotton fiber	126.9	132.6	158.7	147.8	150.1	110.0
Gold	35.6	39.8	117.2	133.1	142.4	189.4
Other	61.4	49.1	51.9	50.2	59.0	79.1
Imports, f.o.b.	-311.2	-282.1	-318.6	-329.3	-372.8	-421.4
Trade balance	-87.3	-60.7	9.1	1.8	-21.2	-43.0
Factor service (net)	-17.7	-22.0	-30.2	-30.0	-43.2	-51.0
Private transfers (net)	51.0	46.1	42.6	40.0	45.8	47.1
Official transfers (net)	142.1	52.3	31.1	27.6	24.1	46.4
<i>Of which:</i> budgetary grants	29.4	26.7	20.8	19.6	14.6	32.2
Current account balance						
Excluding official transfers	-230.3	-185.7	-135.3	-147.3	-179.9	-217.6
Including official transfers	-88.2	-133.4	-104.2	-119.7	-155.8	-171.2
Capital and financial account	119.3	187.1	105.3	108.3	137.1	208.2
Capital account (net)	83.0	70.6	65.0	73.2	69.8	69.0
<i>Of which:</i> projects grants	63.0	69.8	63.4	70.3	68.8	69.0
Financial account	36.3	116.5	40.3	35.1	67.3	139.2
Private (net)	-46.9	34.3	-8.6	-22.9	7.0	77.8
Official (net)	83.2	82.2	49.0	58.0	60.3	61.4
Disbursements (net)	117.6	102.1	72.7	83.9	91.7	95.0
Budgetary	47.1	34.6	11.6	4.8	13.1	6.9
Project related	70.5	67.5	61.1	79.1	78.6	88.1
Amortization due on public debt	-79.2	-60.9	-39.0	-25.9	-31.4	-33.6
Errors and omissions	-2.3	9.5	-3.2	-11.2	6.0	-12.2
Overall balance	28.8	63.2	-2.0	-22.6	-12.7	24.7
Financing	-28.8	-63.2	2.0	22.6	12.7	-24.7
Foreign assets (net)	-28.8	-63.2	2.0	22.6	12.7	-27.3
<i>Of which:</i> IMF (net)	18.4	10.0	9.9	1.8	6.9	-5.7
HIPC Initiative assistance ²	0.0	0.0	0.0	0.0	0.0	2.6
Memorandum items:	(Percentage change)					
External trade						
Exports volume	14.7	0.0	47.1	-0.1	17.4	-2.3
<i>Of which:</i> nonmining				-11.4	21.7	-10.8
Imports volume	20.7	-7.6	8.3	5.6	8.0	-1.9
<i>Of which:</i> nonmining import volume	0.0	0.0	0.0	0.5	6.1	-3.4
Export unit value	5.0	-1.1	0.6	1.1	-9.6	10.1
Import unit value	2.4	-0.2	1.3	-2.1	4.9	15.3
Terms of trade	2.6	-0.9	-0.7	3.3	-13.8	-4.4
	(In percent of GDP, unless otherwise indicated)					
External current account balance						
Excluding official transfers	-19.4	-14.1	-9.5	-9.3	-10.8	-12.0
Including official transfers	-7.4	-10.1	-7.3	-7.5	-9.3	-9.5
External public debt ³	0.0	0.0	0.0	111.8	106.2	104.0
Debt-service ratio ⁴						
Before debt relief	39.2	29.4	15.0	11.4	12.5	13.3
After debt relief (including HIPC Initiative)	55.8	44.6	19.1	11.4	12.5	12.7
Gross international reserves (in billions of CFA franc)	158.6	226.0	248.3	228.6	227.8	269.1
In months of next year's imports ⁵	4.0	5.2	5.5	4.6	4.1	4.3
Exchange rate (annual average)						
CFA francs per SDR	757.2	742.7	803.1	800.2	842.0	936.4
CFA francs per U.S. dollar	499.1	511.6	583.7	590.0	615.8	710.0
Commodity prices:						
Petroleum (crude spot, US dollar per barrel)	17.2	20.4	19.3	13.1	18.0	28.2
Gold (U.S. dollar per fine ounce)	384.2	387.8	331.1	294.1	278.9	279.2
Cotton (cents per pound, international price)	98.3	80.5	79.2	65.5	53.1	59.0
Cotton (cents per pound, Malian price)	...	...	60.0	63.8	49.9	39.4

Sources: Malian authorities; and Fund staff estimates and projections.

¹ Presented according to the *Balance of Payment Manual* (5th ed.) The presentation of the program was changed accordingly and is therefore different from the presentation in EBS/00/162, 8/11/00.² Sum of original and enhanced HIPC Initiative framework for the 2000 estimate and projections; original HIPC only the program. The projection agreements already reached with the creditors (IMF, World Bank, European Union, OPEC Fund, and Paris Club) and therefore might underestimate that Mali will finally receive.³ Takes into account Russian debt cancellation in 1999; does not take into account HIPC Initiative assistance.⁴ In percent of exports of goods and nonfactor services.⁵ Goods and nonfactor services.

