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INFORMATION NOTE



REPUBLIC OF
MALI

Presentation of Sovereign issuers of West African Monetary Union

December 2019

Quality review by **Deloitte.**



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CERTIFICATE OF THE ISSUER

MINISTÈRE DE L'ÉCONOMIE
ET DES FINANCES

DIRECTION NATIONALE DU TRÉSOR
ET DE LA COMPTABILITÉ PUBLIQUE

REPUBLIQUE DU MALI
Un Peuple - Un But - Une Foi



Attestation de l'émetteur

Je soussigné, Sidi Almoctar OUMAR, Directeur National du Trésor et de la Comptabilité Publique, agissant au nom et pour le compte de l'État du Mali, atteste que les données et informations contenues dans la présente Note d'Information sont conformes à la réalité et n'ai connaissance d'aucune information de nature à en altérer la portée.

L'objectif visé à travers cette Note d'Information est de porter à l'attention des investisseurs sur les titres publics émis par l'État du Mali, toutes les informations utiles à la prise de décisions d'investissement.

Toutefois, je rappelle que les informations et analyses prospectives présentées dans ce document, sont basées sur des projections établies à partir d'hypothèses qui sont entachées d'incertitudes pouvant entraîner des différences entre les réalisations effectives et les performances économiques attendues.

Cette note d'information publiée sera mise à jour chaque fois que nécessaire, afin de rendre compte :

- de l'évolution de la situation économique du Mali ;
- de la disponibilité ou de la mise à jour des données économiques ;
- de quelques changements intervenus.

LE DIRECTEUR NATIONAL



Sidi Almoctar OUMAR
Chevalier de l'Ordre National



ACRONYMS

AFD	: Agence Française de développement/French Development Agency
AfDB	: African Development Bank
EIB	: European Development Bank
IsDB	: Islamic Development bank
BIDC	: ECOWAS Bank of Investment and Development
BM/AID	: World Bank (WB)/International Development Agency (IDA)
AGOA	: African Growth Opportunities Act (U.S. African Growth and Opportunity Development Act)
AUT	: Agence UMOA-Titres (WAMU regional securities Agency)
DSA	: Debt Sustainability Analysis
DGDP	: General Directorate of Public Debt
BCEAO	: Central Bank of West African States
BOAD	: West African Development Bank
BRVM	: Regional Securities Exchange
CPW	: Construction and Public Works
CIF	: Cost, Insurance, Freight
CTC	: Council of Territorial Collectivities
CREPMF	: Regional Council for Public Savings and Financial Markets
CC/BS	: Central Custodian/Bank of Settlement
CPIA	: Country Policy and Institutional Assessment
CFAF	: Common Franc of the African Financial Community
IMF	: International Monetary Fund
FOB	: Free on board
GATT	: General Agreement on Tariffs and Trade
MDRI	: Multilateral Debt Relief Initiative
FDI	: Foreign Direct Investment
HICP	: Harmonized Index of Consumer Prices
NIS	: National Institute of Statistics
CPI	: Consumer Price Index
IPI	: Industrial Production Index
NPI	: Non-Profit Institution
RFM	: Regional Financial Market
NCD	: Non-Communicable Disease
SDO	: Sustainable Development Goals
WTO	: World Trade Organization
GMD	: Millennium Development Goals
WHO	: World Health Organization
CSGSP	: Convergence, Stability, Growth and Solidarity Pact
REP	: Regional Economic Programme
GDP	: Gross Domestic Product
RIP	: Regional Indicative Programme
LDC	: Least Developed Countries
NRDP	: National Rice Development Programme
NHDP	: National Health Development Plan
NAIP	: National Agricultural Investment Programme
UNDP	: United Nations Development Programme
PPP	: Public-Private Partnership
HIPCs	: Highly Indebted Poor Countries
PSD – CMU	: Strategic Plan for the Development of Universal Health Insurance Coverage
MTDS	: Medium Term Debt Management Strategy
SFD	: Decentralized Financial Systems
MIC	: Management and Intermediation Companies
TLS	: Trade Liberalization Scheme
STS	: Specialists in Treasury Securities
CET	: Common External Tariff
ICT	: Information and Communication Technologies
EU	: European Union
WAEMU	: West African Economic and Monetary Union
WAMU	: West African Monetary Union



EXECUTIVE SUMMARY

With a surface area of 1,241,238 km² and a population of 18.8 million inhabitants in 2017, Mali is one of the largest states in West Africa. Crossed by two major rivers, Niger and Senegal, Mali has no coastline and shares borders with seven countries: Algeria, Mauritania, Niger, Burkina Faso, Côte d'Ivoire, Guinea and Senegal. Several languages are spoken in Mali, the most common of which are Bambara, Peul, Dogon, Songhai and Soninke.

As an agropastoral country, the agricultural sector plays an important role in the national wealth. After the 2012 crisis, the country returned to the economic dynamism of 2014 where the growth rate was 7.2%. In fact, GDP growth reached 5.8% in 2015, 5.4% in 2016 and 5.5% in 2017. In 2018, growth is expected to reach 5.1%. The economic development prospects are good. However, urban and rural disparities hinder the consolidation of development gains.

BRIEF OVERVIEW OF THE COUNTRY



REPUBLIC OF MALI



Area
1 241 248 km²



Population :
18.874 millions
inhabitants
(source : World Bank)

Official Language : **French**
Currency : **CFAF**



Democratic presidential system

Capitale : **Bamako**

50.2% of population
between **15 and 35 years**
(Ministry of public Health)



(source : National Services, BCEAO)

- ▶ Economy based on **agriculture**
extractive activity and **trade**
- ▶ Main export products : **Gold and Cotton**



1- GENERAL PRESENTATION OF THE COUNTRY

1.1 Political system

Mali attained national sovereignty on 22 September 1960. The country is in its third constitution and the last dates back 25 February 1992. This constitution was established with the advent of democracy followed by the introduction of multipartyism.

On the political level, Mali is a Republic with a unicameral Parliament and a Presidential regime where the power of the President is strengthened.

1.1.1 Executive Power

The executive power is represented by the President of the Republic who is elected by direct universal suffrage. He is elected for a term of 5 years renewable only once. He appoints the prime minister, head of government and ministers on the proposal of the latter. The Prime Minister is responsible for implementing governmental actions in line with the President's guidelines.

The government may initiate ordinances between the sessions of the National Assembly, enact laws passed by the National Assembly and ensure their implementation.

In the event of a temporary vacancy, the functions of the President of the Republic are carried out by the Prime Minister. In the event of a permanent vacancy resulting from an inability of the President to perform his duties, they are ensured by the President of the National Assembly.

Since the advent of democracy, Mali has had four (4) Presidents: Alpha Oumar Konaré for two terms from 1992 to 1997 and from 1998 to 2002, Amadou Toumani Touré for two terms from 2002 to 2007 and from 2008 to 2012. Amadou Toumani Toure resigned after a coup at the end of his term and Dionkounda was appointed as the President of the transition. The current President Ibrahim Boubacar Keita was elected in 2013 and re-elected in 2018.

1.1.2 Legislative Power

The legislative power is exercised by the National Assembly which is the only House where the deputies sit; they are elected by the people by direct universal suffrage for a term of five (5) years, renewable. They benefit from parliamentary immunity in the performance of their duties.

The National Assembly of Mali counts presently 147 deputies. The President is elected by their pair in the Assembly. A deputy who has served two terms enjoys a parliamentary pension. The office of the Assembly is renewed every year. The deputies meet in ordinary and extraordinary session.

Parliament initiates, passes laws and controls government action. It can call the government to account and can vote a motion of censure against the government. The National Assembly guarantees national representation. The legislative procedure begins with the tabling of the bill in the National Assembly at the initiative of either the government or a deputy. It is at the end of the discussions on the report of the commission that the National Assembly passes laws. Once laws are passed, the government is responsible for enacting them.

The National Assembly is composed of five (5) parliamentary groups: RPM, ADEMA, VRD, APM and ADP MALIBA-SADI. It is headed by an office of twenty-three (23) members. In addition to the President, it consists of: ten (10) Vice-Presidents, two (02) Quaestors and ten (10) Parliamentary Secretaries.

Judicial Power

Justice is administered by a Supreme Court, a Constitutional Court, Criminal Courts, Courts of Appeal, Courts of First Instance and their detached sections, Justices of the Peace with extended jurisdiction, Labor Courts, Commercial Courts, Administrative Courts and Juvenile Court.

The Ministry of Justice is responsible for administering justice. The Supreme Court has powers against judgments of the Court of Appeal and courts of the same level and also against judgments rendered in first and last resort by the basic jurisdictions. The Court of Appeal is the appellate instance of the basic jurisdiction apart from the administrative court. Since 1998, there have been three Courts of Appeal in Mali: Bamako, Kayes and Mopti. The Court of Appeal has five chambers: a civil and commercial chamber, a correctional chamber, an indictment chamber, a social chamber and a juvenile chamber. The Court of First Instance has jurisdiction to know, in first and last resort, the civil actions, commercial and customary involving interests of a value of less than or equal to 50 000 CFAF.

1.2 Administrative Organization

Since the early 1990s, Mali has started a large-scale decentralization project to strengthen local development actions. Thus, different levels of centralization have been created in addition to the decentralized state services that are governorates, prefectures and sub-prefectures as well as technical services. There are three levels of decentralized bodies: regional councils, community circles and municipalities. In total there are 703 municipalities, 49 circles and 10 regions.

1.3 Geographic location

With a surface area of 1,241,238 km², Mali is crossed by two major rivers: Niger and Senegal. It shares its borders with seven countries: Algeria, Mauritania, Niger, Burkina Faso, Côte d'Ivoire, Guinea and Senegal. The Malian climate is characterized by three seasons: a dry season from March to June, a rainy or wintering season from June to September and a winter or cold midseason from October to February with a dry Saharan wind called harmattan. Temperature varies from 24°C in January to 35°C in May. With vast alluvial plains dominated by limestone plateaus and sandstone, Mali is divided into three (03) climatic zones. The desert north, which covers two thirds of the territory, belongs to the southern Sahara whose rainfall does not exceed an annual average of 130 mm. The Sahelian center has a relatively dry climate, with an annual average rainfall of 200 mm to 500 mm and with a vegetation cover varying from

the steppe in its northern part to the savannah in its southern part. The Sudanese South, which is covered by wooded savannah to the North and forests to the South, with an annual average precipitation of 1,400 mm.

1.4 Population

According to the 2009 general population and habitat census, the population of Mali was 14,528,662, 50.4% of whom were women. In 2017, the Malian population is estimated at 18,874,286 according to the forecasts of the national population directorate. Preparatory work for the new census has begun and collection will start in 2019.

Table 1. Population change from 2008 to 2009

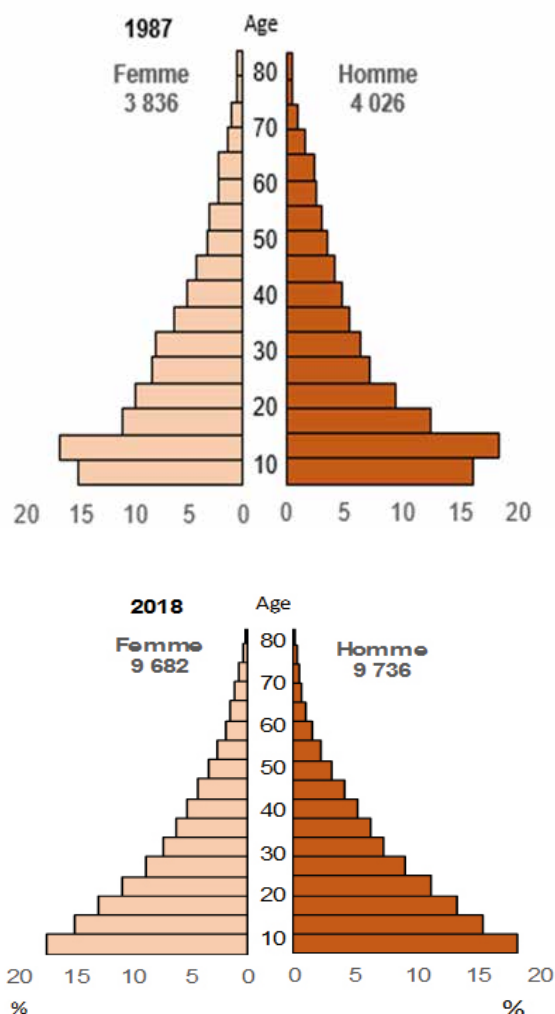
Years	Total population
2008	12 623 040
2009	14 528 662
2010	15 370 000
2011	15 840 000
2012	16 318 897
2013	16 808 242
2014	17 308 179
2015	17 819 147
2016	18 341 245
2017	18 874 286
2018	19 418 097

Source : DNP, 2018

Annual population growth is estimated at 3.6% in 2017 and the country has a very young population, with the under-18 representing 53.7% of the population. According to 2009 RGPH, the average annual population growth rate is 3.3%.

The age pyramid below shows the current situation in 2018 and the historic population data from 1987. The population is divided and balanced between men and women. Women represented 50.40% of the population in 2017.

Figure 1. Age pyramid of the Malian population, 1987-2018, Percentage of distribution and number in thousand.



Source: National Population Directorate

The urbanization rate was 34.3% in 2010 and increased continuously with an average annual rate of 2%. It is estimated at 44% in 2015.

Table 2. Urban and rural population

Indicator	2010	2015	2020 (p)	2025 (p)
Rural population (by thousand)	10 102	11 133	12 165	13 177
Urban population (by thousand)	5 268	6 686	8 372	10 342
Urbanization rate (%)	34.3	37.5	40.8	44

source : DNP, 2018

In Mali, there are two major religions: Islam and Christianity. Islam is the most practiced religion (95%). Christianity is practiced by 4% of the population.

1.5 Education

Organization of school cycles

The Ten-Year Education Development Program (PRODEC) is the first education program in Mali since its independence. The Malian education system is organized around 4 levels: the fundamental 1 which goes from the first year (1st grade) to the 6th year (6th grade), the fundamental 2 covering the 7th to the 9th grade, secondary education, technical and professional training and higher education.

Overall, the literacy rate increased steadily between 2001 and 2013. From 2014 to 2017, there were fluctuations. Looking at the results disaggregated by sex, it appears that men are more literate than women with ~45% and ~25% respectively over the period, regardless of the year looked at. The overall literacy rate has recently declined from 33% in 2011 to 31% in 2016 and 29.2% in 2017. Literacy is higher in urban areas, with 58% compared to 25% in rural areas.

Table 3. Literacy rate by poverty level and by Head of Household Gender

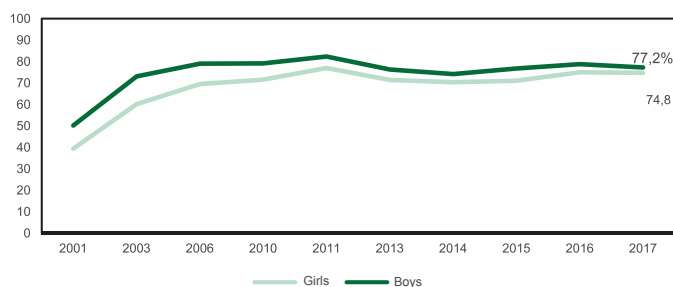
Poverty status	Women	Men
Poor	13.3	22.9
Not poor	28.0	44.3
Total	23.9	34.5

Source : INSTAT, EMOP-2017

Statistics by cycle

The school enrollment rate of girls at the undergraduate level (1st to 6th Grades) remains lower than that of boys, regardless of the year of the survey. It is also noted that this rate decreased from 2011/2012 for both sexes. In 2017/18, this rate is 77.2% for boys compared to 74.8% for girls. The gap between girls and boys narrowed in 2017/18. The net enrollment rate increased from 55.5% in 2014 to 60.9% in 2017.

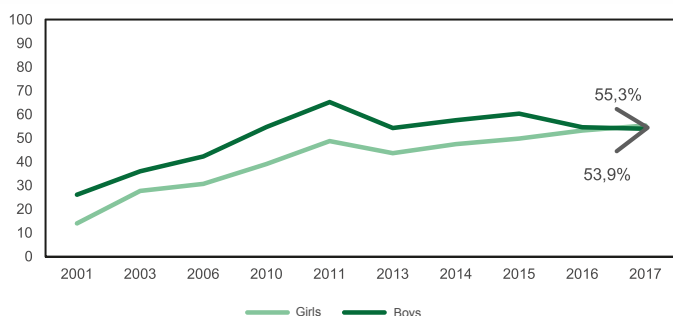
Figure 2. Evolution of the gross enrolment rate in fundamental I



Source : INSTAT, EMEP 2001, ELIM 2003, 2006, MICS/ELIM 2010, EMOP 2011, 2013, 2014, 2015, 2016, 2017

With regard to the fundamental II (from the 7th to the 9th year), the gross enrolment rate decreased from 2013, regardless of gender. Results disaggregated by sex also show that from 2001 to 2016, boys were more enrolled than girls. In contrast, the results are reversed in 2017/18 with a rate of 53.9% for boys compared to 55.3% for girls.

Figure 3. Evolution of the gross enrolment rate in fundamental II



At the level of general secondary education, and technical and vocational training, enrolment generally increased before falling in 2017. Between 2014 and 2017, this increase was about 37,711 students. The same trend can be observed for technical and vocational education.

Higher education comprises of the universities (the Universities of Bamako and Ségou) and the Grandes Écoles. In 2016, only 29% of university students are women. The numbers of men exceed the number of women, regardless of the faculty or grandes écoles, with more or less marked differences in certain faculties or grandes écoles.

At the national level, the number of students in universities decreases between 2014 and 2015 by approximately 15,370 students. A significant increase of approximately 53,450 students is observed between 2015 and 2016. From this date until 2018, the progression has been almost constant.

1.6 Health

Health system architecture

The health system is made up of all structures and institution that public (State and local authorities), private, community (associations and health mutual, foundations) and confessional, as well as health professional associations whose work contributes to the implementation of the national health policy. The objectives of the policy are to improve the health of populations, extend health coverage and seek greater sustainability and performance of the health system.

