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Mali: Supplementary Letter of Intent

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

Bamako, May 27, 2008

Mr. Dominique Strauss-Kahn
Managing Director
International Monetary Fund
Washington, D.C. 20431

Dear Mr. Strauss-Kahn:

1. This letter supplements the request dated May 5, 2008. It modifies some elements of the 2008 program, taking into account recent economic developments.
2. In view of the sharp increase in oil prices on international markets, the Government of Mali has not been in a position to fulfill its commitment to reach the established minimum levels of taxation on petroleum products (MEFP, ¶ 8, and TMU, ¶¶ 17–19). The price increases implemented on May 14 were limited to CFAF 15 per liter, whereas increases of about CFAF 55 were necessary under the program. As a result, the prior action was not fulfilled, resulting in a financing gap of CFAF 12 billion in the 2008 budget.
3. The Government is committed to preserving the stability of public finances, and it has adopted additional measures to raise revenue and curtail expenditure. These measures, which take effect immediately, should safeguard the program's objectives.
4. Regarding revenue, the Government is determined to adjust retail prices on petroleum products regularly so as to maintain the planned level of revenue. However, given developments in the international oil market, the timetable for fully restoring oil product taxation is uncertain. During the period of the program, the Government is committed to preserving a minimum level of cumulative taxes and duties on petroleum products as specified below (these replace the figures in ¶ 17 of the TMU):

(i) Gasoline (all grades)	CFAF 224 per liter
(ii) Diesel fuel	CFAF 93 per liter
(iii) Distillate diesel oil	CFAF 110 per liter
(iv) Other fuel (except kerosene)	CFAF 72 per liter

In addition, the Government intends to redouble its efforts to boost revenue collection at the tax and customs departments.

5. Regarding expenditure, the Government has decided to save an additional CFAF 12 billion by postponing investment projects, and it is committed to protecting priority spending, especially for the social sectors. Thus, aggregate expenditure in the 2008 budget is capped at CFAF 901.5 billion, of which CFAF 480.2 billion is current expenditure and

CFAF 350.4 billion capital expenditure. These figures could be revised upward should the revenue outturn be significantly better than expected.

6. The modifications to revenue and expenditure will be ratified through a supplementary budget law.

7. The Government authorizes the Fund to publish this letter as well as other documents relating to the 2008 Article IV consultation and PRGF request.

Yours truly,

/s/

Abou-Bakar Traoré
Minister of Finance