Table 34. Mali: Composition of Exports, f.o.b., 1995-2000
(Unless otherwise indicated, values in billions of CFA francs, volume in metric tons, and unit values in CFA francs per kilogram)

	1995	1996	1997	1998	1999	2000
Cotton						
Value	129.2	134.9	161.2	150.5	153.0	112.9
Cotton fiber						
Value	126.9	132.6	158.7	147.8	150.1	110.0
Volume	148,122.8	161,053.4	203,158.7	178,032.0	221,761.0	178,230.0
Unit value	856.8	823.3	781.0	830.0	677.0	617.0
Cotton cakes						
Value	0.5	0.5	0.5	0.6	0.6	0.6
Volume	11,025.0	11,168.3	11,615.0	13,000.0	13,520.0	11,971.1
Unit value	43.2	44.2	44.0	45.4	45.1	52.0
Cotton threads and materials						
Value	1.1	1.1	1.2	1.3	1.3	1.4
Volume	1,372.0	1,398.0	1,458.0	1,516.3	1,577.0	1,396.3
Unit value	802.4	811.0	831.0	858.1	850.8	981.0
Cottonseed oil						
Value	0.7	0.7	0.8	0.9	0.9	0.9
Volume	3,131.0	3,149.8	3,276.0	3,500.0	3,640.0	3,223.0
Unit value	229.3	229.0	242.0	249.9	247.8	285.7
Livestock						
Value	40.0	30.0	31.3	28.1	33.0	44.3
Volume	37,582.0	28,599.0	29,464.0	24,490.0	27,651.0	33,181.0
Unit value	1,064.7	1,049.0	1,062.0	1,147.0	1,192.0	1,334.7
Hides and leathers						
Value	1.6	2.6	3.1	3.2	3.4	4.5
Volume	1,672.0	2,861.0	2,976.0	3,124.8	3,281.0	3,445.1
Unit value	957.6	925.0	1,032.0	1,032.0	1,036.0	1,292.9
Fish						
Value	0.8	0.9	0.9	1.0	1.0	1.0
Volume	802.0	870.0	896.1	876.0	902.3	929.3
Unit value	997.5	998.0	1,050.4	1,084.7	1,075.0	1,081.5
Shelled groundnuts						
Value	0.2	0.3	0.2	0.2	0.2	0.2
Volume	1,754.0	2,350.0	1,816.0	1,852.0	1,890.0	1,927.8
Unit value	113.0	113.0	116.0	119.0	119.0	119.7
Other oilseeds						
Value	0.1	0.3	0.3	0.3	0.3	0.3
Volume	714.0	2,142.0	1,850.0	1,869.0	1,887.0	1,906.0
Unit value	140.0	140.0	148.0	153.0	152.0	152.9
Gold						
Value	35.6	39.8	117.2	133.1	142.4	189.4
Volume	6.2	6.6	18.5	22.8	25.3	28.3
Unit value	5,776,600.0	6,037,782.3	6,340,359.6	5,831,535.5	5,620,027.3	6,698,342.8
Other						
Value	16.4	12.6	13.6	14.7	18.3	25.9
Total	223.9	221.4	327.7	331.1	351.6	378.5
Memorandum item:						
3 principal exports as						
a percentage of total exports	91.5	92.5	94.5	94.1	93.4	91.6

Sources: Central Bank of West African States (BCEAO); and Fund staff estimates.

Table 35. Mali: Composition of Imports, c.i.f., 1995-2000
 Unless otherwise indicated, values in billions of CFA francs, volumes in metric tons,
 unit values in CFA francs per kilogram)