The health pyramid of Mali is one of the most structured in the sub-region with a fairly extensive decentralization. There are three levels: hospitals, referral health centers (CSREF) and community health centers (CSCOM). Hospitals are at the level of regions and the district of Bamako. CSREF at the level of the circles and the municipalities of the district of Bamako. CSCOM are at the municipal level. In addition to conventional medicine, there is traditional medicine, whose practitioners work closely with modern medicine workers, particularly in the manufacture of certain medicines using plants.

General statistics on the population health

The maternal mortality rate in Mali has globally decreased from 2000 to 2016 with an increase between 2012 and 2013. This could be due to the multi-dimensional crisis (security, political and social) that the country has experienced. Indeed, armed groups in certain areas prevent people from producing and benefiting from basic social services.

Table 4. Evolution of mortality indicator from 2000 to 2016 (per 1000)

Years	Life Expectancy at Birth			Maternal Mortality Rate	Infant Mortality
	Man	Woman	Global		
2000	47.3	48.3	47.8	335	111
2001	48.2	49.1	48.6	327	110
2002	49.1	49.9	49.5	321	108
2003	49.9	50.8	50.4	316	106
2004	50.9	51.7	51.3	310	103
2005	51.8	52.7	52.3	302	100
2006	52.7	53.6	53.1	298	98
2007	53.5	54.4	53.9	292	96
2008	54.1	55	54.6	288	94
2009	54.7	55.5	55.1	285	92
2010	55.2	55.9	55.6	283	91
2011	55.7	56.3	56	281	89
2012	55.9	56.8	56.3	280	88
2013	55.9	57	56.5	284	86
2014	56.5	57.4	56.9	281	85
2015	56.9	57.8	57.4	277	83
2016	57.5	58.4	58	270	82
2017					80

Source : WHO, 2018

The mortality rate for adult males is higher than maternal mortality. As for life expectancy at birth, it has followed an upward trend from 2000 to 2016. The statistics show a higher level for women than for men throughout the period. As for infant mortality, it has decreased substantially, particularly in connection with the efforts of the government and partners in the offer free medication for certain drugs.

Prevalence of diseases

Malaria or fever was the main disease affecting the Malian population with 14.4% of the affected population. Compared to the levels of the past 10 years, this trend is declining due in part to the efforts of the government.

Regarding HIV/AIDS, it is noted that men are more informed than women. In fact, 96% of men reported hearing about HIV/AIDS compared to 83% of women in 2017. The differences between men and wo-

men are more pronounced in rural areas, with 96% and 78% respectively reporting being informed.

In 2015, cases of Ebola-related diseases were reported, but actions taken by the authorities quickly contained them. To stop the spread of the disease, the authorities stepped up awareness campaigns on measures to protect, manage and respect health standards. It should be noted that Mali has recorded six (6) deaths and two people cured.

1.7 Employment

Active population

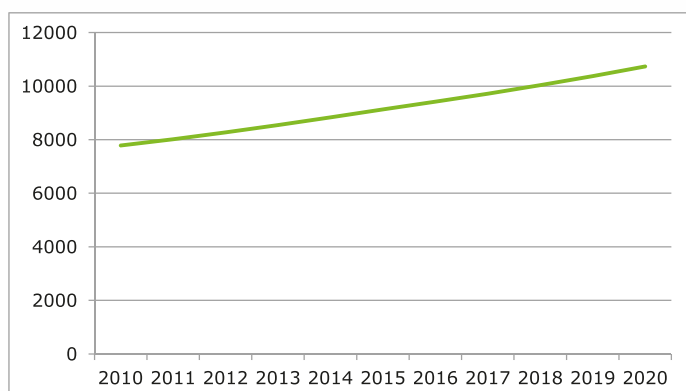
In 2017, the labor force represents 61.6% of the total population, compared to 64.8% and 64.9% respectively in 2016 and 2015. The labor force is the fraction of the population of working age (15-64), employed or unemployed. Since 2012, there has been a steady decline in the share of the labor force, which accounted for 68.9%.

Table 5. Percentage (%) of women and men aged 15-49 who know how to protect themselves against HIV / AIDS in 2015

		Urban	Rural	Total
Using condoms	Women	78	48	54
	Men	79	70	72
Limiting sexual intercourse with one uninfected partner	Women	77	58	63
	Men	82	76	77
Using condoms and limiting sexual relations with one uninfected partner	Women	64	42	48
	Men	71	64	66

Source : INSTAT, EDSM 2015

Figure 4. Graph: 2010-2017 and 2018-2020 Labor Force Evolution (Graph scale is in 1000 of individuals)



Source : DNP forecasts , 2018

Generally, we can see that the proportion of women in the labor force has been declining over the years. This proportion increased from 58.8% in 2014 to 51.2% in 2016. For men, there is no significant difference with an average of 83% between 2014 and 2016. The formal sector employs between 6% and 9% of the workforce.

Economic activities are unequally distributed geographically. The contrast is particularly marked between the rural world and Bamako. About 64% of the workforce in rural areas work in the primary sector while 79% of the workforce in Bamako work in the service sector (including trade). Another important feature is that services occupy a large part of the workforce, even in rural areas, which is about one in four employed people. Finally, the industry share is relatively small (11% for Mali as a whole) in urban

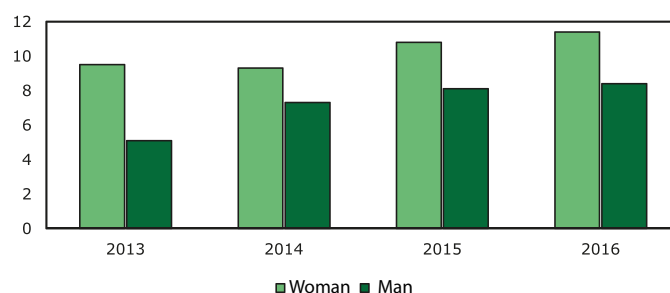
and rural areas (processing activities, such as cotton ginning in rural areas).

Unemployment rate

The unemployment rate represents 9.6% of the working-age population. Unemployment is more prevalent among young people between the ages of 15 and 39 (rates vary from 7.6 to 15.4% depending on the age decile), compared to older people between the ages of 40 and 64 (1.7 to 6.9% according to age decile). Unemployment affects more women (58.8%) than men.

The unemployment rate is five times higher in Bamako than in rural areas. The unemployment rate for 15-24-year old is between 10% and 11%. The average unemployment period is five years and the vast majority (81.5%) of the unemployed people are looking for their first job. Unemployment increased between 2011 and 2013 by almost 4 percentage points. This rate shows a downward trend from 2014. The unemployment rate is expected at 9.3% and 10.1% respectively in 2018 and 2019.

Figure 5. Evolution of unemployment rate



source : EMOP, 2016

Unemployment is unequally distributed between the rural area and cities: in 2017, the unemployment rate in rural areas is 8.6% against 11.4% in urban areas.

Employment Policy

The government has adopted a National Employment Policy (PNE) and a 2015-2017 action plan, which aims to increase decent job opportunities. In 2015, the formal sector registered the creation of 58,967 jobs with a target of 200,000 new jobs by 2018, according to the 2013-2018 Government Action Program (PAG).

Many initiatives have been taken by the public authorities to deal with employment problems over the past two decades. These include the creation of the National Direction of Employment (DNE) and the National Directorate of Vocational Training (DNFP).

Through the various structures created to support job creation, the authorities have emphasized the development of promising sectors in collaboration with training centers. This reconciles theory with practice. The Youth Employment Agency has initiated a professional internship program for young graduates to increase their chances of employability and to become familiar with the work environment. A tax facility is also granted to young entrepreneurs who are exempt from paying taxes for three years after starting their business.

Dynamics of employment

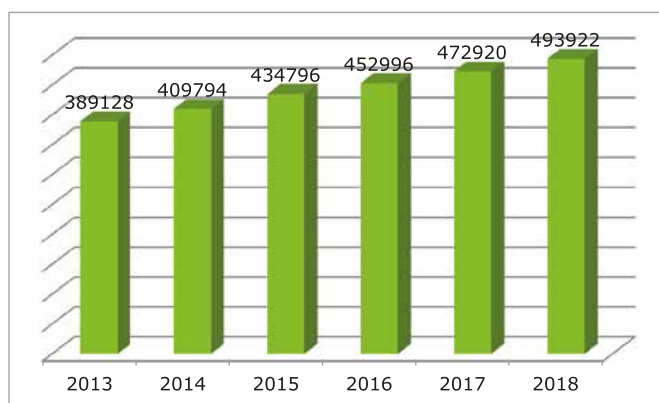
The primary sector employs 66.7% of the workforce. It is the main sector of employment, followed by trade with 14% of jobs. The rest of the jobs are shared between the transportation, hospitality and catering industry, as well as communication. Service and industry offer few job opportunities in Mali. The informal private sector represents more than 70% of total employment.

1.8 Summary of the main aggregates

1.8.1 Development Level

In 2017, Mali was ranked as a low human development country with a human development index (HDI) of 0.427 and ranked 181 out of 188 countries. Mali's HDI is below average for countries in the low human development group, and below the average of 0.523 for sub-Saharan African countries (2015). Poverty is more pronounced in rural than in urban areas. GDP per capita reached 493 922 FCFA in 2018. Over the 2013-2018 period, it increased on average by 4.9% per year.

Figure 6. Evolution of GDP per capita (CFAF)



Source : INSTAT, Economic account, 2018

1.8.2 Summary table

The following table presents the main economic aggregates observed over the last five years. It is expressed in billions of CFAF, unless otherwise indicated.

Table 6. Evolution of macroeconomic indicator in Mali (billions of FCFA)

	2013	2014	2015	2016	2017	2018 (estimations)
National economy						
Nominal GDP	6541	7093	7748	8302	8928	9561
Real GDP growth (%)	2.3	7.1	6.2	5.8	5.4	4.9
Investment rate (as a % of GDP)	17.1	17.9	18.4	19.3	20.3	n.a.
Inflation rate (in %)	-2.4	2.7	1.4	-1.8	1.8	1.7
Balance of payments						
CIF Exports	1419.5	1374.4	1606.8	1675.9	1692.2	1847.0
CIF Imports	1546.1	1625.4	1888.1	2018.0	2037.9	2214.9
Balance	-126.5	-251.1	-281.3	-342.0	-345.7	-367.9
Current account balance	-188.8	-333.9	-412.4	-601.9	-541.0	-619.3
Public finances						
Revenues and grants	1137.2	1215.1	1481.1	1522.2	1789.7	1473.2
Expenditures	1292.4	1419.9	1622.3	1850.1	2045.0	1925.9
Balance	-155.1	-204.7	-141.1	-327.9	-355.3	-567.3
public Debt						
Domestic debt	253.5	445.4	621.5	912.5	985.5	1168.8
Foreign debt	1445.0	1484.6	1754.4	2073.9	2182.2	2259.5
Domestic debt as a % of nominal GDP	3.9%	6.3%	8.0%	11.0%	11.0%	12.2%
Budget deficit						
In value						
As a percentage of nominal GDP (%)	-2.4	-2.9	-1.8	-3.9	-2.9	-3.3

Source : INSTAT, DNTCP, BCEAO, DGDP, IMF

2- RECENT ECONOMIC SITUATION AND PERSPECTIVE

2.1 Assessment of the gross domestic product

2.1.1 Level of GDP

Mali's gross domestic product rose from 6 541 billion in 2013 to 9 561 billion in 2018, with an average annual rate of 7.9%. This development results from the Malian authorities' efforts in the various sectors to stimulate the economy. 15% of the public budget is allocated to agriculture and investment pro-

grams in the social sectors where the State allocates a substantial part of its budget.

Projection data for 2019 and 2020 were estimated on the basis of the agricultural economic survey, the index of industrial production and the finance bill. Overall, trends should be respected over the next five (5) years if the fundamentals of the economy remain unchanged.

Table 7. The level of the nominal GDP in billions of CFAF

Year	2013	2014	2015	2016	2017	2018	2019 (p)	2020 (p)
GDP (billions of CFAF)	6541	7093	7748	8302	8928	9561	10227	10956

Source : INSTAT, November 2018

2.1.2 Real GDP growth (%)

The most dynamic sectors of the Malian economy between 2013 and 2017 are the primary and tertiary sectors. In fact, the primary growth rate went from -3.4% in 2013 to 10.1% a year later before standing at 6.4% the following year. The 2014 performance is linked to the good agricultural season and the government efforts.

Secondary sector recorded rates of -0.4%, 8.1% and -0.4% respectively in 2013, 2014 and 2015. The 2014 growth is partly related to the performance of the food and textile industry. The tertiary sector is maintaining its growth trajectory in line with the performances recorded by the telephone operators despite a decline in construction due to the security crisis.

Table 8. Evolution of the real GDP growth by sector (%)

Mali	2013	2014	2015	2016	2017	2018 (estimations)	2019 (projections)	2020 (projections)
Total GDP								
Primary sector	-3.4	10.1	6.4	7.5	5.0	4.7	4.5	4.3
Secondary sector	-0.4	8.1	-0.4	0.3	6.6	5.8	5.6	5.4
Tertiary sector	7.3	5.4	6.9	6.8	5.3	3.9	4.8	4.9
Non-market GDP	1.8	7.6	5.1	5.7	5.5	5.2	4.9	4.8
Fees and taxes	7.7	2.3	16.6	6.0	4.7	2.8	4.2	5.0

Source : INSTAT, National accounts, November 2018

Table 9. GDP Breakdown into structures (%)

Mali	2013	2014	2015	2016	2017	2018	2019	2020
Total GDP	100	100	100	100	100	100	100	100
Primary sector	36.2	38.1	37.8	38.5	38.3	38.3	38.4	38.4
Secondary sector	19.5	16.8	17.2	16.5	17.4	18.3	18.8	19.2
Tertiary sector	35.9	37.7	37.5	37.6	37.7	37.5	37.2	37.0
Including non-market GDP	91.7	92.5	92.5	92.6	93.4	94.0	94.4	94.5
Fees and taxes	8.3	7.5	7.5	7.4	6.6	6.0	5.6	5.5

Source : INSTAT, National accounts, November 2018

2.2 Details of Gross Domestic Product

The economic growth is at a satisfactory level thanks to a number of reforms. The Malian economy achieved an average growth of 5.3% from 2013 to 2016, compared with an average of 4.3% for the 2008-2011 period. This economic growth is mainly attributable to the tertiary (2503.3 billion FCFA in 2013

against 3581.4 billion CFA francs) and primary sectors (2403.8 billion in 2013 against 3681.8 billion in 2018). The secondary sector is largely dependent on the performance of the metal industry, foundry (gold) and construction industry.

Table 10. GDP in value terms, sector detail

Mali billion CFAF	2013	2014	2015	2016	2017	2018	2019
Primary sector	2403.8	2656.7	2922.7	3187.8	3422.9	3681.8	3935.1
Agriculture	1057.7	1219.8	1401.3	1574.3	1698.1	1835.4	1953.3
livestock and Hunting	996.2	1078.1	1136.2	1203.4	1286.0	1380.9	1490.3
Forests	135.0	140.1	152.2	164.9	179.3	190.2	199.3
Fishing	179.6	183.1	194.9	203.8	214.2	225.8	239.0
Extractive Act.	35.4	35.7	38.1	41.4	45.4	49.4	53.2
Secondary sector	1124.0	1304	1363	1427	1617	1792	1953
Foundry	472.2	483.9	506.2	532.2	589.9	648.6	698.6
Agribusiness	194.0	315.4	302.0	270.6	308.4	336.7	363.6
Chemical product	83.6	93.7	113.2	126.0	144.8	163.4	182.4
Energy	23.3	22.5	25.0	27.6	29.6	32.6	36.2
Construction	271.8	302.5	334.4	381.7	440.6	497.0	550.1
manufacturing Industry	79.0	86.0	82.7	88.4	104.0	113.8	122.2
Tertiary sector	2503.3	2646.4	2887.3	3140.5	3352.0	3581.4	3793.9
Transport and Telecom	349.1	375.2	423.9	478.1	491.9	511.6	537.0
Hospitality industry	38.7	36.4	37.3	38.7	40.3	42.2	44.5
Financial Act.	122.5	132.6	139.2	150.5	161.2	174.6	190.9
Trade	823.7	865.5	927.1	996.8	1058.1	1130.0	1206.8
Other services	553.1	609.9	653.1	698.5	751.4	805.4	860.1
Adm Act.	692.9	712.3	786.4	864.0	940.9	1017.2	1063.6
Imputed Prod	-76.7	-85.3	-79.9	-86.0	-91.9	-99.6	-108.9
Non-market GDP							
Market GDP	6031.1	6607.14	7173.38	7754.95	8392.20	9055.26	9682.08
Public Administration							
fees and taxes	509.5	485.7	574.3	553.6	533.8	535.8	555.9
Total GDP	6540.6	7092.8	7747.7	8308.5	8926.0	9591.0	10238.0

Source : INSTAT, National accounts, November 2018

2.2.1 Composition GDP

The primary and tertiary sectors contribute the most to the economic growth in Mali. They contribute an average of 38% to the creation of national wealth. As for the secondary sector, it contributes 18%.

Agriculture and livestock farming are the branches

that contribute the most at the level of the primary sector. Regarding the secondary sector, the foundry, agribusiness and construction sectors are the most dynamic. For the tertiary sector, the branches of trade, administration, other services and telecommunications play an important role in creating the wealth of the sector.

