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INFORMATION NOTE

REPUBLIC OF MALI

Presentation of Sovereign issuers of **West African Monetary Union (WAMU)**

August 2021

Quality review by Deloitte.

Summary

ACRONYMS

AGOA	: African Growth and Development Opportunities Act
AVD	: Debt Sustainability Analysis
BCEAO	: Central Bank of West African States
BOAD	: West African Development Bank
BOAM	: Bank of Africa Mali
BRVM	: Regional Stock Exchange
CAF	: Costs, Insurance, Freight
CFAF	: Common Franc of the African Financial Community
CNT	: National Transitional Council
CNY	: Chinese Yuan
CREDD	: Strategic Framework for Economic Recovery and Sustainable Development
CSCOM	: Community Health Center
CSREF	: Health Center of Reference
CVD	: Public Debt Sustainability Framework
DGB	: Directorate General of the Budget
DGDP	: General Directorate of Public Debt
DNP	: National Population Directorate
DNTCP	: National Treasury and Public Accounting Department
ECOWAS	: Economic Community of West African States
EMOP	: Modular and Permanent Survey
CPIA	: Country Policy and Institutional Assessment
ERI-ESI	: Integrated Regional Survey on Employment and the Informal Sector
FAD	: African Development Fund
CFAF	: Franc of the African Financial Community
FEC	: Extended Credit Facility
FIDA	: International Fund for Agricultural Development
FOB	: Free on Board
GATT	: General Agreement on Tariffs and Trade
GDP	: Gross Domestic Product
HDI	: Human Development Index
IADM	: Multilateral Debt Relief Initiative
IC	: Composite Index
IDA	: Association for International Development
ILO	: International Labor Organization
IMF	: International Monetary Fund
INSTAT	: National Statistical Institute of Mali
M5-RFP	: June 5 Movement - Rally of Patriotic Forces
MEF	: Ministry of Economy and Finance
NEP	: National Employment Policy
ODD	: Sustainable Development Goals
PISE	: Education Sector Investment Program
PRODEC	: Ten-Year Education Development Program
SDR	: Special Drawing Rights
SEZ	: Special Economic Zone
SFD	: Decentralized Financial System
SIB	: Special Investment Budget
UEMOA	: West African Economic and Monetary Union (WAEMU)
UNFPA	: United Nations Population Fund
USD	: United States Dollar
VAT	: Value Added Tax
WAMU	: West African Monetary Union
WHO	: World Health Organization

REPUBLIQUE DU MALI
UN PEUPLE - UN BUT - UNE FOI

Attestation de l'émetteur

Je soussigné, Boubacar Ben BOUILLE, 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.

Bamako, le 07 SEPT 2021

MINISTERE DE L'ECONOMIE ET DES FINANCES
Le Directeur National
Direction Nationale du Trésor et de la Comptabilité Publique

LE DIRECTEUR NATIONAL

Boubacar Ben BOUILLE

Mali is a West African country with an area of 1,241,238 km². Two major rivers run through the country: the Niger and the Senegal. The second largest country in West Africa, Mali is a landlocked country that shares its borders with seven countries: Algeria, Mauritania, Niger, Burkina Faso, Côte d'Ivoire, Guinea and Senegal.

For 2020, the National Institute of Statistics estimated Mali's population at 20.54 million. Annual population growth was estimated at 3.6% in 2020. Mali is characterized by the extreme youth of its population, as more than half (50.1%) of the Malian population is under the age of 15.

Mali's economy was buoyant between 2015 and 2019, with average growth of over 5 percent each year. However, the real GDP growth rate is slowing down. Indeed, it fell from 6.2 percent in 2015 to 4.8 percent in 2019. Primary sector growth has generally followed a similar trend to real GDP with the growth rate falling from 6.4 percent in 2015 to 4.1 percent in 2019. The growth rate of the secondary sector has been erratic. It went from -0.2 percent in 2015 to 6.8 percent in 2017 to 3.8 percent in 2019. Unlike the primary and secondary sectors, growth in the tertiary sector is relatively stable with an average growth of about 5.9 percent between 2015 and 2019.

With the onset of COVID-19, real GDP declined by 1.6 percent in 2020. The primary sector would be the most affected with a 5.6 percent decline. As for the secondary sector, it experienced a slight decline following the pandemic (0.3%). Only the tertiary sector has seen an increase, but at a very low level (0.4%). Projections show that all sectors will have positive growth in 2021 and 2022. The WAEMU's analysis of Mali's medium-term economic and financial outlook shows that the country's macroeconomic indicators will evolve favorably over the period 2021-2025.