	1995	1996	1997	1998	1999	2000
Foodstuffs						
Value	55.4	58.0	64.7	72.8	68.9	56.3
Cereals						
Value	10.9	12.8	12.2	17.8	15.7	9.9
Volume	49,840.0	58,528.0	59,500.0	84,600.0	78,995.0	48,250.0
Unit value	218.7	218.7	205.5	210.0	198.9	204.9
Sugar						
Value	16.8	17.2	17.6	17.1	16.9	13.4
Volume	56,950.0	63,054.5	62,857.1	70,715.0	75,989.0	56,357.2
Unit value	295.0	272.8	280.0	241.2	221.8	237.6
Milk						
Value	11.9	9.9	12.2	12.7	15.5	11.7
Volume	10,258.6	8,497.9	9,363.0	9,456.6	11,465.0	8,598.8
Unit value	1,160.0	1,165.0	1,303.0	1,345.5	1,348.0	1,356.2
Tea and coffee						
Value	2.7	5.0	8.2	11.5	8.3	9.0
Volume	1,641.3	3,594.5	4,900.0	6,850.0	4,999.0	5,099.0
Unit value	1,645.0	1,391.0	1,670.0	1,675.0	1,652.0	1,765.4
Other beverages						
Value	0.7	0.8	0.9	0.9	1.2	1.2
Volume	2,622.5	2,701.0	2,782.0	2,837.6	3,681.0	3,754.6
Unit value	266.1	292.0	306.0	316.0	317.0	318.9
Cola nuts						
Value	1.5	1.6	1.8	1.9	2.1	2.1
Volume	8,222.2	8,551.1	8,723.0	8,941.1	9,925.0	10,123.5
Unit value	184.3	190.0	202.0	208.6	206.8	208.1
Other						
Value	10.9	10.7	11.9	11.0	9.4	9.1
Volume	30,783.1	31,706.6	32,568.0	32,894.0	28,468.0	27,329.3
Unit value	354.0	338.0	364.0	335.8	329.6	331.6
Machines and vehicles						
Value	123.0	115.4	125.2	128.3	154.1	178.4
Volume	35,000.0	32,190.0	34,390.0	34,734.0	40,951.0	45,046.1
Unit value	3,513.0	3,585.8	3,640.0	3,694.6	3,761.9	3,959.3
Petroleum products						
Value	42.4	52.2	61.1	52.0	71.0	120.4
Volume	289,905.0	332,843.0	400,164.0	439,243.0	471,925.0	516,056.7
Unit value	146.3	156.8	152.6	118.4	150.5	233.3
Construction materials						
Value	39.4	39.8	47.1	50.7	51.9	53.5
Volume	40,000.0	41,000.0	43,472.0	44,950.0	45,714.0	45,999.9
Unit value	985.0	970.0	1,083.0	1,129.0	1,136.0	1,162.8
Chemical products						
Value	35.2	36.8	39.2	43.3	50.4	60.7
Volume	77,780.0	81,281.0	84,126.0	87,650.0	95,977.0	97,494.0
Unit value	453.0	453.0	466.0	494.0	525.0	622.6
Textiles and leather						
Value	21.7	23.3	23.7	26.6	22.4	16.5
Volume	22,510.2	23,410.6	23,700.0	24,174.0	22,422.0	15,695.4
Unit value	965.0	995.0	998.0	1,101.8	1,000.8	1,053.5
Other						
Value	111.5	69.6	72.6	74.2	88.5	87.6
Total	428.7	395.1	433.5	448.0	507.2	573.4

Sources: Central Bank of West African States (BCEAO); and Fund staff estimates.

Table 36. Mali: Direction of Trade, 1995-2000

(In millions of U.S. dollars)