Table 11. Evolution of the composition of Mali's GDP (%)

Mali billion CFAF	2013	2014	2015	2016	2017	2018	2019
Primary sector	37%	37%	38%	38%	38%	38%	38%
Agriculture	16%	17%	18%	19%	19%	19%	19%
livestock and Hunting	15%	15%	15%	14%	14%	14%	15%
Forest	2%	2%	2%	2%	2%	2%	2%
Fishing	3%	3%	3%	2%	2%	2%	2%
Extractive Act.	1%	1%	0%	0%	1%	1%	1%
Secondary sector	17%	18%	18%	17%	18%	19%	19%
Foundry	7%	7%	7%	6%	7%	7%	7%
Agribusiness	3%	4%	4%	3%	3%	4%	4%
Chemical product	1%	1%	1%	2%	2%	2%	2%
Energy	0%	0%	0%	0%	0%	0%	0%
Construction	4%	4%	4%	5%	5%	5%	5%
manufacturing industry	1%	1%	1%	1%	1%	1%	1%
Tertiary sector	38%	37%	37%	38%	38%	37%	37%
Transport & Telecoms	5%	5%	5%	6%	6%	5%	5%
Hospitality industry	1%	1%	0%	0%	0%	0%	0%
Financial Act.	2%	2%	2%	2%	2%	2%	2%
Trade	13%	12%	12%	12%	12%	12%	12%
Other services	8%	9%	8%	8%	8%	8%	8%
Adm Act.	11%	10%	10%	10%	11%	11%	10%
Imputed Prod.	-1%	-1%	-1%	-1%	-1%	-1%	-1%
Non-market GDP							
Market GDP	92%	93%	93%	93%	94%	94%	95%
Public Administration							
Fees and taxes	8%	7%	7%	7%	6%	6%	5%
GDP Total	100%	100%	100%	100%	100%	100%	100%

Source : INSTAT, 2018

2.2.2 GDP by component

Domestic demand is more important than external demand: domestic demand averages more than 54% over the period covered. The components of domestic demand show a contrasting evolution. Indeed, they include total consumption and invest-

ments. The amount of total consumption represents six (6) times that of investments. In contrast to total consumption, investments show a downward trend throughout the period. This is due to the recruitment system for civil servants, claims and the management of operating expenses.

Table 12. Evolution of Mali's GDP by component (billion of FCFA)

Mali billion CFAF	2013	2014	2015	2016	2017	2018 (est)	2019 (proj)	2020 (proj)
1. Domestic demand	7373.9	8034.5	8766.3	9424.9	10181.2	10983.7	11565.4	12429.4
Total consumption	6253.7	6764.2	7344.1	7818.7	8349.5	8876.6	9417.7	9993.8
Private	5149.8	5611.1	6075.7	6432.7	6840.7	7255.3	7649.6	8065.2
Public	1103.9	1153.0	1268.4	1386.0	1508.9	1621.3	1768.1	1928.6
Total Investments	1164.8	1463.2	1458.8	1620.4	1480.2	1347.5	1173.2	998.5
Private	721.5	703.0	786.1	846.3	969.2	1119.6	1144.9	1304.9
Public	384.5	567.3	636.0	759.9	862.5	987.5	1002.7	1130.7
2. Total external demand	4239.4	4301.0	4930.6	5300.0	5517.1	5809.8	5773.9	5797.7
3. Stock variations	143.6	159.6	186.4	286.7	138.4	62.9	126.2	2.8

Source : INSTAT, National accounts, november2018



3- ANALYSIS OF THE NATIONAL DEVELOPMENT PLAN

The national development plan in force in Mali is the Strategic Framework for Economic Recovery and Sustainable Development (CREDD, 2016-2018). The principal objective of the 2016-2018 CREDD is to promote inclusive and sustainable development for the alleviation of poverty and inequality in a united and peaceful Mali, based on the potentials and resilience capacities for sustainable development in order to achieve the Sustainable Development Goals (SDGs) by 2030. The document specifies the link between the specific objectives of the CREDD and the Sustainable Development Goals.

3.1 Recent achievements and completion

3.1.1 Presentation of the national development plan

The 2016-2018 CREDD is the only reference framework for the design, implementation and monitoring of various development policies and strategies at both the national and sectoral levels. This document is an implementation of the vision of the National Prospective Study (ENP) "Mali 2025". It is also based on the Sustainable Development Goals (SDGs). This document is evaluated each year through a review with all development stakeholders. The reports of the review make it possible to take into account the shortcomings noted in the implementation.

In the new 2019-2023 CREDD, the following priority areas have been identified: the construction of road infrastructures (urban roads, exchangers at the Missabougou crossroads, the reinforcement of the defenses of the security forces, the development of the social sectors (health, education, etc.) The mains government's projects are:

- the improvement public finance management through the 2017-2021 PREM;
- the implementation of the orientation law and military programming;
- the development of major development infrastructures.

Coordinated by the CSLP Technical Unit, the actions will be implemented at the sectoral level while respecting the orientations.

Several projects and actions have been implemented within the CREDD framework. Thus, we can note the reconstruction programs of the northern regions that allowed to rehabilitate and build infrastructure destroyed during the crisis and the development of the industrial fabric through the establishment of several industrial zones. These actions will stabilize the country and boost the economy through job creation, broadening the tax base and ultimately the creation of national wealth.

Financing of the national development plan

For the financing of the development plan, Mali is accompanied by the technical and financial partners. Thus, some projects related to governance and the environment (notably the fight against corruption, new and renewable energies, etc.) are financed in the form of budgetary support, while others in the form of project support (humanitarian aid, health, education etc.). The financing mechanism involves the establishment of a State counterpart fund . But the partners coordinate the interventions as part of the sectoral budget support according to the sectors and areas of intervention of the projects.

3.1.2 Recent structural reforms related to the development plan

Institutional Development Commission has elaborated the institutional development program which takes into account all the reforms undertaken in the various sectors of the country. During the ten years of implementation, the program has achieved several results, particularly in the context of improving the business relationship and improving and modernizing public administration.

Presentation of reforms

The administrative reforms for the organization of services of the expenditure chain and the human resources improved the efficiency in the management

of the human and financial resources of the State. In fact, the administrative and financial directorate of the ministerial departments have been divided into human resources departments and finance and materiel departments. With regard to public financial management reforms, several actions have been carried out, including information on taxation and expenditure services, the strengthening of the control chain, the implementation of the program budget, and so on. These reforms would allow the state to control spending and mobilize fiscal resources to free up fiscal space. Judicial reforms aim to bring justice closer to the people to not only balance the judge's powers but also to guarantee the quality of the justice delivered. The implementation of these reforms is progressively made according to a five-year plan.

3.2 Future achievements

For a diligent management of the social demand,

the government of Mali has set up the Presidential Social Emergency Program which is an integral part of the CREDD. This program integrates several large projects, including:

- the construction of Kayo Bridge linking Koulikoro to the national road to Segou,
- the construction of 50,000 social housing units across the country for the benefit of the population,
- the construction of the access road to the 3rd Bamako bridge, the construction of an exchanger at the Missabougou crossroads and the rehabilitation of the section of the African Tour in Bamako. These achievements will have a positive impact on people's daily lives and will stimulate economic activities in the medium and long term.

The table below describes the expected costs and impacts of three major upcoming projects in the medium and long term.

Table 13. Cost of major upcoming projects

Project name	Cost (in billions of CFAF)	expected impacts	Financing method
Construction of the Kayo Bridge and the Koulikoro Highway	52.6	Opens up of the Koulikoro region and decongestion of traffic at the entrance to Bamako	National Budget
Construction of 50,000 social housing units for the benefit of the population	4.75	Improves the living conditions of populations through harmonious urbanization	National budget
Development of the access road to the 3rd bridge, the construction of an exchanger at the Missabougou junction and the rehabilitation of the section of the tower of Africa	11.4	Improves the traffic fluidity and reduce road accidents	Budget national

Source : DGB (Directorate General for Budget), 2018

4.1 Structural elements

4.1.1 Description of the Franc zone

The Franc zone is characterized by four (4) founding principles. These principles were enunciated in the Convention on Monetary Cooperation between the Member States of the Bank of Central African states Issuing Area and France of 23 November 1972, as well as in the Cooperation Agreement between the member states of the West African Monetary Union and France of 4 December 1973.

The 4 main principles of the Franc zone are:

- **A French Treasury guarantee for the unlimited convertibility of the Central Bank currency:** the currencies issued by issuing institutions of the franc zone have a unlimited convertibility guaranteed by the French Treasury. To ensure the free convertibility of each of the sub-zones, a transaction account is opened with the French Treasury by each Central Bank of the zone and on which the central banks have an unlimited drawing right in case of exhaustion of their reserves in foreign currency;
- **A fixed parity with the Euro of 1 Euro for 655.957 FCFAFCFA:** the parity of the currency of the zone with the euro is fixed and defined for each sub-zone. The currencies of the zone are interconvertible, at fixed parities, without limitation of amounts. The changeover to the euro resulted in a simple substitution of anchoring to the French franc by an anchoring to the euro, at equivalent parity, i.e., $CFACFACFA\ 655.957 = EUR\ 1$ (the parity being identical for the sub-zones of West and Central Africa).
- **Free and unlimited transfer of reserves:** transfers are, in principle, free within the Zone.
- **The centralization of reserves:** the states centralize their foreign exchange reserves in their central banks whereas in return for the unlimited convertibility guaranteed by France, the central banks of the franc zone are required to deposit with the French Treasury on their own bank transaction account , a

share of their net foreign assets (foreign exchange reserves). For BCEAO, since the September 2005 reform, it must deposit 50% of its external assets in its transaction account.

4.1.2 Description of BCEAO

Article 41 of the WAEMU Treaty designates the Central Bank of West African States (BCEAO) as an autonomous specialized agency of the Union. In complete independence, BCEAO contributes to the achievement of the objectives of the Treaty.

Members

The eight (8) WAEMU member states are members of BCEAO. They are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

Bodies

The bodies of the Central Bank are: the Governor, the Monetary Policy Committee, the Board of Directors, the Audit Committee, the National Credit Councils, one Council in each WAEMU Member State.

Operating mode

The Central Bank, its bodies, any member of its bodies or its staff may not request or receive instructions from Community institutions, governments of WAEMU member states, any other body, organization or any other person. Institutions and community bodies as well as the governments of WAEMU member are committed to respecting this principle. The main objective of the Central Bank's monetary policy is to ensure price stability. Without prejudice to this objective, the Central Bank supports the economic policies of the West African Economic and Monetary Union (WAEMU) w for a good and sustainable growth.

Roles

The Central Bank has the following core missions:

- define and implement the monetary policy within UEMOA,

- ensure the stability of the WAEMU banking and financial system,
- promote the smooth operation and ensure the supervision and security of payment systems in the WAEMU region,
- implement the WAEMU exchange policy in accordance with the conditions laid down by the Council of Ministers,
- manage the official foreign exchange reserves of WAEMU member states.

The Central Bank may conduct, with due regard to the monetary balance, specific missions or projects that contribute to improving the monetary policy environment, the diversification and strengthening of the WAEMU financial system and technical and professional capacities in the banking and financial sector.

The main objective of the Central Bank's monetary policy is to ensure price stability. As such, it defines the monetary policy that allows the external coverage rate of the currency to be kept at a satisfactory level, and supports the economic activity of the member countries without inflationary pressure.

BCEAO regulates the monetary policy of each member country through the development of annual money stock and credit targets. Statutory advances to the National Treasuries of the Member States were suspended in 2001 and cancelled as from 2010.

For the conduct of the common monetary policy, BCEAO relies on market mechanisms and indirect instruments to regulate liquidity, notably the management of interest rates and the reserve requirement system.

4.1.3 Monetary policy

BCEAO enjoys the exclusive privilege of issuing money in all member states of the West African Monetary Union. It issues monetary signs, notes and coins, which have legal tender status and discharge power in all Member States of the Union. The creation, issuance and cancellation of monetary signs are decided by the Council of Ministers.

The management of the monetary policy of the Member States of the Union by the Central Bank consists in adjusting the overall liquidity in the economy according to the evolution of the economic situation, in order to ensure price stability, on the one hand; and promote economic growth, on the other hand.

The current money and credit management system is based on market mechanisms and indirect instruments to regulate liquidity, including interest rates and the reserve requirement system.

The functioning of BCEAO is based on:

- Open market operations: refinancing at seven days and twenty-eight days (respectively weekly and monthly for banks subject to reserve requirements) allocated at variable rates; the minimum bid rate considered by BCEAO as its prime rate (currently 2.5%). The planned auctions are generally calibrated according to BCEAO's forecasts of liquidity requirements for the maturity of the transactions;

- Permanent loan windows: 1 to 7 days or 90 to 360 days refinancing for government securities and credit applications with maturities ranging from 5 to 20 years at the banks' request (marginal loan window). The rates of these windows are higher than the prime rate of 200 basis points. As of June 2017, the use of the loan window has been capped at twice the counterpart equity.

The minimum bid interest rate to open market operations (tenders) and the interest rate applicable on the marginal loan window (pension rate), the levels of which are set by the Monetary Policy Committee, are respectively 2.50% and 4.50%, and constitute the two main prime rates of BCEAO.

Mali money supply

Net foreign assets decreased during the period under review from CFAF 758 billion in 2013 to -14 billion in 2017. However, credit to the economy and the money stock showed an upward trend during the period due to growing demand from businesses and individuals for to implement their business programs.

Table 14. Composition of Mali money supply

In billions of CFAF	2013	2014	2015	2016	2017
Foreign assets	758	623	536	211	-14
Central Bank	482	322	215	-92	-331
In banks	277	301	321	303	317
Domestic assets	1087	1354	1702	2189	2603
credit to the State	-101	-86	-55	178	289
Central bank	0	-66	-43	29	67
Bank	-101	-20	-12	149	222
credit of the economy	1228	1458	1747	2054	2335
Others	-41	-18	9	-44	-21
Supply of money (M2)	1845	1977	2237	2400	2589
Currency in circulation	509	443	407	444	479
deposit	1337	1533	1830	1956	2110
% of Increase observed as of 31. Dec					
Net foreign assets	-18%	-14%	-61%	-107%	-18%
Net Domestic assets	25%	26%	29%	19%	25%
Credit to the State	-15%	-36%	-424%	62%	-15%
Central Bank	0%	-35%	-167%	131%	0%
Bank	-80%	-40%	-1342%	49%	-80%
Credit to the Economy	19%	20%	18%	14%	19%
Supply of money (M2)	7%	13%	7%	8%	7%

Source : BCEAO, IMF FRAMEWORK, 2018

4.2 Banking system and financial markets

4.2.1 The banking environment

The table below shows the total balance sheet of the commercial banks of Mali over the last five (5) years. There are thirteen (13) commercial banks, it is the Atlantic bank Mali, the bank for the trade and the industry of Mali, the commercial bank for the Sahel,

the international bank for trade and the industry, the Mali Development Bank, the International Bank for Mali, the Malian Solidarity Bank, the National Bank for Agricultural Development, Bank of Africa Mali, the Sahelo-Saharan Bank for Investment and Trade; Coris bank international Mali; Ecobank Mali, orabank Mali. The number of banks has increased with the introduction of the UBA group.

Table 15: Balance sheet of Mali's commercial banks(Billions of CFAF)

Heading	Years				
	2012	2013	2014	2015	2016
balance sheet	2156.01	2538.98	3120.01	3675.19	4335.09
Credits set up	726.4	883.3	971.0	1203.8	1296.3

Source : Banking commission, 2016, 2014

Most of the credit in the Malian economy concerns private enterprises in the productive sector and individuals. However, in 2017 there has been a decrease in the amount of credit granted (-4.3%).

The overall quality of loans is assessed through an indicator called "portfolio deterioration rate". Loan deterioration is tracked through this indicator, which is the ratio of low performing loans to outstanding loans. There is no deterioration of the portfolio as

loans are given to formal companies and creditworthy individuals.

In Mali, each commercial bank is free to set its interest rate in the range of 18% maximum set by BCEAO. The lending rate put in place in 2017 by banks in Mali stood at 7.99%. It has decreased compared to the previous year. Since 2013, lending rates, all maturities combined, have decreased.

Table 16: Average interest rate observed by loan period

Interest rate according to the loan period	2013	2014	2015	2016	2017
Less than or equal to 1 month	6.70	9.07	7.03	7.33	7.76
sup to 1 month and less than or equal to 3 months	8.64	9.01	8.68	8.36	7.65
sup to 3 months and less than or equal to 6 months	8.85	8.79	9.11	8.64	8.55
sup to 6 months and less than or equal to 1 year	8.77	8.31	8.41	8.95	8.09
sup to 1 year and less than or equal to 2 years	8.83	8.96	9.08	8.09	7.11
sup to 2 year and less than or equal 5 years	10.41	8.72	8.82	8.88	8.27
sup to 5 years and less than or equal to 10 years	8.08	8.86	9.22	8.72	8.17
More than 10 years	7.21	6.90	6.68	4.08	6.91
Total	8.84	8.71	8.64	8.34	7.99

Source : BCEAO, 2017

Credit rates on term deposits were 4.92% in 2017 compared to 4.82% a year earlier, an increase of 0.10 percentage points. Over the period, they remained overall stable.

Table 17: Average interest rate observed by loan period

Interest rate according to the nature of the credit	2013	2014	2015	2016	2017
less than or equal to 1 month	5.00	4.56	3.79	4.55	4.41
sup to 1 month and less than or equal to 3 months	4.94	5.43	4.69	5.36	5.22
sup to 3 months and less than or equal to 6 months	4.65	4.56	4.44	4.62	5.21
sup to 6 months and less than or equal 1 year	4.89	4.86	4.86	4.66	4.90
sup to 1 year and less than or equal to 2 years	5.16	4.60	5.00	4.38	4.93
sup to 2 year and less than or equal 5 years	5.07	4.80	5.40	5.30	4.71
sup to 5 years and less than or equal 10 years	4.30	5.53	4.82	4.34	5.75
More than 10 years	4.64	5.73		5.91	4.59
Total	4.91	4.93	4.82	4.82	4.92

Source: BCEAO, 2017

Microfinance

At the end of 2017, there were 84 Decentralized Financial Systems (DFS) in Mali. These structures had 1,076,538 members / clients. Outstanding deposits and loans amounted respectively to CFAF 73,568 and CFAF 104,501 million.