Mali has drawn up a three-year investment program (PTI) for 2019-2021 as part of the CREDD. The 2020 Special Investment Budget (SIB) balances in resources and uses at CFAF 643.104 billion compared with CFAF 521.417 billion in 2019, an increase of CFAF 121.688 billion or 23.34%. The 2020 SIB is dominated overall by the "infrastructure" sector with 34.43% of the total amount against 34.22% under the 2019 SIB. It is followed by the "rural economy" sector with 31.95% against 28.48% in 2019. Next is the secondary sector with 20.36% against 21.40% in 2019, and human resources with 13.26% against 15.89% in 2019.

The SIB has enabled, among other things, the construction of the Kayo bridge linking Koulikoro to the national road leading to Ségou in 2019, the construction of social housing (in 2020, the Office Malien de l'Habitat expects to allocate more than 5,900 social housing units) as part of the 50,000 social housing project, the implementation of the development of the access road to the 3rd Bamako bridge, the construction of an interchange at the Missabougou crossroads, and the rehabilitation of the Tour d'Afrique section in Bamako.

Over the period 2015 to 2019, Mali met all the first-tier criteria except in 2016 and 2018 for the overall balance deficit, including grants. This is due to salary increases, the implementation of the peace and reconciliation agreement resulting from the Algiers process and the military orientation and programming law. With respect to the second-tier criteria, the criterion on the tax burden has never been met by Mali. The wage bill criterion was not met in 2018 and 2019 owing to the wage demands agreed with the central labor union.

For its first rating in 2019, Moody's Investors Service (Moody's) assigned the government of the Republic of Mali a B3 issuer rating in local and foreign currency. In September 2020, Moody's downgraded Mali's sovereign rating by one notch from "B3" to "Caa1" and lowered the outlook from "stable" to "negative". Nevertheless, following its last review in February 2021, Moody's has reviewed the outlook from "negative" to "stable". The February 2021 IMF and International Development Association (IDA) Debt Sustainability Analysis (DSA) of Mali shows that Mali continues to be at moderate risk of external and global debt distress, as in the May 2020 joint World Bank-IMF assessment, but that vulnerability is increasing. The risk of external debt distress remains moderate and there is scope for the country to absorb shocks. Mali is classified as a high debt capacity country.

Republic of
Mali

Surface
1 241 248 km²

Population in 2020
20 250 834
(Source : World Bank)

Capital
Bamako

Political system
Presidential

Currency
CFAF

Official language
French

GDP per capita in 2020 :
459 016 CFAF
Source : National services, BCEAO

- Economy based on agriculture, extractive activities and trade
- Proportion of the population under 15 years of age in 2018 : 48.8%
- Main export products Gold and Cotton
- Nominal GDP in 2020 (Source: INSTAT) : 10 011 billions of CFAF

1.1 Political system

Mali is a landlocked country in West Africa. The official language is French, but Mande, Songhai, Dogon, Hassanya and Berber are also spoken. Known as French Sudan, the country joined with Senegal to form the Federation of Mali a year after it joined the French Community in 1958. Disputes led to a breakup in 1960. French Sudan became the Republic of Mali and gained national sovereignty on September 22, 1960.

Mali has had three constitutions, the last of which dates from 25 February 1992. This constitution was put in place with the advent of democracy and after the establishment of a multiparty system. Plans for a constitutional revision were initiated in 2011, 2017 and 2019, with a view to a referendum, but were abandoned in the face of waves of political and social protest.

Again in 2020, Prime Minister Moctar Ouane, in presenting his action plan to the National Transitional Council, argued for the need to overhaul Mali's Constitution, proposing the adoption of a new constitution by referendum.

Politically, Mali is a republic with a single-chamber parliament and a presidential system in which the power of the president is reinforced.

1.1.1 Executive power

Executive power in Mali is exercised by the President of the Republic and the government. The President of the Republic is the Head of State. He is the head of the army and the president of the Superior Council of the Magistracy. He has the right to dissolve the National Assembly and the right to initiate a referendum. Elected by direct universal suffrage for a five-year term (renewable once), he appoints the Prime Minister (and may dismiss him) as well as the members of the government, and chairs the Council of Ministers. The Prime Minister is the head of government, directing government action and ensuring the execution of laws.