	1995		1996		1997		1998		1999		2000	
	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value	Percent	Value Est.	Percent Est.
Exports	235.9	100.0	282.3	100.0	270.4	100.0	293.9	108.7	239.3	100.0	194.7	81.4
Industrial countries	91.9	39.0	105.1	37.2	103.0	38.1	121.2	44.8	101.9	42.6	99.6	41.6
<i>Of which:</i>												
Belgium-Luxembourg	17.8	7.5	12.4	4.4	6.4	2.3	6.6	2.3	9.1	3.8	7.7	3.2
France	6.9	2.9	4.9	1.8	7.0	2.6	4.6	1.6	4.7	2.0	4.2	1.8
Germany	3.7	1.6	2.9	1.0	3.8	1.4	4.7	1.7	4.3	1.8	13.2	5.5
Spain	7.8	3.3	7.8	2.8	7.2	2.7	7.6	2.7	4.3	1.8	3.9	1.6
United Kingdom	0.3	0.1	1.0	0.3	0.9	0.3	0.7	0.2	4.1	1.7	9.2	3.9
Developing countries	141.0	59.8	173.7	61.5	163.6	60.5	168.3	59.6	132.8	55.5	89.7	37.5
<i>Of which</i>												
Africa	20.1	8.5	27.9	9.9	22.0	8.1	31.6	11.7	16.8	7.0	23.9	10.0
<i>Of which:</i> Côte d'Ivoire	2.9	1.2	4.2	1.5	2.8	1.1	1.9	0.7	0.9	0.4	3.1	1.3
Asia	97.3	41.2	137.5	48.7	121.9	45.1	106.5	39.4	100.3	41.9	34.0	14.2
<i>Of which:</i> People's Republic of China ¹	33.1	14.0	12.4	4.4	25.2	9.3	5.1	1.9	1.7	0.7	0.5	0.2
Others ¹	23.6	10.0	8.3	3.0	19.7	7.0	30.2	11.2	15.6	6.5	31.8	13.3
Imports	988.8	100.0	1,121.1	100.0	1,138.0	100.0	1,239.4	100.0	1,264.7	100.0	1,312.1	103.7
Industrial countries	393.1	39.8	429.9	38.3	431.5	37.9	455.4	36.7	443.3	35.1	389.8	30.8
<i>Of which</i>												
Belgium-Luxembourg	33.8	3.4	33.9	3.0	47.6	4.2	52.0	4.2	33.3	2.6	33.8	2.7
France	191.5	19.4	218.8	19.5	199.4	17.5	220.8	19.4	222.2	17.6	167.0	13.2
Germany	17.0	1.7	26.8	2.4	21.7	1.9	28.1	2.3	34.8	2.8	50.6	4.0
Spain	12.4	1.3	15.5	1.4	17.5	1.5	22.1	1.8	22.8	1.8	15.2	1.2
United Kingdom	41.7	4.2	41.7	3.7	43.3	3.8	29.3	2.4	28.4	2.2	29.8	2.4
Developing countries	550.5	55.7	638.3	56.9	648.4	57.0	717.7	57.9	751.3	59.4	841.8	66.6
<i>Of which:</i>												
Africa	450.1	45.5	540.7	48.2	572.1	50.3	616.8	49.8	632.5	50.0	715.9	56.6
<i>Of which:</i> Côte d'Ivoire	166.2	16.8	202.5	18.1	222.1	19.5	233.6	18.8	222.7	17.6	227.7	18.0
Asia	82.1	8.3	77.8	6.9	55.0	4.8	79.9	6.4	88.6	7.0	97.1	7.7
<i>Of which:</i> People's Republic of China ¹	56.9	5.8	39.8	3.5	37.5	3.3	54.2	4.4	54.7	4.3	67.5	5.3
Others ²	18.3	1.8	19.8	1.8	21.2	1.9	21.0	1.7	30.3	2.4	28.9	2.3
Memorandum items:												
Share of total trade												
France	198.4	16.2	223.7	15.9	206.5	14.7	204.1	13.3	225.6	15.0	7.5	0.5
Côte d'Ivoire	169.1	13.8	206.7	14.7	225.0	16.0	235.5	15.4	223.6	14.9	7.4	0.5
Germany	20.7	1.7	29.7	2.1	25.5	1.8	32.8	2.1	39.1	2.6	1.3	0.1

Source: IMF, Direction of Trade Statistics database, September 2001.

¹ Including the mainland, Hong Kong SAR, and Macao SAR.² Including the former U.S.S.R., Eastern European countries, and others.

Table 37. Mali: Terms of Trade Indices, 1995-2000

(Index, 1998=100)

	1995	1996	1997	1998	1999	2000
Export indices						
Value	67.6	66.9	99.0	100.0	106.2	114.3
Volume	68.0	68.0	100.1	100.0	117.4	114.8
Unit value ¹	99.4	98.3	98.9	100.0	90.4	99.6
Import indices						
Value	94.5	85.7	96.7	100.0	113.2	128.0
Volume	94.7	87.4	94.7	100.0	108.0	105.9
Unit value ¹	101.1	100.9	102.1	100.0	104.9	120.9
Terms of trade	98.4	97.5	96.8	100.0	86.2	82.4

Sources: Malian authorities; and Fund staff estimates.

¹ Unit value indices for exports and imports are Fisher indices calculated in terms of CFA francs.

Table 38. Mali: Foreign Aid, 1995-2000 ¹

(In billions of CFA francs, unless otherwise indicated)

	1995	1996	1997	1998	1999	2000 Est.
Total foreign aid	221.5	226.2	169.0	183.6	194.7	202.2
Grants	111.4	124.1	96.3	99.7	103.0	107.2
Loans	110.1	102.1	72.7	83.9	91.7	95.0
Project aid	133.5	137.3	124.5	149.4	147.4	157.1
Grants	63.0	69.8	63.4	70.3	68.8	69.0
Loans	70.5	67.5	61.1	79.1	78.6	88.1
Budgetary aid ²	69.0	61.3	32.4	24.4	27.7	39.1
Grants	29.4	26.7	20.8	19.6	14.6	32.2
Loans	39.6	34.6	11.6	4.8	13.1	6.9
Aid in kind (grants)	5.5	6.1	4.1	4.1	4.1	6.0
Technical assistance (Grants)	13.5	21.5	8.0	5.7	15.5	...
Memorandum items:						
Percent of total foreign assistance in the form of:						
Grants	50.3	54.9	57.0	54.3	52.9	53.0
Loans	49.7	45.1	43.0	45.7	47.1	47.0

Sources: Malian authorities; and Fund staff estimates.

¹ In the balance of payments, grants are included under official transfers; loans are included in nonmonetary capital receipts.² Includes budgetary aid channeled both through the treasury and outside the treasury.