4.2.2 Financial markets

BRVM

The Regional Stock Exchange (BRVM) is a specialized financial institution created on December 18, 1996, in accordance with a decision of the Council of Ministers of the West African Economic and Monetary Union (WAEMU), taken in December 1993.

BRVM is a public limited company with a community public service mission. This stock exchange is common to the 8 West African countries. The RSE / CC / SB started its activities on 16 September 1998 in Abidjan. Its main missions are:

- o the organization of the stock market;
- o the publication of stock market transactions;
- o dissemination of information on the stock market;
- o the promotion and development of the market.

From 2016 to 2018, the UEMOA stock market (RSE) experienced successive decreases of -3.87% in 2016, -16.81% in 2017 and -29.14% in 2018. This underperformance shows that the WAEMU market has not fully resisted the general downward movement that has gripped the world's financial markets. The decline in BRVM in 2018 is particularly marked. The preferred values in 2015, focused on the Food and Beverage sectors as well as the agribusiness,

Consumer, Automotive and Equipment industries and Banks, declined.

The fall in prices on BRVM in 2018 could be explained on the one hand, by the profit taking of several large investors who had made significant capital gains on their investment, the decline also comes from readjustment (rectification) after four (4) years of intensive growth experienced by the market (2012 to 2015) and secondly, by the poor understanding of the different segments made on the market. New investors are speculating and most prestigious companies have not reacted to the decrease in their capitalization.

During the financial year 2018, BRVM Composite Index rose from 243.06 on 29/12/2017 to 172.24 on 31/12/2018. Market capitalization of the stock market increased from CFAF 6,836.23 billion at the end of 2017 to CFAF 4,844.51 billion at the end of 2018. BRVM also reached the CFAF 236 billion transaction mark (CFAF 236.22 billion) in 2018. 117,303,543 shares were traded for a value of FCFA 174,449,217,023. The market capitalization of shares amounted to CFAF 4,844.51 billion in December 2018 compared to CFAF 6,836.23 billion in December 2017, a decrease of 29.14%.

Regarding the bond segment, 6,359,442 bonds were traded for a value of CFAF 61,767,647,783 in 2018. The market capitalization of bonds amounted to CFAF 3,444.22 billion as of December 31, 2018, compared to CFAF 2,969.53 billion the previous year, an increase of 15.5%. This upturn was driven by the desire of WAEMU member states to use the regional financial market to support their respective economies.

Table 18: Evolution of BRVM financial market

	2012	2013	2014	2015	2016	2017	2018
BRVM 10 Index	184.0	246.3	267.5	290.4	262.0	219.7	154.4
BRVM composite Index	166.6	232.0	258.1	303.9	292.2	243.06	172.2
Composite market Capitalization (shares et bonds) in billions of CFAF	4 863.2	6 706.2	7 458.7	9 078.9	10 215.5	9 805.76	8 288.73
Shares Market Actions	4 031.4	5 633.5	6 319.7	7 499.7	7 706.3	6 836.2	4 844.5
Bonds Market	831.8	1 072.8	1 139.0	1 579.2	2 509.3	2 969.5	3 444.2
Number of listed companies	38	37	38	39	43	45	45

Source: BRVM

Bond market

Mali issued 11 treasury bonds in 2018, of which 2 by syndication. The total amount of bonds issued is CFAF 350.182 billion. The table below gives the details of these issues (the amounts are in billions

of CFAF). The average price of a security is the weighted average price (based on the amount of each security) of all subscriptions to that security. The marginal is the highest price among the prices offered by government security subscribers.

Table 19. Mali bond issues

Date	Amount requested	Amount proposed	Amount withheld	Subscriptions		Interest rates (in %)	Average price	Marginal price	Maturity
				MALI	Other				
31-jan-2018	20	6.39	0	0	0				
Sukuk 23-feb-2018	150	49.95	49.95	8.12	41.83	6.25%	10 000	10 000	7 years
28-feb-2018	30	27.9	27	27	0	6.25%	10 000	10 000	7 years
11-apr-18	20	31.58	21.31	15.35	5.96	6.20%	9 765	9 610	3 years
09-may-18	20	32.8	22	16.86	5.14	6.15%	9 775	9 751	3 years
20-jun -18	50	34	26.36	14.8	11.56	6.15%	9 709	9 700	3 years
20-jun -18		30.62	28.64	15.98	12.66	6.40%	9 730	9 700	5 years
18-jul -18	20	25.1	22	15.03	6.97	6.15%	9 676	9 652	3 years
02-aug -18	20	22.3	22	15.8	6.2	6.40%	9 643	9 601	5 years
05-oct -18	70	106.3	106.3	77.20	29.10	6.50%	10 000	10 000	7 years
07-nov-18	25	26.63	24.63	15	9.63	6.15%	9 662	9 650	3 years
TOTAL	425	393.57	350.18	221.15	129.03				

Source : DNTCP, 2018

Stock market

In Mali, only one company is listed on the stock exchange, it is the Bank of Africa Mali. This bank was listed in 2016 on the WAEMU Regional Stock Exchange (BRVM) based in Abidjan.

4.2.3 Debt subscription Mechanisms

Organization of the auction market

The auction market is a segment of the government securities market, on which the WAEMU member states issue Treasury bills and bonds following an auction procedure for the financing of their budgets.

Unlike the syndication market, the auction market is driven by the following actors:

- The Central Bank of West African States (BCEAO), which regulates this market. In this respect, it issues the applicable provisions, intervenes in the organization of auctions of public securities, acts as Central Depository / Settlement Bank, compensates, settles and delivers transactions between the parties with an account in its account's books, throughout its electronic platform SAGETIL-UMOA;²

- States which are issuers of public debt securities on the Union money market, under the responsibility of the Minister in charge of Finance;

- The Agence UMOA-Titres, the regional structure in charge of the issuance and management of public debt securities, organizes material issues and, as such, provides assistance to Member States in the mobilization of resources on the capital markets and debt management;

- investors who are credit institutions, SGIs and regional financial institutions with a settlement account in the books of the Central Bank;³

- Treasury Securities Specialists (TSS), which are credit institutions and SGIs approved by the Finance Ministers of WAEMU Member States to act in this capacity and thus benefit from the status of privileged partners of one or more treasuries of the WAEMU Member States on public debt securities operations issued on the regional market⁴.

The securities issued by auction exchange on the secondary market, following the OTC procedure.

¹ Automated System of Securities and Liquidity Management of the West African Monetary Union

² All other investors wishing to participate will have to go through the accredited stakeholders

³ Operationalization of SVTs in UEMOA started on March 1, 2016.

Organization of the syndication markets and subscription amount

As part of the organization of issues by syndication, the States entrust the process of investment securities to an investment syndicate, whose members consist of SGI approved by the CREPMF. In addition, the issuer chooses a leader among the members of the investment syndicate, in charge of specific missions in the issuance process.

Since its creation, the main products on the regional financial market are shares and bonds. In recent years, several new products such as mortgage refinancing and securitization (Sukuk Debt Securitization Fund) have been introduced.

Syndicated securities are traded on the secondary market on BRVM electronic trading platform.

4.3 Inflation rate

Inflation in Mali and the WAEMU zone is under control. In the last five years in Mali, the highest rate was observed in 2014: 2.7%, close to the community standard. At the end of the 2012 crisis, inflation was negative (-2.4% in 2013), this would be due to an unfair competition (imports of fraudulent goods in particular) in an environment where the state was not present on a good part of the territory. In 2018, the inflation rate stabilized at 1.7%.

Table 20: Inflation observed in Mali and on average in BCEAO area from 2013 to 2018.

	2013	2014	2015	2016	2017	2018
MALI	-2.4	2.7	1.4	-1.8	1.8	1.7
WAEMU	1.5	-0.2	1.0	0.3	0.8	1.2*

Source: INSTAT, 2018, BCEAO * forecasts

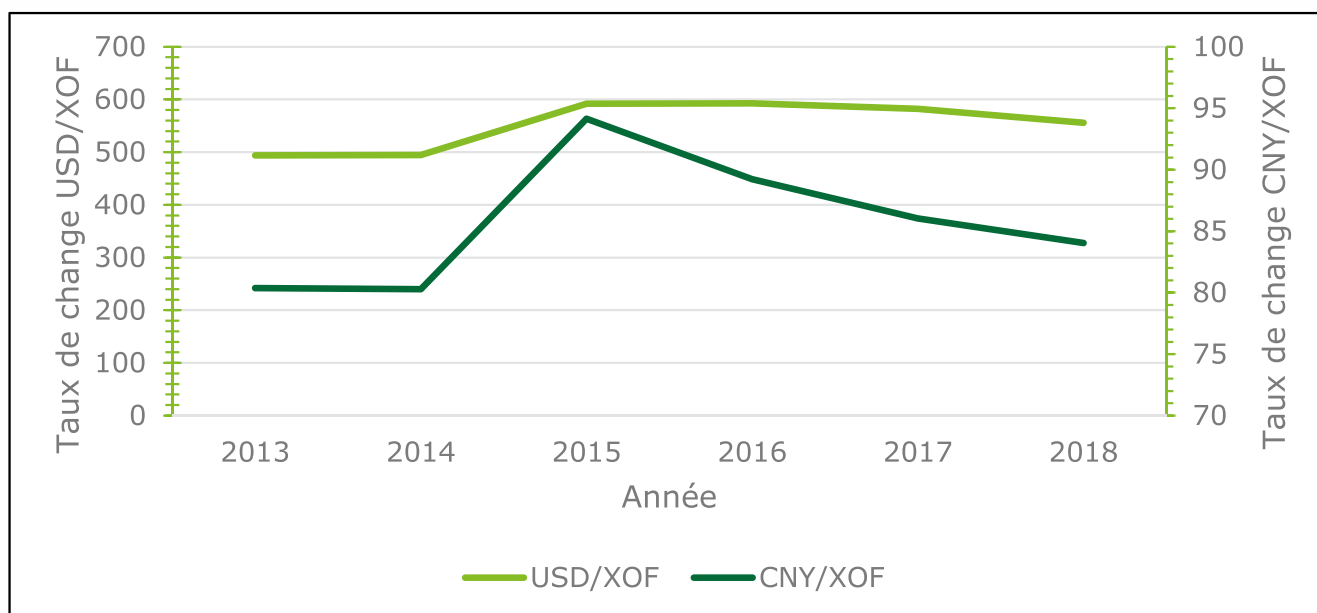
4.4 Exchange rates

The most used currencies in Mali's foreign trade transactions are the dollar, the euro and the yen. With the euro fixed exchange rate with the CFAF, the figure below presents only the evolution of the change rate with the dollar and the yen.

4.5 Foreign reserves

In 2017, foreign reserves in import months were valued at 6, thus making Mali less vulnerable. The table below shows the country's reserves by nature.

Figure 7. Evolution of USD/XOF and CNY/XOF exchange rates



Source : BCEAO, 2018

Table 21. Reserves of Mali by nature

Billions of CFAF	2013	2014	2015	2016	2017
BCEAO	474.6	317.6	222.0	-82.0	-8.1
Claims on non-residents	613.7	568.0	484.6	249.5	347.6
<i>Official reserves assets</i>	<u>61.7</u>	<u>70.5</u>	<u>67.3</u>	<u>80.2</u>	<u>80.4</u>
Monetary gold	0.0	0.0	0.0	0.0	0.0
Foreign currencies	2.6	1.2	0.7	2.1	1.9
Reserve position at the IMF	5.3	11.9	9.4	31.1	19.2
SDR Holdings	53.8	57.4	57.2	46.9	59.3
Other external assets	552.0	497.5	417.3	169.3	267.3
External commitments	139.2	250.4	262.6	331.5	355.8
IMF credits	66.1	72.8	79.6	104.7	113.1
Other external commitments	73.0	177.6	182.9	226.8	242.6
SDR Allocation	65.5	69.9	74.6	74.8	69.6
Other	7.5	107.6	108.3	152.0	173.0
OTHER DEPOSIT INSTITUTIONS	283.6	310.0	352.8	328.7	148.8
claims on non-residents	558.8	729.5	800.3	874.8	761.0
Foreign currencies assets	4.5	5.2	2.2	4.1	2.0
Deposits	107.4	135.1	149.5	204.6	132.7
Transferable deposits	84.9	120.3	137.1	185.4	122.5
Other deposits	22.5	14.8	12.4	19.2	10.2
Credits	137.4	109.8	114.0	112.1	150.9
Pension	6.0	10.0	13.4	4.1	8.6
Other credits	131.4	99.8	100.6	107.9	142.3
Securities other than shares	303.1	465.3	520.5	537.6	451.4
Shares and other equity interests	5.8	13.5	13.5	15.7	23.2
Other credit	0.5	0.6	0.6	0.7	0.7
Commitments to non-residents	275.2	419.5	447.5	546.0	612.1
Deposits	186.6	244.0	287.3	378.7	302.4
Credits	85.1	174.1	159.9	166.7	309.3
Other commitments	3.4	1.4	0.2	0.6	0.5

Source : BCEAO, Mali 2018

The net external assets (NEA) of credit institutions show credit and liabilities vis-à-vis the outside world. During the period covered, BCEAO NEAs showed a negative level marked by the increase in non-resident commitments of -82 in 2016 against 222 a

year earlier. This could be explained by the decline in the amount of other external assets which recorded 169.3 billion after reaching 417.3 billion FCFA. For other deposit-taking institutions, claims on non-residents exceed commitments over the entire period.

5 - FOREIGN TRADE AND BALANCE OF PAYMENTS

5.1 Balance of payments

The balance of trade and current account balance are structurally in deficit in Mali, the value of imports is systematically greater than that of exports. Indeed, exports evolved by 6% on average over the period against 9% for imports. This situation results

from the poor industrialization of Mali where trade is fairly developed favoring the import of food and equipment. The income balance shows a positive evolution during the period.

Table 22: Balance of payment of Mali, in billions of CFAF.

	2013	2014	2015	2016	2017	2018	2019
Current account balance	-188.8	-333.9	-412.4	-601.9	-541.0	-648.5	-698.7
Trade balance on goods and services	-126.5	-251.1	-281.3	-342.0	-345.7	-346.3	-517.3
CIF Exports	1419.5	1374.4	1606.8	1675.9	1692.2	1910.3	1857.9
Including							
CIF Imports	-1546.1	-1625.4	-1888.1	-2018.0	-2037.9	-2256.6	-2375.2
Including							
Primary income balance	-213.7	-190.0	-174.8	-222.1	-216.5	-321.4	-308.0
Secondary income balance (transfer)	1005.5	957.2	967.3	1023.2	1072.9	1121.3	1259.3
Capital account	107.0	95.9	180.3	101.7	81.2	61.2	136.3
Acquisition and sale of non-financial assets	-63.5	-63.7	-45.0	-8.7		247.6	271.3
Of which direct investments	150.7	70.9	114.2	153.8		198.5	212.4
Of which others							
Capital transfer	75.2	52.7	127.7	91.5		114.3	111.3
Statistical Errors and Omissions	-17.5	-15.9	-33.7	-4.3		0.0	0.0

Source : BCEAO

5.2 Regional Trade

5.2.1 Regional trade policy

The regional trade policy under construction followed the provisions implemented by ECOWAS, which for the most part includes those of WAEMU to extend them to all ECOWAS member states by making adjustments.

This policy aims to promote the harmonious integration of the region into the global economy, taking into account the political choices and priorities of States as part of their efforts to achieve sustainable development and to reduce poverty.

The process of developing this common commercial policy consists first and foremost in defining the constituent elements: free trade area, CET, accompanying measures (rules of origin, investment and competition legislation, safeguard measures, harmonization of customs procedures), as well as the various actions aimed at developing ECOWAS trade relations with the rest of the world.

Although there is no such thing as a common commercial policy for ECOWAS today, in the sense of a Community text adopted by the Heads of State and Government, a certain number of measures have already been implemented, which will serve as a base for the common commercial policy:

- the trade liberalization scheme (TLS);
- setting up a Community levy (CL) of 0.5%;
- the convention on the TRIE;
- the harmonization of the rules of origin with those of WAEMU;
- harmonization of standards with WAEMU;
- the adoption of a law on competition;
- the harmonization of domestic indirect tax legislation;
- the adoption of the ECOWAS CET.

The ECOWAS Trade Liberalization Scheme (ETLS) is the main operational tool to promote the West African region as a Free Trade Area. ETLS pursues the Community objective of creating a common market with the "liberalization of trade through the removal of customs duties levied on imports and exports and the removal of non-tariff barriers among Member States" (Article 3 of the ECOWAS Treaty).

The ECOWAS Trade Liberalization Scheme concerns three (3) product groups: unprocessed products,

handicrafts and industrial products.

With the inclusion of industrial products, it is essential to define the products "originating" in the TLS region:

- fully processed goods; products whose total raw materials come from the region;
- goods that are not fully processed but whose production requires the use of materials that will be classified under a tariff sub-section other than that of the product;
- goods that are not fully processed but whose production requires the use of materials that have an added value of at least 30% of the ex-factory price of the finished products.

It should be noted, however, that goods processed in the free zones or under special economic regimes resulting in the suspension or the partial or total exemption from import duties, cannot benefit from the quality of originating product.

In order to facilitate trade and the promotion of the private sector, ECOWAS is implementing actions aimed at strengthening the information systems and promoting regional trade (ECOBIZ information system on the world market; West African investment promotion agency (APIAO), e-commerce through the ECOBIZ platform, Community Computer Center (CCC), ALISA system (computerization of transit and interconnection of ECOWAS customs IT systems).

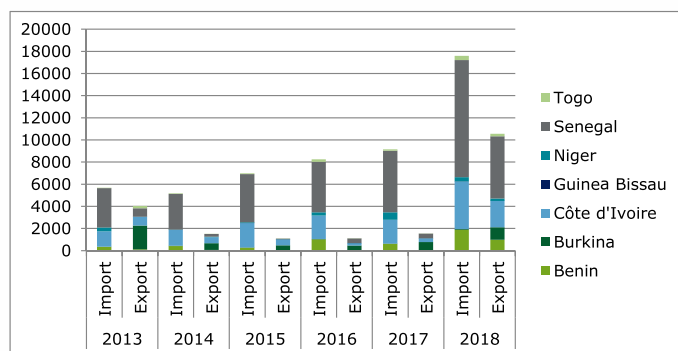
These results mark significant developments towards the implementation of a Community commercial policy.