The electoral system is a two-round ballot. The right to vote for women was recognized in 1956. The president is elected for a five-year term, renewable once. He appoints the Prime Minister, head of government, and ministers on the latter's proposal. The government may initiate ordinances between sessions of the National Assembly, promulgates laws passed by the National Assembly, and ensures their implementation. In the event of a temporary vacancy, the functions of the President of the Republic are assumed by the Prime Minister.

In the event of a permanent vacancy resulting from the President's inability to perform his or her duties, they are assumed by the President of the National Assembly.

Modibo Kéïta was the Head of State of independent Mali in 1960. His presidential term lasted until November 19, 1968, when a military coup put an end to the 1st Republic of Mali and Moussa Traoré presided over the destiny of Mali from that date until March 26, 1991. The end of Moussa Traoré's reign marked the advent of democracy and since then, 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 then from 2008 to 2012. Amadou Toumani Touré resigned following a coup d'état at the end of the mandate and Dionkounda was appointed as President of the transition before Ibrahim Boubacar Keita was elected as President in the 2013 elections.

Re-elected in 2018, Ibrahim Boubacar Keita was deposed by a putsch led on August 18, 2020, by the military of the National Committee for the Salvation of the People (CNSP), following demonstrations by Malians responding massively to calls for demonstrations by the Movement of June 5 - Rally of Patriotic Forces (M5-RFP) on June 5, June 19, July 10, and August 11, 2020.

A transition was established with the appointment of former Colonel Major Bah N'Daw as president of the transition. Colonel Assimi Goïta, head of the junta, was appointed vice president of the transition. These two transitional authorities were invested on September 25 and promised that the transition would last a maximum of eighteen months.

On May 24, 2021, President Bah N'Daw and his Prime Minister Moctar Ouane were removed from office following the publication of the non-consensual list of new members of the transitional government. The transition is now headed by Colonel Assimi Goïta. Choguel Maïga from the ranks of the M5-RFP was appointed Prime Minister of the transition.

1.1.2 Legislative power

Legislative power in Mali is embodied by the National Assembly, which is the only chamber where MPs elected by direct universal suffrage for a renewable five (5) year term sit. As such, deputies enjoy parliamentary immunity in the exercise of their functions.

The President elected by his or her peers is from the party or group of parties with the majority in the Assembly. A member who has served two terms is entitled to a parliamentary pension. The Bureau of the Assembly is renewed every year. The deputies meet in ordinary and extraordinary sessions.

Article 70 of the 1992 constitution states that "the law is voted by the National Assembly. In addition to voting on laws, the National Assembly monitors government action. It questions the government and can vote a motion of censure against it. It is through the exercise of control over government action that the National Assembly can guarantee the balance of power and allow for a better defense of the people's interests, whose national representation it ensures. The legislative procedure begins with the introduction of a bill in the National Assembly at the initiative of either the government or an MP.

It is at the end of the discussions on the committee's report that the National Assembly votes on the laws. Once the laws are passed, the government is responsible for their promulgation.

Legislative elections were held on March 29 and April 19, 2020 for both rounds to renew the 147 members of Mali's National Assembly. Against the backdrop of the COVID-19 health crisis, turnout was 35.73% and 35.25% for the first and second rounds respectively. The results of these elections were hotly contested. In the final results, the court announced that the ruling Rassemblement pour le Mali party had won 51 of the 147 seats, whereas the provisional results had indicated that the party had won 43 seats.

Following the August 18, 2020 putsch and the establishment of the transition, the National Transitional Council (CNT) is the legislative assembly established to replace the National Assembly during this period. The CNT is composed of 121 members and is responsible for voting on the texts of reforms planned for the transition. It can also propose a revision of the transitional charter, but with at least one-third of its members, and the initiative must be taken by the president of the transition. To be adopted, this revision proposal must then receive four fifths (4/5) of the votes of the 121 members.

1.1.3 Judicial power

The judiciary is the guardian of the freedoms defined by the constitution of Mali. According to the constitution of February 25, 1992, the judiciary is independent. Justice is dispensed by a Supreme Court, a Constitutional Court, Courts of Assize, Courts of Appeal, Courts of First Instance and their separate sections, Justices of the Peace with extended jurisdiction, Labor Courts, Commercial Courts, Administrative Courts, and juvenile courts.

The administration of justice is the responsibility of the Ministry of Justice. The Supreme Court is the highest court of the State. Article 2 of Law No. 2016-046 of September 23, 2016, establishing the organization, rules of operation of the Supreme Court provides that "the Supreme Court is the highest court of the State in judicial, administrative and auditing matters. It comprises an administrative chamber, a judicial chamber and an audit chamber. It has powers against the judgments of the Court of Appeal and the courts of the same level, and also against the judgments of first and last instance of the basic courts. The Supreme Court is presided over by a magistrate of the judicial order appointed by the President of the Republic on the recommendation of the Superior Council of the Judiciary.