Table 39. Mali: External Disbursed Public Debt Outstanding by Creditor, 1995-2000¹STATISTICAL
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	1995	1996	1997	1998	1999	2000 Est.
(In millions of U.S. dollars, end of period)						
Financial institutions ²	2.3	0.0	0.0	6.4	9.7	0.0
<i>Of which</i>						
Netherlands	2.3	0.0	0.0	0.0	0.0	0.0
Multiple lenders	0.0	0.0	0.0	0.0	0.0	0.0
Switzerland	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0
Multilateral loans	1,399.1	1,477.6	1,488.9	1,606.8	1,583.8	1,637.0
<i>Of which</i>						
AfDB	342.1	370.8	347.4	386.0	391.7	391.8
BADEA	16.4	12.3	11.2	12.2	9.6	9.6
EEC	8.8	8.4	7.5	7.8	6.8	6.8
EU/EIB	63.4	60.2	54.2	58.7	47.4	54.3
FIDA	39.0	42.9	43.8	48.3	49.7	49.7
IDA	863.0	915.2	935.3	1,010.7	1,034.8	1,034.8
Islamic Development Bank	31.6	32.3	35.7	35.8	0.0	0.0
League of Arab States	3.1	1.3	0.8	0.5	0.0	0.0
OPEC Special Fund	23.3	21.4	18.9	19.0	14.5	14.5
West African Development Bank	3.2	8.0	30.2	21.5	25.4	25.4
African Solidarity Fund	2.5	2.5	2.0	2.4	1.8	1.8
ECOWAS	2.7	2.3	1.9	1.6	1.8	1.8
Bilateral loans	1,297.7	1,266.7	1,219.5	1,263.1	1,209.7	690.9
<i>Of which:</i>						
Algeria	20.5	18.2	15.9	13.7	11.5	9.6
Switzerland	0.0	0.0	0.0	0.0	0.0	0.0
China, People's Republic of	137.3	139.3	135.9	139.8	133.7	126.0
Côte d'Ivoire	8.0	7.5	2.2	2.3	3.3	1.2
Egypt, Arab Republic of	3.6	0.0	0.0	0.0	0.0	0.0
France	318.6	288.1	283.4	319.9	273.8	212.7
Iraq	20.0	20.0	20.0	25.0	25.0	20.7
Italy	2.7	1.3	1.1	1.2	1.0	0.9
Japan	64.1	80.8	71.8	80.4	88.6	76.8
Kuwait	35.2	35.0	33.1	32.2	34.1	34.9
Libya	7.2	6.0	4.8	4.2	3.1	2.3
Netherlands	5.4	2.5	2.1	2.3	2.0	1.8
Saudi Arabia	84.6	78.6	73.4	71.0	66.7	64.1
United Arab Emirates	26.1	23.6	21.4	19.6	16.1	14.1
United Kingdom	16.6	18.0	6.7	6.7	6.1	6.9
Russia	547.6	547.6	547.6	544.8	544.8	118.7
Subtotal	2,699.0	2,744.3	2,708.3	2,869.9	2,793.6	2,327.9
Use of IMF resources	147.2	164.8	175.7	186.5	193.4	175.5
Total	2,846.2	2,909.1	2,884.0	3,056.4	2,987.0	3,038.0
Memorandum items:						
(In percent of total debt stock, unless otherwise indicated)						
Suppliers	0.0	0.0	0.0	0.0	0.0	0.0
Financial institutions	0.1	0.1	0.0	0.2	0.3	0.0
Multilateral loans including IMF Trust Fund	54.2	56.5	57.7	58.7	59.5	59.7
Bilateral loans	45.6	43.5	42.3	41.3	40.5	22.7
<i>Of which</i>						
China, People's Republic of	4.8	4.8	4.7	4.6	4.5	4.1
France	11.2	9.9	9.8	10.5	9.2	7.0
Russia	19.2	18.8	19.0	17.8	18.2	3.9
IMF	5.2	5.7	6.1	6.1	6.5	5.8
Exchange rate: CFA francs per U.S. dollar ²	490.0	523.7	598.8	562.2	653.0	705.0

Sources: IBRD, Debtor Reporting System; IMF, *International Financial Statistics*, and Malian authorities.¹ Data for 2000 are not fully reconciled.² End of period.

Table 40. Mali: Structure and Terms of New Loan Commitments, 1995-2000¹

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

	1995	1996	1997	1998	1999	2000 Est.
Category of lender						
Bilateral loans	61.9	7.7	0.0	22.9	42.1	4.0
Multilateral loans	100.7	230.4	123.4	90.9	202.7	230.0
Suppliers' credits	0.0	0.0	0.0	0.0	0.0	0.0
Financial institutions	0.0	0.0	0.0	0.0	6.4	9.0
Total	162.6	238.1	123.4	113.8	251.2	243.0
Average terms						
Interest rate (percent)	1.5	1.3	0.9	1.7	2.0	1.8
Maturity (years)	30.7	35.9	43.8	24.5	24.2	28.8
Grace period (years)	8.8	9.3	9.9	7.0	3.4	6.9
Grant element (percent)	68.6	73.3	79.7	65.8	58.1	51.3

Sources: IBRD, Debtor Reporting System; Malian authorities; and Fund and World Bank staff estimates.