5.2.2 Regional trade in value terms

Mali's imports come mainly from the ports of Dakar and Abidjan. Imports almost tripled between 2013 and 2018. Imports mainly concern rolling stock, capital goods and food products.

Mali imports many goods from the countries of the Union but hardly exports to these countries. As Mali is a continental country, exports transit to the main ports (Dakar, Abidjan, Accra, Lomé). Exports are directed to countries outside the WAEMU region. The level of intra-Community trade is low.

Figure 8. Export and import value between Mali and the other seven countries of the WAEMU region

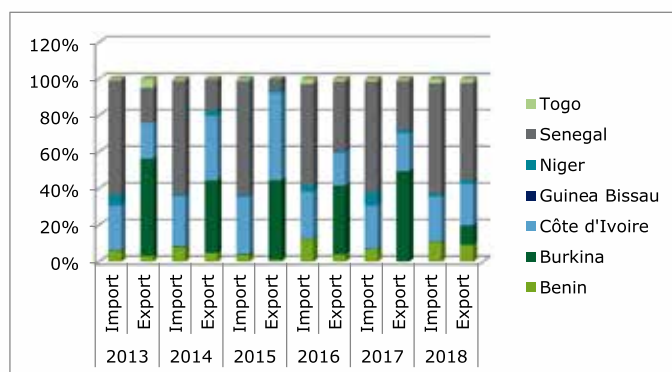


Source : General Directorate for Customs

5.2.3 Regional exchange by partners

In terms of exports, Burkina Faso has a significant share of cotton re-exports to the ports of Ghana and Togo. Imports come mainly from Senegal, particularly for hydrocarbon supplies.

Figure 9. Part of each WAEMU's country in trade with Mali



Source : General Directorate for Customs

5.2.4 Regional trade by type

Mali's four (4) main export products to Union countries are: gold, cotton, fertilizer and live animals. Traditionally, only gold and cotton were the main export products. Over the past five years, fertilizer has

become more important with the production of the Toguna Agro Industry factory. Fertilizer is exported to almost all the countries in the area to the group's factories such as the one in Guinea Conakry. This allows the company to diversify its intervention areas.

The main imported products are consumer goods (food and non-food) and capital goods. Capital goods account for a significant share of imported goods, 24.3% of total imports in 2016, followed by energy products (refined petroleum products) for 21.1%, raw materials and intermediate goods (17.9%), food products (16.6%), daily consumer goods (13.4%) and miscellaneous products (6.7%).

5.3 International Trade

5.3.1 Trade policy

Mali's trade development plan was developed and validated in November 2018. It is based on the level of development of both domestic and foreign trade, the situation of the private sector and the business climate in Mali, and the priority actions to be carried out in a coordinated manner in sectors with high competitiveness potential (agri-food processing, textiles, communication, etc.). The priority areas of trade policy are: the development of the value chain (livestock meat, agri-food processing, etc.), the development of the industrial fabric and the improvement of the business climate.

5.3.2 International trade by value and destination

The tables below show exports and imports in value by destination. As projection data are not yet available, the information ends in 2016 due to the IMF's framework.

Table 23. Exports in value by country of destination

GEOGRAPHICAL	2013	2014	2015	2016
AREAS	Value	Value	Value	Value
<i>France</i>	8 770	13 794	18 951	11 338
Germany	6 243	4 909	4 199	2 869
Italy	7 044	5 812	9 197	7 307
The Netherlands	1 510	1 972	9 814	7 459
Belgium	10 300	3 375	2 453	2 960
Other European Countries	2 705	2 249	11 004	3 955
<i>United- Kingdom</i>	647	562	1 078	770
Other Countries in Europe	135 321	159 558	305 462	204 250
Russia	8 693	14 714	8 744	2 897
<i>Benin</i>	19 250	8 024	8 649	11 175
Burkina Faso	42 299	70 386	44 467	65 958
Côte d'Ivoire	74 435	40 909	90 694	77 250
Guinee Bissau	372	225	124	81
Niger	9 668	2 109	10 905	14 952
Senegal	38 910	46 097	92 068	94 159
Togo	12 890	7 792	10 072	5 195
<i>Cabo Verde</i>	0	0	0	0
The Gambia	125	131	24	0
Ghana	2 528	2 690	1 742	2 798
Guinea Conakry	11 975	12 745	26 443	15 370
Liberia	0	4	47	346
Nigeria	258	418	161	416
Sierra Leone	1 062	1 002	269	12
Algeria	329	17	2 464	18
Morocco	9 204	6 562	11 313	9 644
Tunisia	1 176	752	384	128
Cameroon	28	2	7	107
Kenya	57	0	2	6
South Africa	804 007	765 492	694 897	793 341
Canada	561	419	1 129	1 867
United States	9 675	6 690	15 211	4 823
Other American countries	2 995	192	210	62
China	58 097	29 195	23 285	17 525
Hong-Kong	2 339	92	152	336
India	29 699	27 913	39 355	27 910
Japan	1 227	620	5 691	4 059
Taiwan	1 963	1 417	2 339	732
Thailand	7 874	9 858	19 271	9 459
United Arab Emirates	2 345	20 147	17 137	82 525
Other Asian countries	86 771	104 092	115 336	188 647
OCEANIA	6 173	1 237	2 044	3 164
OVERALL TOTAL	1 419 525	1 374 174	1 606 794	1 675 870

Source : BCEAO ; 2017

Table 24. Imports in value by country of destination

GEOGRAPHICAL AREAS	2013	2014	2015	2016
	Value	Value	Value	Value
France	175 232	216 559	199 082	196 582
Germany	57 233	57 163	91 441	100 537
Italy	18 358	34 360	51 563	39 614
The Netherlands	38 854	48 010	40 496	33 346
Belgium	21 264	29 904	36 792	43 997
United Kingdom	8 700	12 705	33 451	14 201
Russia	35 557	37 779	22 000	36 777
Benin	77 285	77 552	40 767	60 440
Burkina Faso	56 349	41 199	30 638	15 495
Côte d'Ivoire	217 583	228 451	327 651	336 540
Guinea Bissau	7 383	10 466	0	683
Niger	47 516	33 472	32 417	53 951
Senegal	178 028	288 847	305 900	344 919
Togo	14 200	19 560	32 561	43 777
Cabo Verde	0		0	0
Gambia	2 057	7	42	77
Ghana	30 308	31 994	34 739	49 881
Guinea Conakry	1 926	2 765	2 911	2 096
Liberia	7	391	0	289
Nigeria	1 920	1 858	1 857	1 075
Sierra Leone	3	4	48	97
Algeria	979	1 294	2 094	1 373
Morocco	28 438	19 401	34 965	57 748
Tunisia	4 260	4 816	4 446	4 162
Cameroun	320	0	43	50
Kenya	68	258	247	44
South Africa	69 305	55 839	68 568	73 561
Canada	9 452	10 493	18 128	12 432
United States	54 352	74 357	59 332	59 997
China	226 358	248 949	345 495	356 398
Hong-Kong	1 592	1 295	2 452	856
India	57 108	51 407	63 845	71 953
Japan	35 991	35 886	50 469	46 634
Taiwan	367	847	371	615
Thailand	8 811	11 679	9 780	13 344
United Arab Emirates	8 706	11 514	15 267	20 395
OCEANIA	38 657	25 224	35 632	22 767
TOTAL GENERAL	1 542 322	1 625 469	1 888 093	2 017 957

Source : BCEAO ; 2017

5.3.3 International trade by value and product

Mali's balance of payments is structurally in deficit, as the country imports more than it exports. The exception is 2012, when the balance showed a positive balance despite the political and security crisis.

Imports of capital goods increased due to major works that began after the 2012 crisis. Energy pro-

ducts account for the largest share of imports, as Mali does not exploit its oil reserves and does not have a refinery. Over the last five years, the level of imports has increased, averaging 25% over the period. As far as exports are concerned, gold represents the largest part of the volume with an average of 67% of exports over the period considered. The level of exports decreased in 2014 and 2015, due to the contraction in cotton exports.

Table 25. Imports of goods between 2012 and 2016 (in millions of FCFA)

	2012	2013	2014	2015	2016	2017
Food products	209 062	231 041	248 738	308 518	335 960	329 967
Energy products	421 774	433 287	434 788	384 230	425 774	572 282
Capital goods	317 976	339 330	368 540	479 688	489 426	470 278
Raw materials and intermediate goods	266 899	258 918	255 006	354 967	361 595	352 002
Of which cement	90 044	85 008	83 804	127 646	119 109	105 782
Consumer goods.	194 879	210 084	210 107	257 600	270 159	265 288
Other income	64 556	69 663	108 290	103 089	135 041	105 635
TOTAL	1 475 146	1 542 322	1 625 469	1 888 093	2 017 957	2 095 453

Source : BCEAO, INSTAT, 2017

Table 26. Exports of goods between 2012 and 2016 (in millions of FCFA)

	2012	2013	2014	2015	2016	2017
Cotton	190 994	176 816	166 727	183 101	187 568	223 415
Non-monetary gold	1 065 624	964 491	917 700	1 004 139	1 120 373	1 175 719
Live animals	58 749	64 371	43 294	115 164	115 714	108 924
Mineral fuels	8 342	24 723	30 761	25 506	20 405	19 298
Fertilizer	82 042	77 291	94 171	61 397	55 842	43 808
Mangoes	6 744	14 478	10 278	9 483	8 192	7 430
Other	119 665	97 355	111 243	208 004	167 776	107 300
TOTAL EXPORTS	1 532 160	1 419 525	1 374 174	1 606 794	1 675 870	1 685 895

Source : BCEAO, INSTAT, 2017

5.4 Foreign direct Investments

5.4.1 FDI by country of origin

The increase in direct investment flows received is due, on the one hand, to mining companies' borrowing from their parent companies to finance major investments, including mine construction, and, on

the other hand, to profit reinvestments and recapitalizations in the banking and telecommunications sectors.

For the period, this amount increased from CFAF 71,566.8 million in 2014 to CFAF 211,300 million in 2016. The amounts vary according to the country and geographical area (see table).

Table 27. FDI by country of origin (in millions of FCFA)

Countries	2 014	2 015	2 016
Benin	-732.2	-615	246.8
Burkina Faso	3 267.70	4 436.80	10 304.80
Côte d'Ivoire	4 479.10	10 109.20	4 375.80
Guinea-Bissau	0	0	0
Niger	0	0	0
Senegal	-5 670.20	-4 672.40	9.6
Togo	1 391.60	13 446.90	-2 497.10
WAEMU Institutions	-640.5	0	961.8
ECOWAS excluding WAEMU	0	0	0
Africa excluding ECOWAS	1 510.00	-1 718.40	-1 048.20
CEMAC and WAEMU of:			
South Africa	-5 066.20	6 315,80	-9 426.90
Libya	2 870.10	-2 124,50	4 106.50
Morocco	3 309.50	0	3 630.50
Mauritania	396.6	0	635.2
EUROPE	62 615.70	172 689.10	134 879.60
<i>EUROPEAN UNION</i>	61 944.80	172 689.10	14 096.90
EURO ZONE of which:	285	15 489.70	7 901.50
Germany	388.6	2 568.80	1 126.20
Belgium	0	0	0
Spain	0	0	0
France	9.2	12 920.90	4 942.90
Italy	0	0	0
Luxembourg	0	0	0
the Netherlands	-112.7	0	1 832.30
Portugal	0	0	0
EU outside the euro zone, of which:	61 659.80	157 199.40	6 195.40
The United Kingdom	60 989.00	157 199.40	6 195.40
Europe outside the EU of which :	670.8	0	120 782.70
Russian Federation	0	0	0
Switzerland	670.8	0	-8 839.30
Turkey	0	0	0
British Virgin Islands			129 608.00
AMERICA of which:	2 760.10	-10 024.20	-8 166.30
Canada	2 760.10	0	-8 242.50
Brazil	0	0	0
United States of America	0	0	76.2
ASIA of which:	1 395.80	-9.6	69.3
China	-434.2	1.6	-201.6
India	880.8	0	244.9
Japan	911.6	0	0
Lebanon	21.4	0	26
Singapore	16.2	0	0
OCEANIA	1 860.60	0	72 164.10
Australia	1 860.60	0	72 164.10
International Institutions	0	0	0

Source : BCEAO, 2017

5.5 Regional integration

5.5.1 WAEMU Convergence criteria

As part of multilateral surveillance, UEMOA has established five (5) criteria, three primary- and two secondary. The primary criteria are the overall budget balance including grans/GDP, the average annual inflation rate and the outstanding debt/GDP. The se-

condary criteria are the payroll/tax revenue and the tax burden rate.

Over the past four years, Mali has met all the first-order criteria except in 2016 for the fundamental criterion (including the deficit in the overall balance including grans). This is due to the salary increase, the implementation of the peace and reconciliation agreement resulting from the Algiers process and the Military Orientation and Programming Act.

Table 28. Criterial levels over the last 5 years

Mali	Norme	2013	2014	2015	2016	2017
Primary						
Overall budget balance (including grans)/nominal GDP	≤3%	-2.4	-2.9	-1.8	-3.9	- 2.9
Average annual inflation rate	≤3%	-2.4	2.7	1.4	-1.8	1.8
Outstanding domestic and foreign public debt / Nominal GDP	≤70%	26.4	27.4	30.7	36.0	35.4
Secondary						
payroll/tax revenues	≤35%	36.4	35.2	33.1	32.4	31.9
Tax burden rate	≥20%	14.8	15.0	16.9	14.9	16.2

Source : INSTAT, DNTCP

With regard to the secondary criteria, the one on the tax burden rate has never been met by Mali. Assistance services have undertaken reforms to increase the level of tax revenue, including computerization and the formalization of informal business programs. The wage bill criterion was not met in 2013 and 2014 in connection with the wage demands concluded by the central union. Overall, of the five (5), only one would not be met by the implementation convergence.

5.5.2 Review of regional integration

Since its independence, Mali has opted for regional integration and has enshrined in the Constitution that Mali can partially or totally abandon its sovereignty in favor of regional integration. Mali is a signatory to all the texts establishing regional organizations, the OAU, the AU, ECOWAS and WAEMU. Regional integration challenges include the development of intra-regional trade, the development of regional infrastructure and the implementation of common policies, particularly in the basic social sectors. Intra-regional trade accounts for 30% of trade.

6- CREDIT QUALITY

6.1 Business climate

Mali is ranked 145th out of 190 countries by the 2019 Doing Business report.

Table 29. Business climate indicators in Mali

Indicator	Regulation	Indicators in practice		
		Procedure time (days)	Number of persons for the procedure	Cost spent (as a % of income per capita)
Create an enterprise	Establish a one-stop shop window through the investment promotion agency	11	5	56.8%
Building permits		13	124	5.9%
Access to electricity		120	4	50.5%
Property registration		29	5	11.1%
Tax level	Tax Code	270	35	48.3%
Facility of paying taxes	Tax Code			
Export facility	investments Code	48	272	
Enforcing contract law		620	5	52.0%
Insolvency resolution	Tax Code		4	18.0%
Bankruptcy resolution	Tax Code			

Source : INSTAT, DNTCP

In Mali, there have been no cases of litigation settlement for foreign investors.

Corruption in Mali takes many forms: petty and grand corruption. Petty corruption is often linked to poverty, while grand corruption is a broader phenomenon. The aim is to take advantage of the weaknesses in the system set up by the control structures to enrich themselves. It is in this context that the General Assembly on Corruption and Financial Delinquency took place, during which several proposals were made to improve the existing system.

Grand corruption impacts public resources given its scale and the system put in place to maintain it. That is why the Malian authorities have committed themselves to eradicating this scourge through the establishment of deterrent frameworks, such as the Office of the Auditor General. In 2017, the Auditor

General's report highlighted an amount of FCFA 23.28 billion against FCFA 52.47 billion in 2016 for fraud and mismanagement of the State's financial resources. In 2017, Mali was ranked 122nd in the Transparency International's report on corruption (World Corruption Perception Index).

6.2 Financial governance

In the context of good governance and the struggle against corruption and illicit enrichment, the authorities have set up several bodies, including the Office of the General Auditor and recently the Central Office to Combat Illicit Enrichment. These initiatives are tools to ensure good financial governance in order to minimize the misuse of public resources and ensure transparency and accountability. The various reports of the auditor are publicly presented to the

President of the Republic and submitted to the judicial authorities. In addition, the Ministry of Economy and Finance publishes financial information on the various sites of the Ministry and control structures. These data are accessible to citizens.

6.3 Financial rating

Mali is currently involved in two financial rating programs, one at the sub-regional level and the other at the international level.

The regional financial rating, known as the "sovereign local currency rating", was conducted by the

BLOOMFIELD Agency. At the end of the regional rating process, the Government of Mali obtained the following ratings:

- in the long term: BBB;
- in the short term: A3.

With regard to international rating, Mali is currently engaged in a process with the rating agency Moody's, which is expected to be published in the first quarter of 2019.