The Court of Appeal is the appeal court of the basic courts except for 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 hear, at first and last instance, civil, commercial and customary actions involving interests of up to 50,000 CFA francs.

With regard to the enforcement of authentic instruments and foreign judicial decisions, Mali signed a cooperation agreement on justice with France on 9 March 1962. According to this agreement, contentious and non-contentious decisions in civil and commercial matters rendered by the courts sitting in the territory of one of the States must, in order to have the force of res judicata in the territory of the other State, meet the conditions provided for by the legislation of the latter.

1.2 Administrative organization

In the current territorial organization, Mali has three administrative districts:

- Region;
- Circle;
- Commune.

These three levels of centralization were created as a result of a vast decentralization project, which began in the 1990s.

Mali is divided into twenty (20) regions. Bamako, the capital, is the region with a special status. The district of Bamako comprises 6 communes. The regions are managed by a regional council. The regional councilors are elected by the communal councilors.

The Circle is a territorial collectivity grouping several communes, with a legal personality and financial autonomy. There are 49 circles in Mali.

Mali has 703 communes. Communes are managed by a communal council elected by direct universal suffrage. The mayor and deputies, who form the communal office, are elected by the communal councilors.

1.3 Geographic location

Mali is a landlocked country in West Africa located between 10^{e} and 25^{e} degrees north latitude and between 4^{e} degrees east longitude and 12^{e} west longitude. It has an area of 1,241,238 km^2 and two major rivers run through the country: the Niger and the Senegal.

It is the second largest country in West Africa after Niger and shares borders with seven countries: Algeria to the north, Niger to the east, Burkina Faso and Côte d'Ivoire to the south, Guinea to the southwest, Senegal to the west, and Mauritania to the west and northwest.

The Malian climate is characterized by three seasons: a dry season from March to June, a rainy season or wintering from June to September and an inter-season or cold season from October to February with a drying Saharan wind called the harmattan. The temperature varies between 24°C in January and 35°C in May.

With vast alluvial plains dominated by limestone and sandstone plateaus, Mali is divided into three (03) climate zones. The desert north, which covers two-thirds of the territory, belongs to the southern Sahara, where rainfall does not exceed an annual average of 130 mm. The Sahelian center has a relatively dry climate, with average annual rainfall ranging from 200 mm to 500 mm, and its vegetation cover varies from steppe in the northern part to savannah in the southern part. The southern Sudanian region, which is covered by wooded savannah in the north and forests in the south, receives an average annual rainfall of 1,400 mm.

1.4 Population

The last general population and housing census in Mali was conducted in 2009, when the population was estimated at 14,528,662. Women represented 50.4% of this population. In 2020, Mali's population is estimated to be 20,540,000 according to projections by the national population department. Mali is planning its fifth general population and housing census (RGPH5), in accordance with Decree No. 98-099/P-RM of March 27, 1998, which sets the frequency of the census every ten years. The preliminary and intermediate work of the RGPH5 has been underway for several years. These have made it possible to carry out, among other things, the census mapping, the pilot census and the post-census test survey. The process is now in its crucial implementation phase, which is the general enumeration.

Annual population growth was estimated at 3.6 percent in 2020. Slightly more than half (50.1 percent) of Mali's population is under 15 years of age, characterizing the extreme youthfulness of its population. Analysis by gender reveals that men are slightly more represented than women in the population, with 50.5 percent and 49.5 percent respectively. The numbers at younger ages remain high, and decrease rapidly as age increases, which is characteristic of a still very high fertility rate.

The ratio of urban to rural population is fluctuating with an increasing trend. This ratio increased from 28.20 percent in 2010 to 30.37 percent in 2020 according to INSTAT estimates. According to DNP projections, this ratio will be 44% in 2025.

Mali is a secular country where freedom of worship is enshrined in the Constitution. Three religions are practiced: Islam, Christianity and traditional religions. Islam is the religion of nearly 95% of the Malian population. Christianity (Catholic and Protestant) represents 2.5% of the population. The number of Malians practicing indigenous religious beliefs is estimated at 2.5%.