¹ Data for 2000 are not fully reconciled.

Table 41. Mali: Debt Service on Medium- and Long-Term External Public Debt, 1995-2000 ^{1 2}

	1995	1996	1997	1998	1999	2000 Est.
	(In billions of CFA francs)					
IMF	4.5	4.9	4.7	7.6	8.2	13.4
Charges and interest	0.9	0.9	0.6	1.0	1.0	1.2
Repurchases and repayments	3.6	4.0	4.1	6.6	7.2	12.1
Scheduled debt service						
(excluding China, Russia, and IMF) ³	38.7	34.9	36.9	36.1	43.9	48.0
Interest	13.0	11.6	11.9	10.2	12.5	14.8
Principal	25.7	23.3	25	25.9	31.4	33.2
Scheduled debt service						
(excluding China and Russia, but including IMF)	42.8	39.8	41.6	43.5	51.5	61.4
Interest	13.9	12.5	12.5	11.2	13.5	15.1
Principal (excluding IMF)	25.3	23.3	25.0	25.9	31.4	37.1
Repurchases to IMF	3.6	4.0	4.1	6.4	6.6	9.2
	(In percent of exports of goods and nonfactor services)					
Debt-service ratio vis-à-vis the IMF	1.7	1.9	1.3	1.9	1.9	2.9
Debt-service ratio						
(including IMF)	16.4	15.1	11.1	11.4	12.9	13.3
Interest	5.3	4.7	3.3	2.9	3.4	3.3
Principal	11.1	10.4	7.8	8.5	9.5	10.0
	(In billions of CFA francs)					
Debt rescheduling ²	2.3	2.0	0.0	0.0	0.0	2.6
Debt cancellation	2.0	0.0	0.0	0.0	0.0	0.0
Exports of goods and nonfactor services	260.3	268.4	375.1	380.4	419.4	462.8

Sources: Malian authorities; and Fund staff estimates.

¹ Preliminary data for 2000, in process of data reconciliation.

² On current debt-service obligations.

Table 42. Mali: Nominal and Real Effective Exchange
Rate Indices, 1995:Q1 - 2001:Q3 ¹

(Index: 1990=100)

	Nominal	Real
1995		
First quarter	54.62	58.41
Second quarter	55.27	60.79
Third quarter	55.51	62.11
Fourth quarter	55.78	64.23
1996		
First quarter	55.51	63.74
Second quarter	55.02	64.84
Third quarter	55.19	64.56
Fourth quarter	54.80	63.36
1997		
First quarter	53.67	53.67
Second quarter	53.09	53.09
Third quarter	52.16	52.16
Fourth quarter	53.33	53.33
1998		
First quarter	53.23	61.13
Second quarter	53.66	62.37
Third quarter	54.22	64.16
Fourth quarter	54.68	64.39
1999		
First quarter	53.72	62.06
Second quarter	52.67	60.38
Third quarter	52.38	60.36
Fourth quarter	51.89	58.91
2000		
First quarter	51.09	57.46
Second quarter	50.39	56.18
Third quarter	50.02	55.34
Fourth quarter	49.65	55.85
2001		
First quarter	50.39	58.25
Second quarter	50.27	57.58
Third quarter	50.54	57.92

Source: IMF, Information Notice System (INS).

¹ Period averages, based on the following average trade weights (in percent): France (25.81), Germany (10.55), United States (8.57), Italy (8.38), United Kingdom (6.36), Belgium (6.34), Japan (5.61), the Netherlands (4.84), People's Republic of China (4.80), and other countries (18.74).