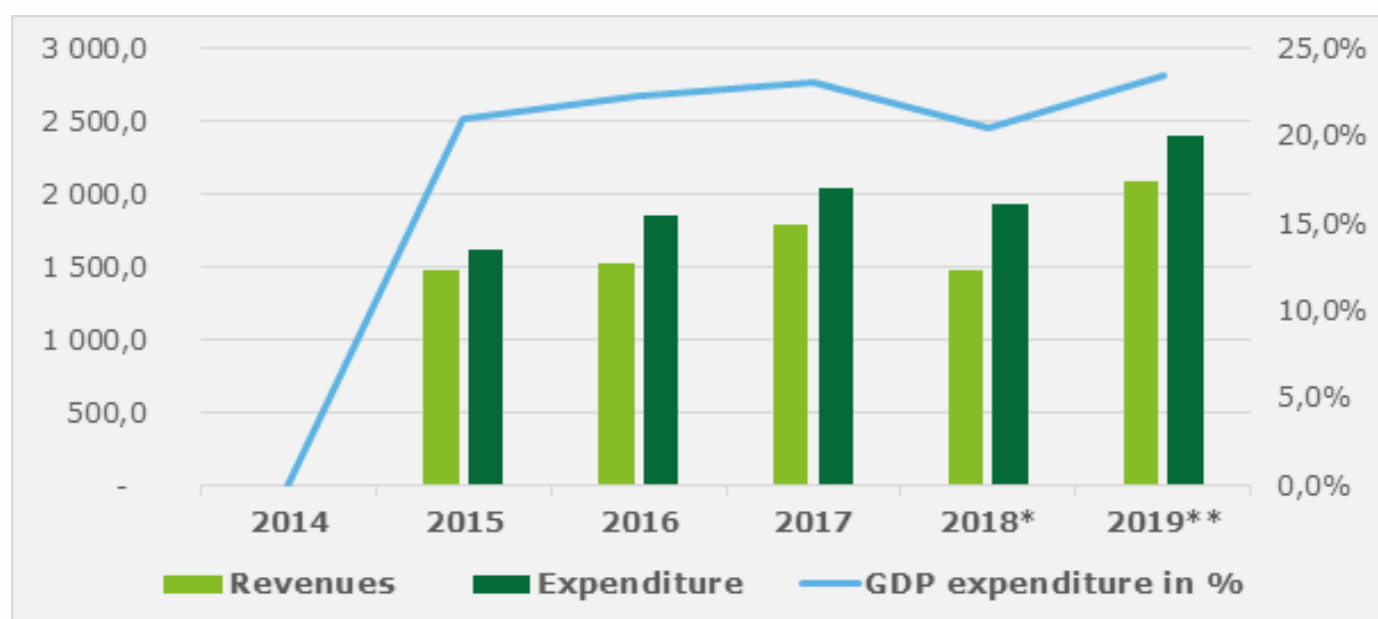
7.1 Budget

7.1.1 Expenditures and revenue

Over the 2014-2018 period, expenditures have increased faster than revenue. In the context of expenditures, the focus is on investment expenditures.

However, efforts are being made as part of the effective tax resource mobilization. For revenue, several reforms have been undertaken to reduce the level of informality and identify tax revenue niches.

Figure 10. Evolution of public expenditures and revenue in Mali, 2014-2019



Source : DNTCP, 2018.

7.1.2 Detailed presentation of 2018 expenditures and revenue

Tax revenues represent about 80% of the State's resources and most of them concern indirect taxes.

On the expenditure side, current expenditures are higher than investment expenditures, although efforts are being made to close the gap.

Table 30. Detailed presentation of public expenditures and revenue in Mali (CFAF billion)

Revenues and grans					1473.2
	Total revenues				1358.8
		Tax revenues			11
			Direct taxes		340
			Indirect taxes		850.6
				Of which oil taxes	87.8
		Non-tax revenues			52.8
			Social Security Contributions		
		Other			3
				Of which dividends from public companies	0.5
	Grans				114.4
		Projects			68.4
		Programs			40.2
Total expenditures					1925.9
	Current expenditures				1140.8
		Wages and compensation			471.1
		Social Security			53.4
		Transfers and other			259.6
	Exceptional expenditures				
	Interest owed				84.3
		On domestic debt			55.3
		On external debt			29
	Capital expenditures				614.7
		From domestic resources			468
		From external resources			146.7
	Net loans				-6.9
Primary balance ⁵					-567

Source : National Direction of Treasury and Public Management

7.1.3 Detailed presentation of the budget by item of expenditure

The major 2018 expenditure items are defense and internal security, health, education, housing, com-

munity infrastructure and social protection. Indeed, spending on defense and internal security is a priority and represents CFAF 400 billion in 2018.

As part of the implementation of the 10-year Health

⁵ Revenues (excluding donations) without expenditures (excluding interest and futures investments).

Sector Program (PRODESS), 124 billion will be dedicated to health infrastructure and equipment and to improving the technical facilities of hospitals in 2018. The education sector will benefit from 396.4 billion in infrastructure construction and teacher recruitment.

Within the budget allocated to housing and community infrastructure, 55.4 billion will be used to build 5,000 social housing units in Bamako and implement secure land reform.

Table 31. Detailed of the budget by item of expenditure

RUBRICS	2013	2014	2015	2016	2017	2018	2019
Public Authorities and General Administration	105.31	152.03	162.68	236.91	233.40		
Diplomacy & Foreign Affairs	23.23	25.68	27.14	28.38	40.73		
National Defense & Security	168.19	198.58	265.65	310.73	342.43	272.3	311.0
Basic Education	157.95	176.62	224.85	228.79	254.79	396.4	410
Secondary, Higher Education and Scientific Research	84.18	88.09	89.90	88.79	108.31		
Youth, Culture and Sport	12.68	21.78	15.77	16.84	22.59	22.2	22.7
Health	62.38	68.70	97.59	100.93	115.11	124.5	130.8
Social Sectors	50.34	56,25	37.73	52.83	64.77		
Employment	6.71	7.21	10.99	10.90	12.94	99.9	105.9
Drinking Water Supply	27.07	10.38	4.29	25.86			
Sanitation	4.98	3.39	3.11	6.05			
Urban Planning and Housing	14.85	10.06	8.02	6.19		57.1	55.4
Agriculture	117.17	154.32	156.09	189.16	317.04		
Hydraulic Mining and Industry	95.14	101.86	60.33	71.73	100.95		
Public Works	94.40	85.98	65.00	114.39	137.54		
Transportation	16.20	27.73	12.71	47.81	21.77		
Communication	17.30	29.77	17.48	11.31	11.76		

Source : National Direction of Treasury and Public

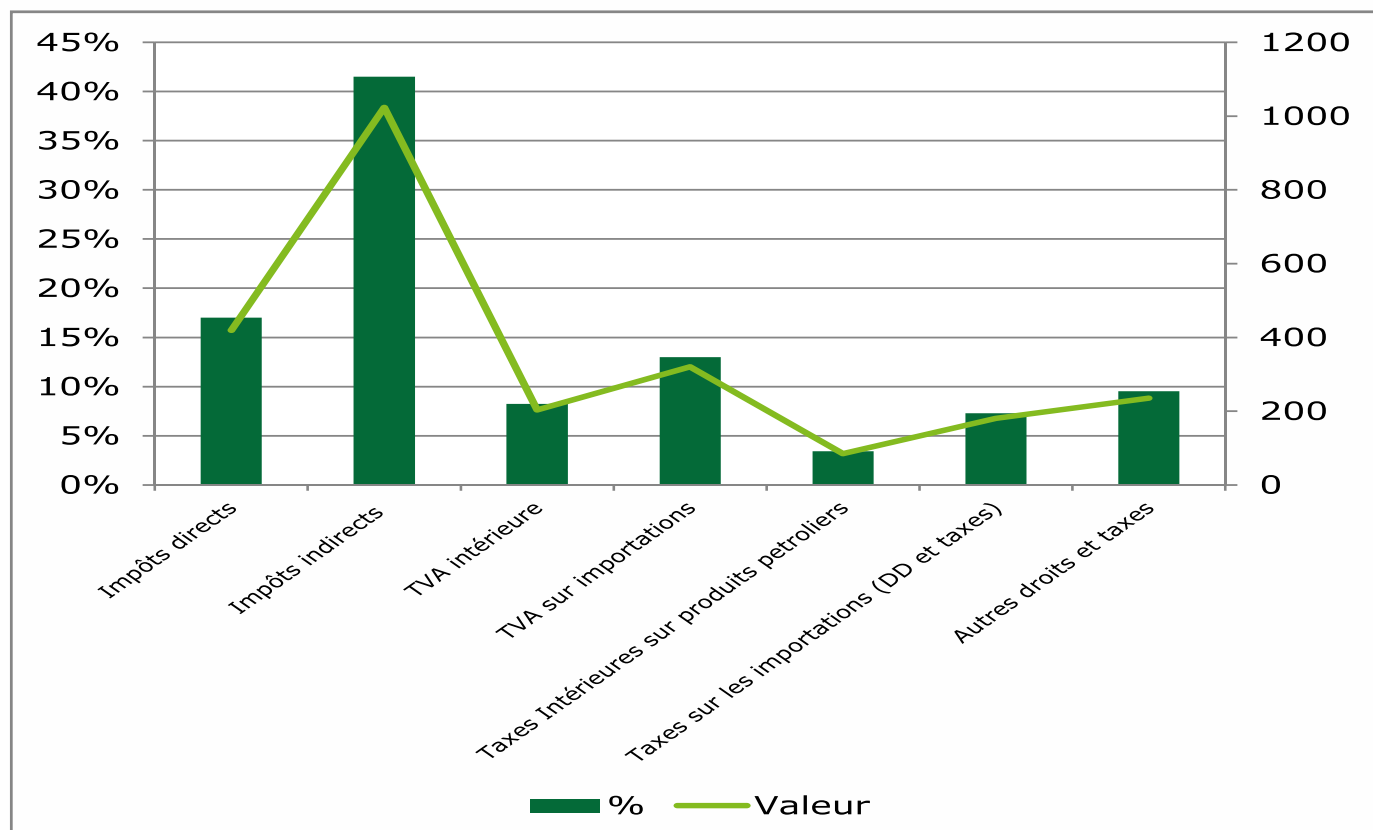
7.2 Tax policy

7.2.1 General budget revenue broken down by source

The following figure shows the percentage by tax

type and values in the 2017 budget. There are both tax and non-tax revenues. Among this category, we can distinguish between direct and indirect taxes. Indirect taxes include VAT, oil products tax, customs duties and other fees and taxes.

Figure 11. Type of revenue mobilized in percentage and value in 2017



Source : DNTCP, DGB, 2018

In Mali's new tax architecture, there are two types of taxpayers: agents subject to synthetic taxation whose turnover does not exceed 30 million and those taxed in real terms (simplified and real mode). Synthetic tax amounts to 3% of turnover while actual companies are taxed at 30% of their profits. However, both types of taxpayers are subject to VAT and income taxes (employees and property taxes).

7.2.2 Presentation of new tax measures recently adopted or under discussion and in the process of being adopted

There were no new types of taxes in the code developed in 2017. However, in 2018, the General Directorate of Taxes commissioned a study on taxation in the agricultural sector. The results of this study

would make it possible to identify new sources of tax resources.

Regarding the mobilization of financial resources, the government intends to implement all the IMF's recommendations. The aim is to continue to reduce the number of exemptions (granted to industrial companies and traders), revise the various texts in the tax field (mining code, investment code, general tax code, customs code, petroleum code, etc.), modernize tax, customs and state administrations and speed up the computerization of tax services at local level. The implementation of all these recommendations would allow for the effective mobilization of public resources and the improvement of the business environment in Mali.

Table 31. Detailed of the budget by item of expenditure

Heading	Implementation Period
Control and reduction of tax exemptions	2015-2019
The ongoing computerization of the management of exemptions at the DGI	2015-2020
The revision of the different codes	2015-2020
Improvement of tax litigation practices.	2015-2020
Taxation of all sectors of the economy and the expansion of the tax base, taking into account the informal sector.	2015-2020
Modernization of the tax administration, with a view to broaden the tax base	2015-2020

Source : DGD, DGI, INSTAT, 2018

The IMF memorandum indicates that the implementation of all these measures would allow the government to gain 0.5 percentage points of the tax burden rate each year.

7.3 Finance bill

The year 2019 marks the second year of preparation and execution of the State budget in program mode. In this context, all actions will be carried out as projects by a designated manager. Like the 2018 State budget, the 2019 State budget focuses on issues of the effectiveness and efficiency of budgetary allocations and their link to public policy objectives within programs.

The 2019 budget forecasts are based on an economic growth forecast of 4.8% compared to 5.1% in 2018.

In 2019, fiscal policy will be prudent and in line with the objective of a sustainable budget deficit of 3%, as define in the UEMOA convergence criteria.

Under the budget resources for the 2019 financial year, tax policy will be based on increasing the mobilization of domestic revenues (including domestic VAT, RPIC etc.), through broadening the tax base, controlling exemptions and combating fraud and door fee customs revenues.

With regard to expenditure for the 2019 financial year, the budgetary policy is part of the consolidation

of the 2016-2018 Strategic Framework for Economic Recovery and Sustainable Development (SFERSD) achievements. The aim is to refocus actions on priorities related to securing the country and reviving the economy.

The budget revenue forecast for 2019 amounts to

CFAF 2,023 billion compared to CFAF 1,957.6 billion in the 2018 Finance Act, an increase of CFAF 35.0 billion, corresponding to an increase rate of 3.35%. The budget expenditure forecasts for 2019 amount to CFAF 2,410.4 billion compared to CFAF 2,330.8 billion in the 2018 budget, an increase of CFAF 79.6 billion, corresponding to an increase rate of 3.42%.



8- RISK FACTORS

8.1 Political and security risk

Mali is a fragile country facing serious security and social tensions. In 2015, the authorities signed the peace and national reconciliation agreement resulting from the Algiers process with all stakeholders in the crisis. Despite the authorities' good will to implement the peace agreement, insecurity persists in northern and central Mali. This situation has worsened with the absence of State authority in some localities occupied by armed groups.

Risk related to elections

The government held the 2018 presidential elections under difficult conditions. Despite difficult access to some areas and sporadic attacks, the authorities succeeded in holding presidential elections throughout the country. However, the November 2018 legislative elections were postponed and the mandate of the deputies was extended. In perspective, the government wishes to organize the legislative elections in June 2019. It should be noted that to date, more than 2/3 of the national territory is no longer accessible due to insecurity, particularly in the north and center of the country.

Risks related to internal security

The 2012 political and security crisis seriously affected the fundamentals of the Malian economy. It took five years to see a gradual economic recovery despite some cases of persistent insecurity in some parts of the country. Some sectors of social, political, administrative, economic and cultural life are still affected by the crisis. Despite limited resources, the Malian authorities are able to secure a large part of the country's territory.

8.2 Social risk

On the social front, the population displacement caused by the security crisis has swelled the ranks of the unemployed and the poor without social security

coverage. Indeed, the security crisis prevents producers, farmers, stockbreeder, fishermen and tourists from carrying out their activities freely. This situation has an impact on the social life of the populations that depend on their activities and on the vitality of the economy. Social cohesion and living in community for the populations is somewhat threatened due to social, ethnical and cultural considerations.

8.3 Macroeconomic risk

Evolution of demand prospects of the main international partners

Since the 2012 crisis, some partners, particularly bilateral partners (Canada and Japan), have substantially reduced their financial support to the general budget due to institutional instability. With the 2013 elections, the country has returned to stability and efforts are being made by the authorities to restore peace throughout the country.

Evolution of international prices of exported raw materials (or internationally listed products) as well as the demands of the main beneficiaries.

The three products of major importance to the Malian economy are cotton, gold and refined oil products. Cotton and gold are Mali's main export products, while refined oil products account for more than 15% of Mali's import volume. Therefore, the evolution of oil prices has an impact on economic activity given that it is used in all sectors, particularly transport and industry.

Changes in the prices of these products has a direct effect on the balance of payments. The evolution of oil prices has an impact on economic activity in Mali. Indeed, to maintain the purchasing power of populations, the authorities subsidize fuel by collecting less tax in the event of a rise in the price of oil products to keep the price at an acceptable level.

However, the fall in oil prices does not systematically lead to a fall in prices at the pump. This subsidy is a burden on the State budget even if the volume of taxes on these oil products imports increased on average by 5% per year (according to the General Customs Directorate).

Mali is the third largest gold producer in Africa after South Africa and Ghana, and now has ten (10) mining companies with a production of more than 60 tons in 2018 compared to 46.5 tons in 2017. All of Mali's gold production is exported to South Africa and European countries, thus positively affecting the balance of payments and the state budget. Dividend revenue from mining companies accounted for several hundred billion in the state budget. The outlook is good as the number of companies has increased from 8 in 2015 to 10 in 2018.

For several years, Mali has been ranked as the leading cotton producer in Africa. In 2018, cotton production reached 750,000 tons compared to 728,645 tons in 2017, an increase of 2.9%. This sector is well organized and supervised by the State, as production is bought by State structures and exported. Export revenues benefit both the population and the government. Cotton is purchased from producers at an agreed price and sold by the Malian Textile Development Company (CMDT) on the international market at an increased price.

Risks related to the evolution of the terms of trade, taking into account exchange rate risks with the main partner countries

Mali being a member of WAEMU, BCEAO is responsible for the monetary policy of the area. Although Mali imports from various partners in different currencies, the exchange rate risk is controlled through BCEAO's monetary policy. Also, the criterion of the quantity of currency in months of import is well followed by BCEAO.

The prices of the two main export products (cotton and gold) are fixed in Mali. There is less risk associated with changes in the terms of trade even if the prices of exported products depend on world prices.

The State intervenes with producers when the world price reaches a threshold in order to preserve the purchasing power of producers.

8.4 Risks relating to the mobilization of public and private financial resources

Persistent insecurity is weighing on the State budget. Indeed, the share of security spending in Mali's budget has continued to increase. This makes it difficult to ensure the investment expenditure on social services needed for the country's development.

Mobilization of tax resources

On the economic level, areas of insecurity constitute a loss of income in terms of mobilizing the resources needed to carry out major structural projects for the country's economic recovery. Tax services are not represented in areas under the influence of jihadists and armed groups. Tax services (customs and taxes) recorded an 8% deficit compared to the 2018 target. In the case of affected regions, the revenue shortfall for each region represents more than 30% of annual revenues. Counter-band activities have developed in these various localities, making it difficult to collect taxes.