Table 1. Population Statistics for Mali

Wording	Indicator
Population in 2020	20,540,000 inhabitants
Male	50.5 %
Female	49.5 %
Average annual population growth rate between 2010 and 2020	3.6 %
Population growth rate in 2020	4.2 %
Population by age group in 2020	
0-14	50.1 %
15-64	46.0 %
65 and over	3.8 %
Ratio between urban and rural population 2010-2020 according to INSAT (%)	
2010	28.20
2011	28.86
2012	32.36
2013	35.86
2014	32.45
2015	32.62
2016	34.05
2017	33.68
2018	35.13
2019	30.95
2020	30.37
Urban-rural population ratio projections by NPD (%)	
2025	44
Religion	
Islam	95 %
Christianity	2.5 %
Traditional religion	2.5 %

Source: INSTAT

1.5 Education

This section deals with the organization of the school cycles, the development plan for education and provides statistics by cycle.

1.5.1 Organization of school cycles

Mali's formal education system is organized around four levels: preschool, elementary education, secondary education and higher education.

Preschool education welcomes children from 3 to 5 years old, for a period of 3 years. It provides a framework for children to facilitate their integration into school. Pre-school education is provided by specific institutions or early childhood development centers (kindergartens, nurseries, crèches, etc.). Pre-school education is not well developed in Mali.

Since 2010, elementary education has been a single cycle of 9 years. It is subdivided into Fundamental 1, which runs from grade 1 to grade 6, and Fundamental 2, which runs from grade 7 to grade 9.

Secondary education is divided between general secondary education in high schools from the 10th to the 12th grade, characterized by the high school diploma, and technical secondary education, characterized by a technician's certificate.

Higher education is for those who have passed the high school diploma. It is provided by universities, grandes écoles and public and private institutes. Nowadays, higher education has been redesigned to implement the Licence, Master, Doctorat (LMD) system, first on an experimental basis in 2007, then generalized between 2007 and 2011. Diplomas delivered are mainly the Licence at the end of the 1st cycle, the Master at the end of the 2nd cycle and the Doctorate at the end of the 3rd cycle.

1.5.2 Development plan for education

Providing the Malian population with quality education in order to provide the country with the skills that are essential to its development has always been a key concern of the country's various governments. Thus, since 1998, the country has been committed to reforming its education system by adopting a Ten-Year Education Development Program (PRODEC) for 2008, but adjusted to 2010 to take into account the new challenges facing the sector following the sector diagnosis conducted in 2009. This program aimed, among other things, to increase access to the second cycle of elementary education and to non-formal education, to improve the quality of education and training, and to strengthen the capacities of decentralized education services.

To achieve the objectives of PRODEC, an education sector investment program (PISE) was developed for the 2001-2010 period by the government with the support of development partners. The main quantitative objectives of PISE were to increase: (i) the gross enrollment rate in the first cycle of basic education from 64.4% in 2002 to 89% in 2010; (ii) the gross enrollment rate in the second cycle of basic education from 28% in 2002 to 66% in 2010; and (iii) the adult literacy rate from approximately 30% in 2000 to 55% in 2010, of which 45% is for women.

While the implementation of this program has been essential to Mali's performance, the multi-faceted crisis that the country went through in 2012 did not facilitate the desired implementation of reforms to improve quality and build a decentralized management of elementary education. In fact, achieving quality education for all still remains a major concern. Logistical inputs are unavailable and/or insufficient in a significant proportion of schools and pedagogical inputs are equally insufficient.

In view of these national issues and challenges, but also of the new international commitments made by Mali, particularly in relation to the 2030 Agenda for Education and the 2063 Agenda of the African Union, the new ten-year program for the development of education and vocational training sector, called PRODEC 2, has been launched for the 2019-2028 period.

This sector program covers the Ministries in charge of education and vocational training. It draws on the lessons learned from previous programs, is strengthened by an analysis of the effects of current perils (conflicts, natural disasters, etc.) on the education system, and seeks to establish a political project for society in line with the vision and legitimate aspirations of the sector for the 2030 horizon. It is based on five major reforms. These reforms are: improving the internal and external efficiency of the education system, improving teacher training and management, promoting equitable and inclusive access to quality basic education for all, strengthening the governance of the sector and building the sector's resilience.

The new ten-year program (PRODEC2) aims to ensure citizens' right to quality education and training through an inclusive education system that is better adapted, coherent and functional. It plans to raise the average effective time spent by teachers from 8.6 to 17 hours per week, to come closer to the statutory 18 hours for a teacher and 16 hours for a principal. Increasing the amount of teaching and learning materials from 50,000 CFA francs to 75,000 CFA francs per student would reduce the proportion of private school students receiving half scholarships in the form of materials to 5%.