Mali: Summary of Tax System, as of February 29, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates
1. Tax on income and profits			
1.1 Tax on industrial, commercial, and professional profits (IS-BIC)	Tax on net income of enterprises, whether set up as companies or not, of some cooperatives, and of certain professions, and public enterprises. Nonresident companies are taxed on that part of their profits derived in Mali. There are special provisions for the extractive industries. Losses in deficit years may be carried forward and deducted from the results of the following three years.	Exemptions: nonprofit consumer cooperatives without sales outlets, mutual agricultural credit funds. Profits subject to IRF and IRVM, taxpayers subject to business license fees (<i>patente</i>); small transport enterprises, retirement funds, and initial investments in agriculture research are also exempt. Special deductions: under certain conditions, investment expenditure of up to 50 percent of profits.	Limited liability companies (SA and SARL): 35 percent. Partnerships and individual enterprises: 25 percent.
1.2 Minimum presumptive tax (IMF)	Constitutes a minimum assessment for enterprises subject to corporate tax.		0.75 percent on turnover.
1.3 Schedular tax on agricultural profits ¹⁷	Levied on agricultural profits and established on a lump-sum basis; option exists for taxation on actual profits.	Exemption of five years for new agricultural enterprises.	10 percent.
1.4 Schedular tax on rental income (IRF)	Levied on rental income from real estate. A withholding is required each month on monthly rentals of CFAF 100,000 or more at the following rates: <ul style="list-style-type: none"> • 15 percent on rentals from durable or semidurable construction; and • 10 percent on rentals from nondurable construction. 		15 percent.
1.5 Tax on road transporters (TTR)	Final tax on road transporters (whose turnovers do not exceed CFAF 5,000,000 or who own fewer than four vehicles) in lieu of the following taxes: <ul style="list-style-type: none"> • business license fees; • tax on vehicles; • payroll tax for their employees; • general withholding income tax for their employees; • value-added tax; and • tax on profits. 		Variable rates from CFAF 88,000 to CFAF 414,000, based on vehicles' capacity and age.

Mali: Summary of Tax System, as of February 29, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates	
			Income	Rate (percent)
1.6 Tax on capital income (IRVM)	Schedular tax on payments of dividends and interest. Enterprises paying such income must withhold the tax at source.	Cooperatives, mutual agricultural credit funds, savings bank accounts, and agricultural cooperatives' demand deposits.	Dividends for prizes (lots)	10
			paid to bearers of bonds for interest on savings accounts and bonds	15
				13
1.7 Tax on wages and salaries (ITS)	Annual progressive tax withheld at source on wages and salaries and on nonexempt pensions.	Salaries of foreign diplomats are exempt on a reciprocal basis. A deduction system is applied per household: bachelors and widows without dependents, 0 percent; and couples, 10 percent. Deductions for children up to the tenth, 2.5 percent.	Income brackets (In CFA francs)	Rates (in percent)
			0 to 175,000	0
			175,000 to 600,000	n.a.
			600,001 to 1,200,000	13
			1,200,001 to 1,800,000	20
			1,800,001 to 2,400,000	28
			2,400,001 to 3,500,000	34
Over 3,500,000	40			
2. Contributions for social security				
2.1 Family allowances	Employer contribution.			8 percent.
2.2 Sickness and occupational accidents	Employer contribution.	Sickness:		2.0 percent.
		Accidents:		4.0 percent.
2.3 Retirements	Contributions from employers and employees.		Employers:	3.4 percent
			Employees:	3.6 percent
3. Payroll taxes				
3.1 Payroll tax due from employer	Levied on the wage bill of enterprises, including the real value of remuneration in kind.	Exemption of three years for employers recruiting university graduates; graduates from fundamental, secondary, general, and technical education; exemption of two years for employers recruiting employees laid off for economic reasons.		7.0 percent.
3.1.1 Vocational training tax	Levied on wages paid by enterprises, including the real value of payments in kind.			0.5 percent.
3.2 Housing tax	Levied on the wage bill and earmarked for the Ministry of Housing.			1 percent.