The Minister of Economy and Finance sets the prices of products at the pump. Adjustments are made based on world oil prices in order to maintain the price at an accessible level accessible for the population. This mechanism is automatically activated in the event of a change in prices on the world market. The role of the government is to partially pass on the fluctuation of world oil prices to consumer prices through the variation of duties and taxes included in the determination of indicative prices at the pump.

The State partially waives tax revenues from the sale of oil products. Depending on the level of increase in world prices, the budget could be allocated, which often leads to a massive erosion of oil tax revenues as part of the State's tax expenditure.

External funding by donors

- The various financing managed as part of the special investment budget are studied and must have

the necessary maturity. The project must be the subject of a study on feasibility and the provision of the State's counterpart estimated at approximately 25% of the total cost of the project. Besides, since projects do not have the same donors, the implementation rate and resource mobilization may differ. Over the past five (5) years, external financing has never been 100% mobilized with regards to the forecast. This would be due to resource disbursement procedures and delays in the implementation

of some activities. However, we note a good level of mobilization rate of 87.6% and 83.7% respectively in 2013 and 2017. Generally, external financing in Mali is directed primarily towards the education, health, infrastructure and rural development sectors (agriculture, livestock, fisheries and forestry) where most of the programs are implemented. The main donors are the World Bank, the African Development Bank, UNICEF, BOAD and EBID.

Table 32. Evolution of external financing (in billions of CFAF).

Years	Planned financing	Completed financing	Financing Recovery Rate
2013	173.188	151.71	87.6%
2014	315.518	165.764	52.5%
2015	260.743	160.994	61.7%
2016	260.743	157.115	60%
2017	284.6	238.264	83.72%
2018	250000		

Source : National Direction of the Development Plan, 2018

External financing by foreign direct investment

External financing through foreign direct investment remains low and has declined with the security crisis that is discouraging investors from investing heavily in the country. However, the prospects are positive with the signing of the peace and national reconciliation agreement resulting from the Algiers process in 2015 and the revival of economic activity and the successful holding of presidential elections.

The main countries of origin of direct investment in Mali are the United Kingdom, Australia, France and Côte d'Ivoire.

8.5 Health risks

Mali has appropriate health facilities to manage cases of diseases, particularly the most chronic ones such as diabetes, HIV, hypertension and tuberculosis. With regard to the management of frequent diseases (malaria, diarrhea), populations are often confronted with space problems due to the overcrowded structures, although several health facilities have been built under the various government programs.

Mali has a monitoring unit to raise awareness and anticipate pandemics and other public health diseases. In this way, the cell was able to contain the Ebola virus, in collaboration with WHO and UNICEF, by providing information on the measures to be adopted in the event of contamination and disease prevention.

In terms of hygiene, the government and technical and financial partners are working in rural areas in particular to raise awareness and equip vulnerable populations with health equipment and materials. These actions have made it possible to improve the hygiene of the population and reduce certain diseases.

8.6 Environmental risks

Mali is an agroforestry country where climatic and environmental conditions play a key role. Indeed, agriculture represents more than 30% of GDP. Cotton is the country's main agricultural export product. The country is vulnerable to adverse climatic conditions and production variations in terms of available

seed varieties.

Over the past five years, Mali has not experienced a drought and cotton production increased by 2.9%

in 2018. However, the impoverishment of crop areas and the misuse of plant protection products have a negative impact on crop yields. It should be noted that Mali is not yet involved in organic farming

9- DEBT SITUATION

9.1 General description of the public debt

9.1.1 Overall picture

Total debt/GDP has increased during the period but more rapidly from 2016 when the level reached 36% after recording 30.7% a year earlier. This situation is due to the evolution of the total public debt, which amounted to CFAF 2986.4 billion in 2016 after having reached CFAF 2366.9 billion a year earlier. Ex-

ternal debt has increased less rapidly than domestic debt. This could be explained by the government's desire to mobilize more resources at a lower cost and on relatively favorable terms because resource mobilization on the international market imposes conditions. Nevertheless, Mali is committed to doing its utmost to meet the conditions in order to reverse the trend.

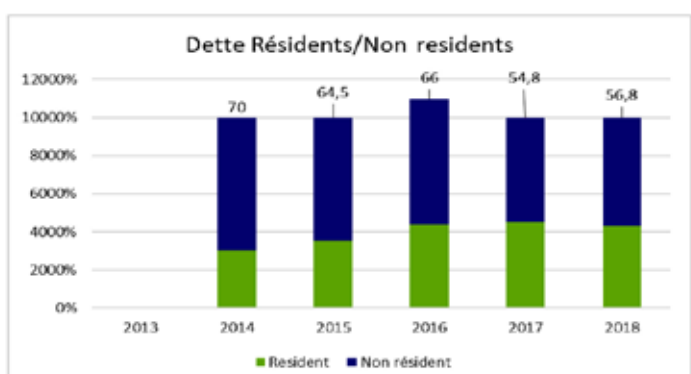
Table 33. Debt evolution in Mali

Mali	2013	2014	2015	2016	2017	2018 (estimates)
Total debt (% of GDP)	26.4	27.4	30.7	36.0	35.4	37.2
Total debt (in value, CFAF billion)	1698.4	1930	2366.9	2986.4	3167.7	342.3
Residual amount						
Arrears	0	0	0	0	0	0
Due						
Paid						
Total external debt	1445.0	1484.6	1754.4	2073.9	2182.2	2259.5
Residual amount						
Arrears	0	0	0	0	0	0
Due						
Paid						
Total domestic debt	253.4	445.4	621.5	912.5	985.5	1168.5
Residual Amount						
Arrears	0	0	0	0	0	0
Due						
Paid						
Nominal GDP (current prices)	6541	7093	7748	8302	8928	9561

Source : General Direction of the Public Debt, DGDP, 2018

The following figure shows that the debt to non-residents is larger, averaging 62%. This is due to the amount of the multilateral debt in Mali's public debt

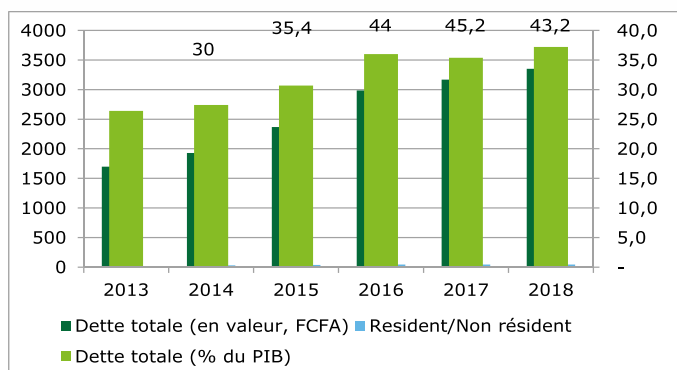
Figure 12. Distribution of public debt between external and internal debt between 2013 and 2018.



Source : DGDP

portfolio. The debt held by residents corresponds to the debt owed to commercial banks.

Figure 13. Distribution of public debt held by residents and non-residents between 2013 and 2018 according to the total amount of debt expressed in CFAF and the share of debt/GDP



Source : DGDP

9.1.2 Time profil of the debt to be repaid

Most of the debt to be repaid is long-term. The situation has changed significantly over a five-year

period. The majority of the debt to be repaid was short-term.

Table 34. Time profile of the debt to be repaid

Expressed in %	Allocation initially planned	2012	2017 (est.)
Short-term (< 1 year)		63.0%	6.0%
Medium term (1 to 5 years)		22.4%	37.2%
Long-term (> 5 years)		14.6%	56.8%
Total	100%	100%	100%

Source : DGDP, 2018

9.1.3 Amount of short term debt to be repaid

The amount of external debt to be repaid has gradually increased during the period. From 2018 onwards, projections show that the amount of external debt is expected to decline. This would be due

to low visibility of borrowing from partners given socio-security factors. For domestic debt, it declines between 2015 and 2016 before increasing in 2017. According to projections, it is expected to continue its downward trend until 2020.

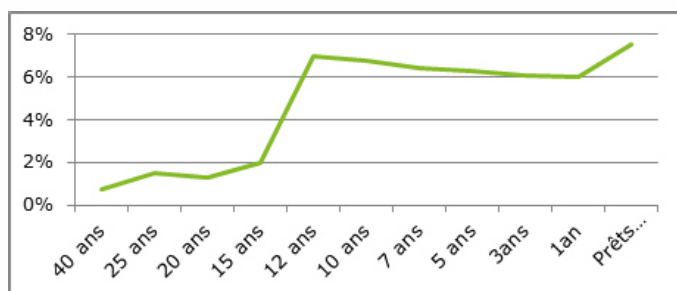
Table 35. Amount of external and internal debt to be repaid (CFAF billion)

	2013	2014	2015	2016	2017	2018 (estimates)	2019 (projections)	2020 (projections)
Amount of external debt to be paid in the year	1445	1484.6	1754.4	2073.9	2182.2	2164.0	93.0	100.6
Amount of domestic debt to be paid in the year	226.4	290.3	323.0	160,4	440.6	320.2	343.6	251.5
Total	1671.4	1774.9	2077.4	2234.3	2622.8	2484.2	436.6	352.1

Source : General Direction of Public Debt, DGDP, 2018

The level of interest rates according to Mali's debt maturity is shown in the figure below.

Figure 14. Interest rate curve by maturity for 2017



Source : DGDP, 2017

9.2 Debt strategy and debt sustainability

9.2.1 Description of the strategy

Mali's debt strategy is based on clear objectives aimed at meeting the State's financing needs and its obligations for future payments at a lower cost, while maintaining risks at a satisfactory level. Mali also aims to contribute to the development of the regional public debt market. The strategy is in line with debt sustainability objectives and the long-term sustainability of public finances.

As part of the development of the debt strategy and the analysis of public debt sustainability, Mali receives technical support from the IMF through AFRI-TAC Ouest and the Extended Credit Facility. Every year, members of the National Public Debt Committee receive training on the analysis of indicators.

For the management of issues and loan coordination, the country benefits from the support of the Agence UMOA Titres in the development of the issuance program, its preparation and the mobilization of resources on the financial market. The strategy is based on the orientations of the authorities through

the Ministry of Economy and Finance.

The government's strategy for public debt issuance is to finance the economy. Treasury bills will be used primarily to finance cash flow, while bonds and other long-term government securities will be used to finance health and education infrastructure. For the rural sector, the debts contracted will make it possible to strengthen programs for the dissemination of seeds, and the development of hydro-agricultural infrastructure, etc.

9.2.2 Debt sustainability (According to the World Bank and IMF)

According to the IMF's debt sustainability analysis, Mali is in the medium category in the assessment of debt risk criteria.

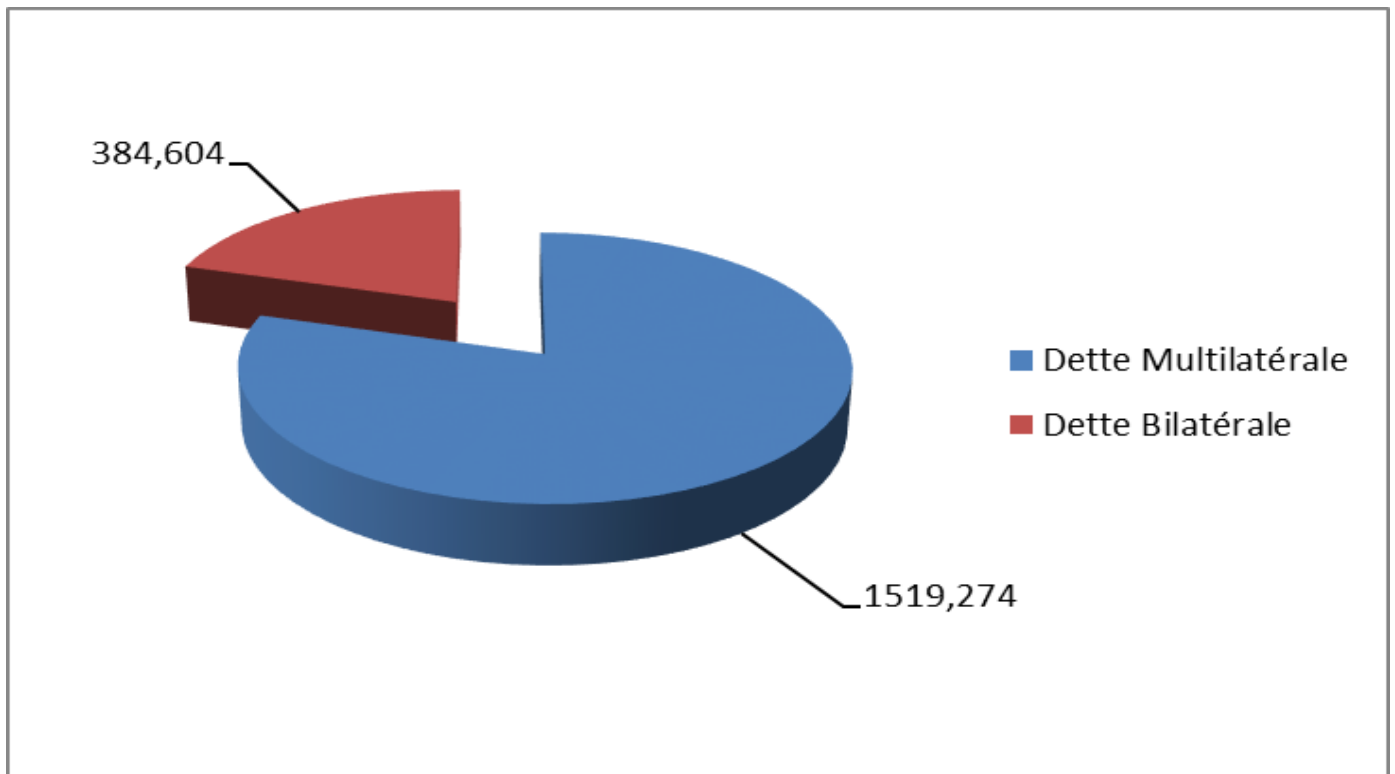
For the 2016-2018 period, the present value of the debt to GDP ratio is within the 40% margin required by the IMF for countries with average debt management capacity and the CPIA is between 3.25 and 3.75 (for Mali the CPIA has been 3.37 from 2014 to 2016).

9.3 External debts

9.3.1 Holders

At the end of 2018, the outstanding external debt would break down into CFAF 1,519.274 billion in multilateral debt, or 79.8%; CFAF 384.604 billion in bilateral debt, or 20.2%. For 2017, the outstanding external debt was CFAF 1,844.1 billion (82.7%) compared to CFAF 384.6 billion (17.3%) for domestic debt. The multilateral debt portfolio is larger than the bilateral debt portfolio given the number of creditors and Mali's position under MDRI.

Figure 15. Distribution of external debt by type of creditor(Billion of FCFA)



Source : DGDP , 2018

The World Bank is the largest creditor for total external debt, accounting for 47.8% of total multilateral debt. The other partners hold between 0.5% and

8% of the amount. The World Bank is active in Mali in several areas, including health, education, the environment, agriculture, women's advancement, etc.

Table 36. Amount of debt per creditor relative to the total public debt and GDP respectively

Mali 2018 (estimates)	Total debt (expressed in value, billions of CFAF)	Expressed as a % of the total external debt	Expressed as a % of the nominal GDP
Total external debt	1903.9	100%	19.9%
Bilateral	384.6	20.2%	4.0%
Of which India	60.4	3.2%	0.6%
Of which China	237.3	12.5%	2.5%
... of which other	86.9	4.6%	0.9%
Multilateral	1844.1	79.8%	19.3%
Of which IMF	144.9	7.6%	1.5%
Of which World Bank IDA	880.7	46.3%	9.2%
Of which AfDB	114.8	6.0%	1.2%
Of which AFD	56.6	3.0%	0.6%
Of which IFAD	39.1	2.1%	0.4%
Of which EIB	9.9	0.5%	0.1%
Of which IDB	105.3	5.5%	1.1%
Of which EBID	24.1	1,3%	0.3%
.... Of which other	468.7	7.6%	1.5%

Source : DGDP

9.3.2 Debt currencies

With regard to the distribution of debt by currency, the IMF's drawing rights represent 42.6% of the debt amount, followed by the AfDB account unit for

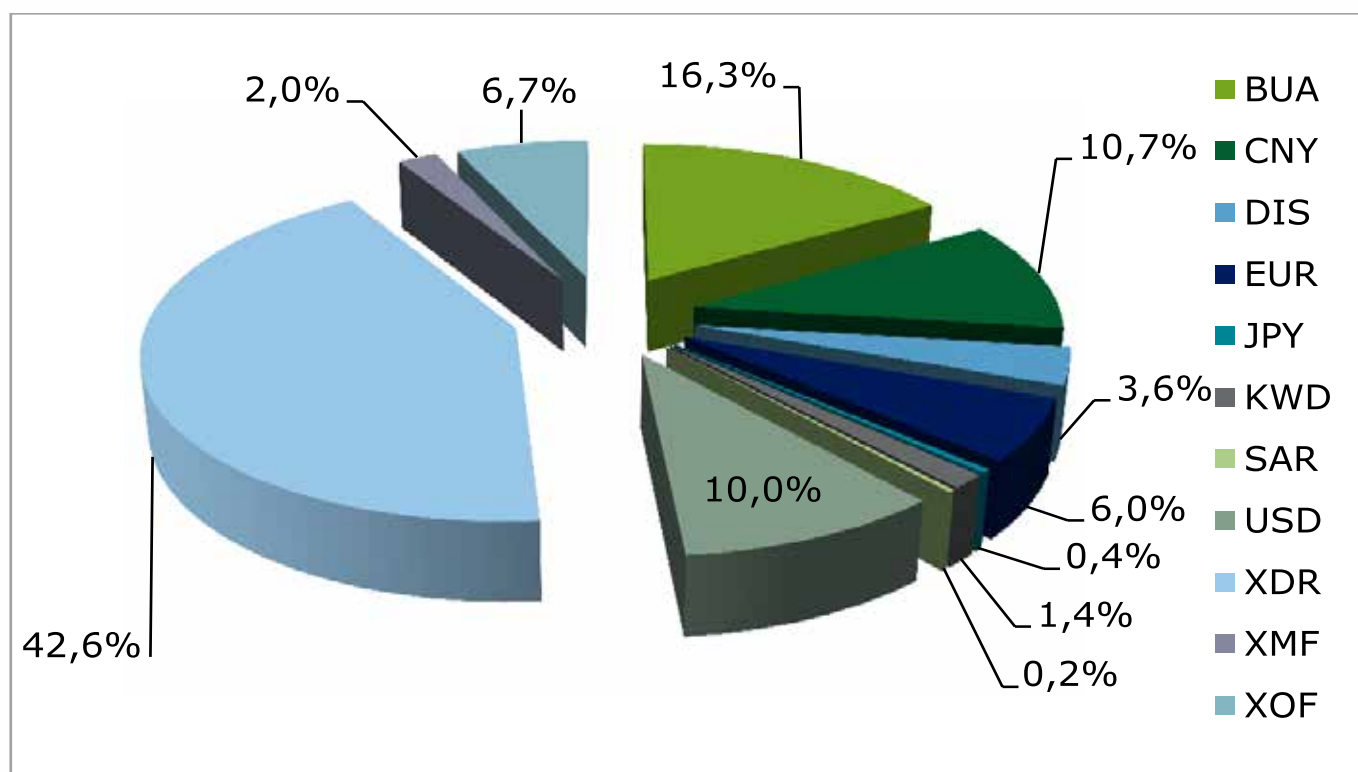
16.3%. The share denominated in Chinese Yuan and in dollar amounts to 10.7% and 10.0% respectively.