The goal is also to recruit teaching staff solely at the community level: eventually 100% of teachers will be community employees. As for the regular secondary level, PRODEC2 plans to increase the duration of training for the BAC level from 2 to 3 years and to subject all preschool and elementary school teachers to initial training, and to provide in-service training to 20% of teachers already in post each year.

1.5.3 Statistics by cycle

According to the results of EMOP 2020, on average, six out of ten people (63.4%) have no education, of whom 58.8% are men and 67.9% are women. Only 0.9% of the population has attained higher education.

With the security crisis since 2012, gross enrollment rates have declined between 2011 and 2020 (Table 2). The gross enrollment rate in the first cycle of elementary education is estimated at 71.1 percent in 2020 compared to 79.8 percent in 2011. In 2020, girls are more likely to be enrolled than boys (72.1 percent versus 70.2 percent). The number of students per teacher per class was about 44 in 2018 in the first cycle of elementary education. Voluntary dropout, with 16.5% of cases, is the main reason why students drop out of school, followed by lack of resources with 4.4% and parental disinterest (3.5%). The repetition rate in the first cycle decreased from

20.1% in 2014 to 18.3% in 2018.

The gross enrollment rate in the second cycle of elementary education was 54.8 percent in 2020 compared to 56.7 percent in 2011. Boys are less likely to be enrolled than girls (56.8 percent compared to 52.4 percent). In this basic education cycle, marriage/pregnancy, with 16.8 percent of cases, is the main reason why students drop out of school, followed by academic failure with 14.7 percent. The number of students per teacher per class was about 23 in 2018 in the second cycle of elementary education.

At the general secondary and technical/vocational education level, enrollment increased overall before declining in 2017. Between 2014 and 2017, this increase was approximately 37,711 students. With regard to technical and vocational education, the same trend is observed. The student/teacher ratio dropped from 24.72 in 2011 to 17.3 in 2017. The transition rate to secondary education was 39.2% in 2016.

Higher education includes universities (the universities of Bamako and Segou) and grandes écoles. In 2016, the country's five universities (four in Bamako and one in Segou) had a combined enrollment of 42,298 students, 29 percent of whom were girls and 71 percent boys. The three grandes écoles totaled 1,727 students in the same year, less than 14% of whom were girls. This enrollment represented 4% of all universities in the country. In 2016, in the universities, only 29% of the students were women. The number of men exceeded that of women, regardless of the faculty or grande école, with more or less pronounced gaps in certain faculties or grandes écoles. The transition rate to higher education was 16.4% in 2016.

Nationally, university enrollment decreased between 2014 and 2015 by approximately 15,370 students. A significant increase of about 53,450 students was observed between 2015 and 2016. From that year through 2018, the increase is almost constant.

According to the report of the General Directorate of Higher Education and Scientific Research, the number of students in public higher education institutions increased from 69,202 in 2016-2017 to 85,284 students in 2017-2018, an increase rate of 23.24%. This very high rate is attributable, on the one hand, to the sedentary lifestyle resulting from more entries than exits with a high number of fresh high school diploma holders, and on the other hand, in the taking into account of the numbers of institutions recently attached to the Department of Higher Education.

For the 2018-2019 academic year, the total number of students in public higher education institutions was 84,364, a regression rate of 1.08%. This rate can be explained, on the one hand, by the final exit of the remaining students from the classical system, 3759 students, who were graduated or excluded because they had exhausted their schooling, and on the other hand, by the fact that there were fewer entries of fresh high school diploma students, they were 28211 to register in 2017 against only 23721 in 2018, that is 4490 less.

Analysis of enrollment changes by gender shows that female enrollment has grown slightly more than male enrollment. For the 2018-2019 academic year, 33.03% of students were female compared to 66.97% male. These proportions were 31.59% and 68.41%, respectively, for female and male students in the 2017-2018 academic year.

As for literacy statistics, the literacy rate for adults aged 15 years or older is estimated at 30.8 percent in 2020 compared to 33.8 percent in 2019. This rate is higher for men than for women (40.4 percent against 22.1 percent).