Mali: Summary of Tax System, as of February 29, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates														
4. Taxes on property																	
4.1 Registration fees	Applies, among others, to transfers of real estate, business capital, and rental and lease contracts.	50 percent deduction if the building is to be destroyed, and other conditions as specified in the Tax Code.	Sale of buildings and transfer of rental contract: 15 percent. Rental contract fees: 3 percent. Sale or rental of furniture: 10 percent. Transfer of business: 20 percent.														
4.2 Livestock tax	Levied according to the size of herds.	Certain farm animals.	Tax varies according to species from CFAF 50 to CFAF 800 per head.														
5. Tax on goods and services																	
5.1 Value-added tax (VAT)	Tax on imports, as well as sales of goods, construction work, and services. The base does not include the value-added tax itself.	Exports, agricultural equipment and inputs, and drugs.	18 percent.														
5.2 Tax on financial activities (TAF)	Levied on banking operations.	Money market operations.	15 percent.														
5.3 Selective excises	Assessed on imported products and local manufactures.		<table border="0"> <thead> <tr> <th>Products</th> <th>Normal Rate (percent)</th> </tr> </thead> <tbody> <tr> <td>Alcoholic beverages</td> <td>45 percent.</td> </tr> <tr> <td>Sparkling beverages</td> <td>10 percent.</td> </tr> <tr> <td>Tobacco</td> <td>25 percent.</td> </tr> <tr> <td>Kolas</td> <td>25 percent.</td> </tr> <tr> <td>Vehicles</td> <td>10 percent.</td> </tr> <tr> <td>Ammunition</td> <td>45 percent.</td> </tr> </tbody> </table>	Products	Normal Rate (percent)	Alcoholic beverages	45 percent.	Sparkling beverages	10 percent.	Tobacco	25 percent.	Kolas	25 percent.	Vehicles	10 percent.	Ammunition	45 percent.
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Mali: Summary of Tax System, as of February 29, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates
5.4 Ad valorem tax on gold	Levied on crude gold sales at production stage.	Refining costs included in sale proceeds.	3 percent.
5.5 Business license fee (<i>Patente</i>)	Levied on all individuals or legal entities engaged in commerce, industry, or a profession in Mali. This comprises a proportional business license fee, calculated on the rental value of business premises, and a fixed fee established by area and type of activity.	Central and other administrative entities, and exports of livestock and taxpayers whose annual turnover does not exceed CFAF 30 million. Partial exemptions: recent university graduates during the first three years of activity on their own account on a declining basis (100 percent, 50 percent, and 25 percent). <i>Idem</i> for civil servants who leave their jobs under the voluntary departure program, as well as for workers laid off for economic reasons.	Proportional rate: 10 percent. Flat rates vary from CFAF 7,200 to CFAF 1,000,000
5.6 Special business licences fees (<i>Licences</i>)	Levied on enterprises engaged in wholesale or retail sale of alcoholic beverages. They are established at flat rates for two groups (Bamako and other areas).		Flat rates vary from CFAF 9,000 To CFAF 150,000
5.7 Motor vehicles tax	Tax on vehicles in use with license plates issued in Mali	Exemptions: vehicles belonging to the civilian and military authorities.	Based on vehicle power: varies from CFAF 7,000 to CFAF 75,000.
5.8 Taxes on firearms	Annual levy on firearms owners.	Exemptions: arms held by officers and arms in stock.	Variable rates from CFAF 625 to CFAF 7,500 according to type of firearms.
5.9 Tax on insurance contracts	Levied on premiums paid for insurance contracts.	Reinsurance contracts, insurance for export credit, and life insurance contracts.	20 percent for all other insurance contracts.
5.10 Domestic tax on petroleum products	Levied on imports and domestic * of petroleum products.	Oil lubricants and petroleum derivatives excluded from WAEMU definition	CFAF 0 to CFA 155 per kilogram.
6. Taxes on international trade			
6.1 Customs duties on imports	Levied on the c.i.f. value of all imports from all countries.	Goods classified in the zero-rate category under the CET	Ad valorem duties at the rates of zero; 5 percent; 1 percent; and 20 percent depending on the

Mali: Summary of Tax System, as of February 29, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates
			categories.
6.2 Temporary import tax (TCI) ^{2/}	Levied on the c.i.f. value of imports of sugar, wheat flour, and rice.		Variable rates depending on international prices for sugar, wheat flour, and rice.
6.3 VAT on imports	See 5.1 above.	See 5.1 above.	See 5.1 above.
6.4 Regional solidarity tax (PCS)	Levied on imports of products originating outside the WAEMU.	Petroleum products.	0.5 percent.
6.5 Selective excises on imported goods	Excises levied on the c.i.f. value of imports.		Variable rates between 5 percent and 90 percent.
6.6 Declining protection tax (TDP) ^{3/}	Levied on imported products competing with local products, based on WAEMU regulations.		Maximum rate: 20 percent. Minimum rate: 10 percent. This rate declines every year, starting in July 1999.
6.7 Regional tax (PC)	Levied on the c.i.f. value of goods imported from nonmember countries of the WAEC.	Petroleum products.	0.5 percent.
6.8 Customs service fee	Levied on the c.i.f. value of imported goods from all countries for customs clearance services provided by the Customs Department.		1 percent.
6.9 Special tax on petroleum imports	Levied on petroleum products. Tax base is a standard value determined by the Customs Department.		Six variable rates by product: 5, 6, 10, 25, 93, and 128 percent.
7. Other taxes			
7.1 Regional and local development tax (TDRL)	Levied on individuals.	Children under 14 years and students.	Variable rates by region (from CFAF 875 to CFAF 3,000).
7.2 Stamp duties	Applies to legal documents, correspondence with the government, drivers' licenses, and documents related to intent to export gold and cotton, and certification for import of vehicles.		Rates are fixed according to the nature of the legal document.

Mali: Summary of Tax System, as of February 29, 2000

Tax	Nature of Tax	Exemptions and Deductions	Rates
7.3 Global tax (<i>taxe synthétique</i>)	Levied on taxpayers whose annual turnover does not exceed CFAF 30 million. It encompasses the tax on profits, the value-added tax, the tax on wages and salaries, and business license fee.		Variable rates between CFAF 10,585 and CFAF 1,100,000.
7.4 Taxes on mining: balance of permit, renewal, prospection, exploitation, and other mining activities	License fees.		

Source: Malian authorities.

^{1/} Suspended since 1979.

^{2/} Suspended since February 1994.

^{3/} Common external tariff of the West African Economic and Monetary Union (WAEMU).