Table 37. Debt by currency and amount (In billions of CFA)

Currency	Total debt originally denominated in this currency	Exchange rate CFAF as of 31 December N-1	Debt expressed in CFAF	Exchange rate in EUR as of 31 December N-1	Debt expressed in EUR	Distribution of debt by currency
CFAF	146.7	1	985.5			6.7%
EUR	130.6	655.96		1	130.6	6.0%
USD	217.4	600.14				10.0%
SDR¹	930.5	823.36				42.6%
CNY	233.4	87.97				10.7%
JPY	8.7	5.53				0.4%
KWD	30.4	1931.5				1.4%
SAR	5.3	155.03				0.2%
XMF	44.4	1000				2.0%
DIS	78.8	823.36				3.6%
BUA (AfDB account unit currency)	356.4	823.36				16.3%

Source : General Direction of Public Debt, DGDP , 2018

Figure 16. The debt weight by currency



Source : DGDP ,

As of 31 December 2018, 56.8% of the public debt would be made up of foreign currencies and 43.2% of local currency (XOF). The debt portfolio is therefore exposed to an exchange rate risk. However, this

risk would be somewhat mitigated by the proportion of debt denominated in euros (5.7%) with a fixed parity with the FCFA.

¹ Special Drawing Right: IMF reference currency

9.4 Domestic debt

9.4.1 Presentation of the situation as of 31 December 2017

Domestic debt consists mainly of the amounts raised

through the issuance of treasury bonds, i.e., more than 90% of the total. This is due to the fact that bonds are medium-term instruments.

Table 38. Debt Situation in Mali as of 31 December 2017

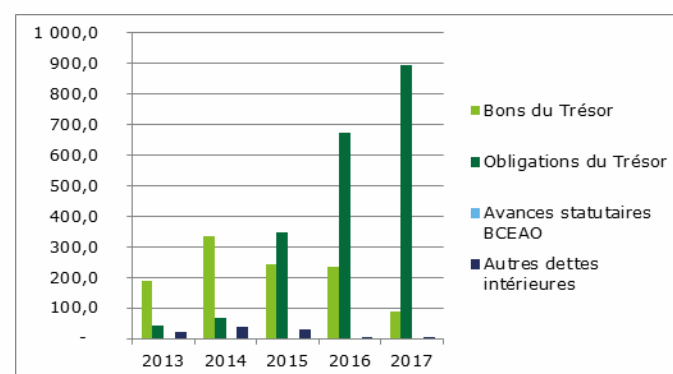
Mali	Domestic debt expressed in value (billions of CFAF)	Domestic debt expressed as a % of total domestic debt	Domestic debt expressed as a % of nominal GDP
Total domestic debt	985.5	100%	11%
Government securities			
Treasury bills	90.3	9.2%	1.0%
Bonds	894.1	90.7%	10.0%
Other (public companies, list them if relevant)	1.1	0.1%	0.0%

Source : DGGDP

9.4.2 Change in the composition of the domestic debt over the last 5 years

The amount of bonds has increased significantly over the past three years. In preparation for the presidential elections, several issues were made. In 2018, these elections were entirely financed by the State budget, thus causing a cash flow shortage. This was the first time that Mali had organized elections without the support of external partners. Treasury bonds issued over the last five (5) years have been negotiated on payment terms that matured mainly in 2017 and 2018, which explains the peak in outstanding amounts observed in 2017 and 2018.

Figure 17. Evolution of domestic debt between 2013 and 2017

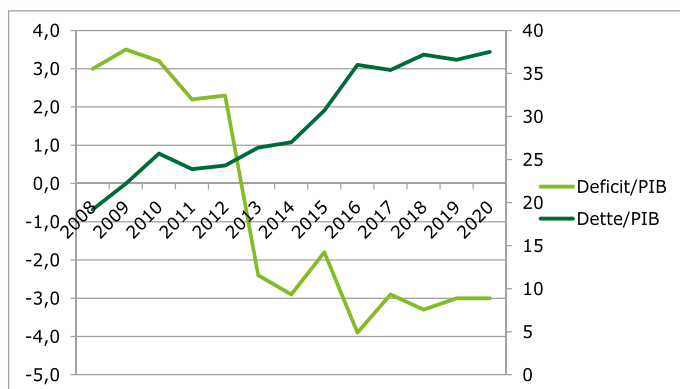


Source : General Direction of Public Debt

9.5 Viability et sustainability

The figure below shows a link between the budget deficit and the level of debt in Mali. Indeed, both indicators showed a reversed trend. After the 2012 crisis, the deficit widened further and the rate of indebtedness accelerated. This situation can be explained in part by the major work begun at the end of the crisis and the efforts to secure and stabilize the affected areas. To this should also be added the organization of the 2018 presidential elections.

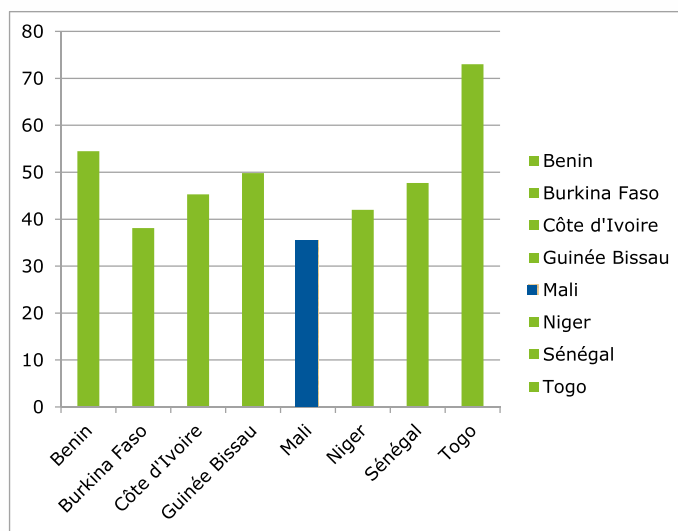
Figure 18. Evolution of the deficit and debt in (%) of GDP



Source : DGDP , INSTAT, 2018

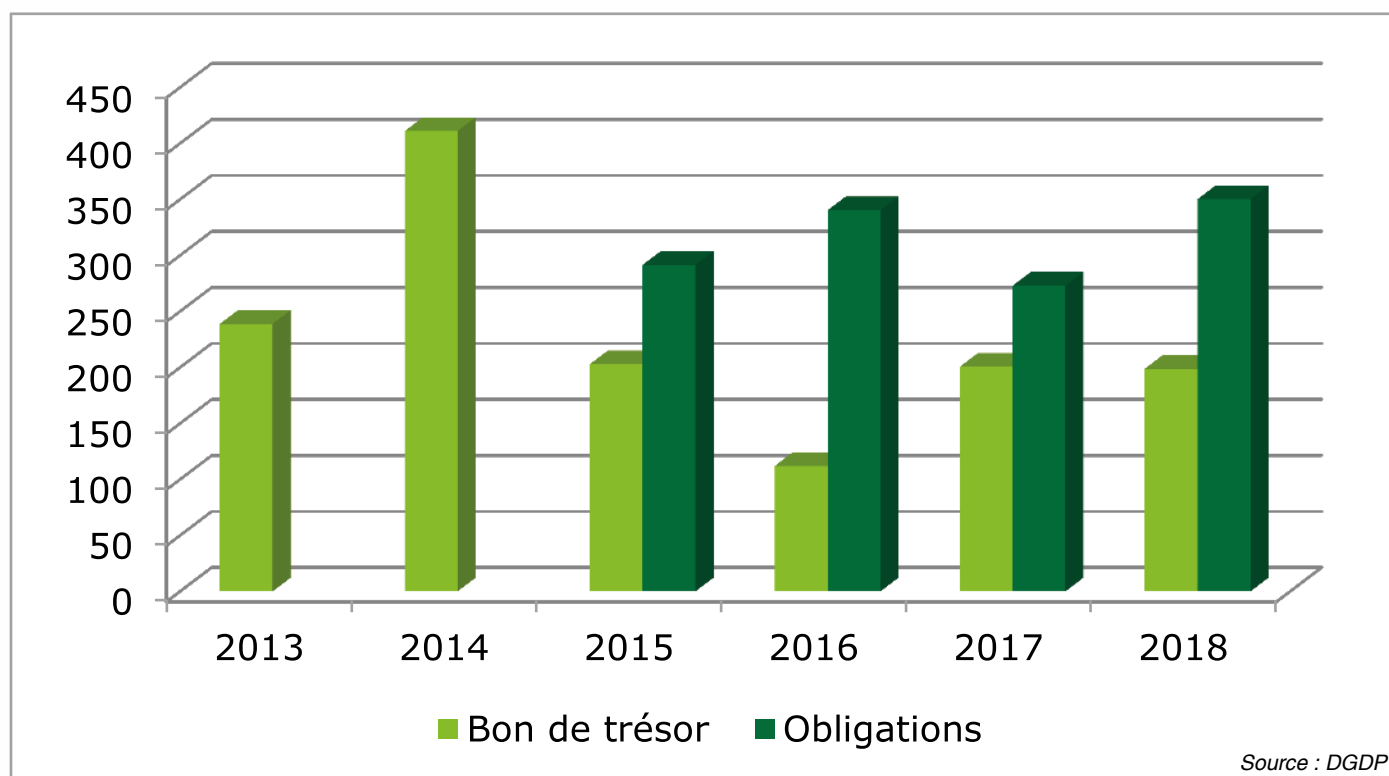
The analysis shows that Mali has the lowest level of debt in the WAEMU region with an average level of 35% of the outstanding debt to GDP ratio. Mali still has room for improvement, but emphasis will have to be placed on investment and productive expenditure to ensure sustained growth and honor commitments to creditors. Mali's debt strategy places particular emphasis on this solvency principle.

Figure 19. Evolution of the debt of the administrations of WAEMU's countries



Source : Convergence rapport, IMAO, AMAO, ECOWAS, Central Bank, 2018

10.1 Detail of the country's emissions from 2013 to 2018.



- The tables below show the issues of treasury bills and bonds for the year 2018.

Table 39. Program for the issuance of Mali treasury bills in 2018

Date	Amount requested (in billions)	Proposed amount (in billions)	Amount withheld (in billions)	Weighted average rate	Maturity	Term
14-march-18	25	14.52	13.52	6.46%	13-march-19	364 Days
28-march-18	25	13.83	13.03	6.40%	26-sept-18	182 Days
25-apr-18	20	46.55	22.00	5.99%	24-apr-19	364 Days
23-may-18	20	20.11	19.41	6.08%	22-may-19	364 Days
04-jul-18	25	20.93	20.73	6.31%	03-jun-19	364 Days
16-Aug-18	25	43.38	27.50	6.04%	15-Aug-19	364 Days
24-oct-18	20	36.23	22.00	6.03%	23-oct-19	364 Days
21-nov-18	20	45.49	22.00	5.97%	20-nov-19	364 Days
12-dec-18	20	28.13	20.00	5.85%	12-jun-19	182 Days
TOTAL 2018	200	269.17	180.18			

Source : DNTCP, 2018

Table 40. Mali Treasury Bond Program in 2018

Date	Amount requested (in billions)	Proposed amount (in billions)	Amount withheld (in billions)	Interest rate	Weighted average price	Maturity	Term
23-feb-18	150	49.95	49.95	6.25%	10 000	23 feb-25	7 years
28-feb-18	30	27.90	27.00	6.25%	10 000	01-march-25	7 years
11-Apr-18	20	31.58	21.31	6.20%	9 765	12-apr-21	3 years
09-may-18	20	32.80	22.00	6.15%	9 775	20-nov-20	3 years
20-jun-18	50	34.00	26.36	6.15%	9 709	21-jun-21	3 years
20-jun-18		30.62	28.64	6.40%	9 730	21-jun-23	5 years
18-jul-18	20	25.10	22.00	6.15%	9 676	19-jul-21	3 years
02-Aug-18	20	22.30	22.00	6.40%	9 643	03-Aug-23	5 years
05-oct-18	70	106.30	106.30	6.50%	10 000	05-oct-25	7 years
07-nov-18	25	26.63	24.63	6.15%	9 662	08-nov-21	3 years
TOTAL 2014	405.00	387.17	350.19				

Source : DNTCP, 2018

Auction (for government securities): auction of securities issued by the central government. In the WAEMU region, it is organized by BCEAO and only banks and other regional financial institutions that have accounts with BCEAO can participate. Other entities may only subscribe to auctions through WAEMU banks.

Depreciation or maturity: period between the disbursement of a loan and its last repayment, consisting of the grace period and the repayment .

Public offering: competitive bidding on the financial market for government securities through an SGI. It is open to all investors.

Net external assets (NEA): net external claims or liabilities of monetary institutions (Central Bank and banks). This item corresponds to all the headings of the Central Bank's and banks' situations relating to their external operations. It is calculated by deducting from gross external assets all external liabilities, including medium- and long-term liabilities.

State financing requirement: the total amount needed to cover the primary budget deficit and the interest and amortization costs related to debt.

Treasury bills: short-term government securities with a maturity of between 7 days and 2 years issued by a WAEMU Member State.

Paris Club: an informal group of creditor countries (usually OECD countries), which meet in Paris to negotiate debt restructuring agreements with debtor countries facing debt service problems.

Bilateral creditors: governments, central banks, export credit agencies and agencies, which lend to a debtor government on an intergovernmental basis.

Multilateral creditors: international institutions that lend funds on concessional and/or non-concessional terms, such as the IMF, the World Bank and regional development banks.

Credit to the Economy (CE)(EC): all loans granted to the economy by banks (refinanced or not), financial institutions (partly refinanced by the Central Bank) and the Treasury (through the acceptance of customs drafts).

Domestic credit = Credit to the economy + Net Position of the Government (see GNP).

Disbursement: payment of all or part of the amount contracted under a loan.

Budget deficit: difference between total revenues, total expenditures and net lending.

Current account deficit: current account deficit balance of the balance of payments.

Primary deficit: negative difference between revenues and expenditures, excluding interest payments.

External public debt: central government loans from non-residents.

Domestic public debt: central government loans from residents.

Non-concessional debt: debt contracted at market conditions.

Public debt: sum of all central government debts (external and internal).

Grant element: difference between the nominal value (VN) and the discounted value (VA) of the debt service expressed as a percentage of the loan nominal value $((VN-VA)/VN)$.

Concessional loan: loans and credits that have a long depreciation period and/or below-market interest rates, such that they have a grant element of at least 35%.

Euro-bond: dollar bond at the London financial market level.

Inflation: generalized increase in consumer prices. This results in a loss of the purchasing power of the

currency.

Multilateral Debt Relief Initiative (MDRI): an initiative launched in June 2005 to accelerate progress towards the Millennium Development Goals (MDGs).

HIPC Initiative: a framework adopted by the World Bank and IMF in 1996 to address the external debt problems of heavily indebted poor countries, with the objective of providing sufficient overall debt relief to achieve debt sustainability.

Money supply (MS): all claims held by the rest of the economy on monetary institutions.

It covers both monetary (cash in circulation + demand deposits) and quasi-monetary (savings accounts and term deposits) availability.

Treasury bonds: medium- or long-term government securities issued through auctions or public offerings.

Conditional liabilities: debts contracted by other public entities with the exception of central government (local authorities and the parapublic sector).

Government net position (GNP): net claims or net liabilities of the Treasury vis-à-vis the rest of the economy.

The Government's net position is the difference between the Treasury's debts and its claims on the Central Bank, banks and individuals and companies. By convention, a creditor PNG is preceded by the

sign (-) while a debtor PNG is preceded by the sign (+).

Tax burden: the ratio of tax revenues to GDP.

Refinancing risk: risk related to the renewal of maturing debt. It may relate to the cost of refinancing or the inability to obtain the desired amounts.

Interest rate risk: Interest rate risk refers to the vulnerability of the debt portfolio and the cost of the government's debt at high market interest rates, to the extent that maturing fixed-rate and variable-rate debts are revalued.

Exchange risks: risks related to exchange rate fluctuations.

Debt servicing: any payment to be made on account of the principal, interest and commissions of a loan. Primary balance: (see primary deficit).

Basic primary balance: total revenue excluding grants - current expenditures + interest on public debt - capital expenditure on own resources.

Gross school enrollment rate: The gross enrollment rate is the ratio between the number of children enrolled in school and the total number of children.

Net school enrollment ratio: The net enrollment rate is the ratio between enrolled children and school-age children.



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