Table 2. Changes in enrollment and literacy rates

	EMOP 2011	EMOP 2013	EMOP 2014	EMOP 2015	EMOP 2016	EMOP 2017	EMOP 2018	EMOP 2019	EMOP 2020
Gross enrollment rate (%) in primary school cycle I	79.8	74.0	72.3	74.1	77.1	76.1	74.6	72.2	71.1
Girls (%)	77.0	71.4	70.4	71.1	75.0	74.8	73.4	70.5	72.1
Boys (%)	82.3	76.3	74.1	76.8	78.8	77.2	75.7	73.8	70.2
Net enrollment rate (%) in primary school cycle I	57.5	54.0	55.4	57.3	60.2	60.9	57.7	58.6	58.3
Girls (%)	55.2	52.7	53.6	55.2	58.9	60.4	57.5	57.8	59.0
Boys (%)	59.5	55.1	57.0	59.2	61.4	61.4	57.9	59.4	57.7
Gross enrollment rate (%) in primary school cycle II	56.7	49.1	52.8	55.4	53.9	54.6	53.9	52.8	54.8
Girls (%)	48.7	43.6	47.5	49.8	53.2	55.3	53.7	53.7	52.4

Boys (%)	65.2	54.2	57.5	60.3	54.6	53.9	54.0	52.1	56.8
Net enrollment rate (%) in primary school cycle II	26.3	23.2	28.0	31.1	31.9	29.5	27.6	32.9	31.9
Girls (%)	23.4	20.6	25.5	28.3	32.3	30.7	27.9	32.6	32.0
Boys (%)	29.4	25.6	30.2	33.5	31.5	28.4	27.3	33.1	31.7
Population 6 years or older with no education (%)	58.0	62.5	62.7	61.5	62.0	62.0	60.2	61.1	63.4
Literacy rate of 15 years and older (%)	33.4	35.2	31.0	33.1	31.0	34.3	35.5	33.8	30.8
Women (%)	24.6	24.1	21.5	22.2	21.6	24.6	25.7	24.5	22.1
Men (%)	43.1	47.5	41.5	45.1	41.4	44.8	46.2	43.9	40.4

Source: INSTAT

According to World Bank data, average education spending accounted for about 17.57% of government spending and 3.5% of GDP between 2010 and 2017. In 2017, public spending on education amounted to 3.787% of GDP compared to 3.096% in 2016. The 1st cycle of basic education, with 37.4% of this envelope, receives the largest share of current education spending, followed by higher education (21.5%), 2nd cycle of basic education (18.1%), general secondary education (11.6%), vocational training (6.2%), teacher training (3.4%), preschool (1.1%), technical secondary education (0.6%) and, finally, non-formal education (0.3%).

1.6 Health

This section provides information on the general architecture of the health system, general statistics on the health status of populations and information on the prevalence of major diseases.

1.6.1 Health System Architecture

The health system is made up of all the public (State and local authorities), private, community (associations and mutual societies, foundations) and religious establishments and bodies, as well as the professional health orders, whose activities contribute to the implementation of the national health policy. The objectives of the policy are to improve the health of the population, to extend health coverage and to seek greater sustainability and performance of the health system.

The health pyramid in Mali functions by referral from level to level (three levels are distinguished). At the primary level, there are the community health centers (CSCOM). At the secondary level, there are the health centers of reference (CSREF) and at the tertiary level there are the hospitals. Hospitals are located in the regions and the district of Bamako. The CSREFs are at the level of the circles and communes of the district of Bamako. The CSCOMs are at the level of the communes and neighborhoods of the district of Bamako. The CSREFs are linked to the regional health directorates and their role is to act as a link between the ComHCs and the hospitals.

Alongside conventional medicine, there is traditional medicine whose practitioners work in close collaboration with the actors of modern medicine, particularly in the manufacture of certain medicines using plants. In 2020, the proportion of the population having consulted a healer or a marabout is estimated at 15.8%. This rate is 7.0% in urban areas and 18.7% in rural areas. By gender, this rate is higher among men (16.9%) than among women (14.9%).

The proportion of the population living within one kilometer of a health facility is 41.0%, with 36.0% in urban areas and 41.5% in rural areas. The proportion of the population living more than 15 kilometers from a health facility was 7.5% in 2020. This rate is lower in urban areas (2.9%) than in rural areas (9.0%).

1.6.2 General statistics indicating the health status of populations

The data in Table 3 indicate that life expectancy at birth has shown an upward trend from 2000 to 2018. Its level is higher for women than for men throughout the period. In addition, the neonatal mortality rate in Mali decreased between 2000 and 2019 from 50.7 to 32.1, an overall decrease of about 37%. Infant mortality decreased by about 50% during the same period. This is partly due to the efforts of the government and its partners to provide certain drugs free of charge.

Table 3. General statistics on the population's health status in Mali

Year	Life expectancy at birth (years)			Neonatal mortality rate (per 1,000 live births)	Mortality rate children under 5 (per 1000)
	Male	Woman	Global		
2000	47.38	48.75	48.06	50.7	187.2
2001	48.09	49.42	48.75	49	180.9
2002	48.88	50.19	49.54	47.4	174.5
2003	49.73	51.01	50.37	45.9	168.2
2004	50.59	51.85	51.22	44.5	162.1
2005	51.42	52.68	52.05	43.4	156.3
2006	52.21	53.46	52.83	42.4	150.7
2007	52.92	54.17	53.55	41.5	145.3
2008	53.56	54.81	54.19	40.6	140.1
2009	54.12	55.37	54.75	39.7	135.1
2010	54.62	55.87	55.25	38.8	130.3
2011	55.06	56.32	55.70	37.9	125.5
2012	55.49	56.76	56.13	37	121.1
2013	55.92	57.22	56.57	36.2	116.7
2014	56.36	57.7	57.03	35.5	112.5
2015	56.81	58.19	57.50	34.8	108.6
2016	57.27	58.69	57.98	34.1	104.8
2017	57.71	59.18	58.45	33.5	101.1
2018	58.13	59.64	58.89	32.8	97.4
2019	-	-	-	32.1	94

Source: World Bank

1.6.3 Disease prevalence

During the second run of EMOP 2020, the morbidity rate was estimated at 30.8%. It is higher for vulnerable individuals such as people over sixty (44.8%) and children under five (38.6%). Malaria, or fever, was the main pathology suffered by the Malian population with 20.6%.

According to the WHO Malaria Report 2019, Mali is among the ten countries with the highest concentration of malaria cases and associated deaths. From 2015 to 2018, the number of cases stabilized between 387 and 391 per 1,000 people at risk, while the number of deaths dropped by 30 percent, from 0.89 to 0.62 per 1,000 people at risk. According to World Bank data, malaria incidence increased from 382.5 (per 1,000 people at risk) in 2010, to 391.18 in 2015 and 386.77 in 2018. The WHO report further indicates that malaria has a significant impact on children under 5 in Mali. The number of children under five with severe anemia in Mali is the second highest in the world.

Regarding HIV/AIDS, respondents were asked questions to assess their knowledge of HIV prevention during the sixth Mali Demographic and Health Survey (EDSM-VI) in 2018. Results show that 62% of women and 76% of men aged 15-49 reported that the risk of contracting HIV could be avoided by using condoms during every sexual encounter. In addition, 69% of women and 79% of men said yes to the question of whether limiting sex to one uninfected sexual partner who has no other sexual partners avoids the risk of contracting HIV.

Overall, 57 percent of women and 70 percent of men know both ways of preventing HIV. The percentage of men who know both ways of preventing HIV is higher in urban areas than in rural areas (79% vs. 67%).

The HIV/AIDS prevalence rate was estimated at 1.2 percent in 2019, down from 1.4 percent in 2004. For women aged 15 to 24, the rate fell from 1 percent in 2004 to 0.8 percent in 2019.

In addition, the WHO indicated in 2018 that Mali is undergoing an epidemiological transition with the emergence of diseases linked to urbanization, sedentary lifestyle and changes in diet. This is the case, for example, of hypertension, which affects 15% of the population, and the prevalence of diabetes, estimated at 9.3%.

Mali experienced 8 cases of Ebola-related illnesses in 2014, with 6 deaths reported. But actions taken by the authorities quickly contained the epidemic.

On Wednesday, March 25, 2020, Mali expanded the list of countries affected by the Coronavirus pandemic. As of March 18, 2021, the country had 9,118 confirmed cases of COVID-19, of which 6,574 were cured and 366 died.

On March 17, 2020, the Superior Council of National Defense, meeting in extraordinary session, adopted a number of measures. At an estimated cost of 3,322,417,000 CFA francs, an action plan was formulated that is articulated around prevention and management. For a total of 2,436,517,000 CFA FRANCS, prevention activities are essentially based on epidemiological surveillance, human resources, patient transfer, reinforcement of hygiene measures, communication, awareness raising and coordination and monitoring of activities. As far as management is concerned, we note the availability of medical equipment, the management of personnel on duty and the medical management of confirmed cases. The total amount of this care is 885 900 000 CFAF.

The IMF approved a disbursement of SDR 146.668 million (about $200.4 million, or 78.6 percent of quota) to Mali under the Rapid Credit Facility (RCF) to help the country meet its urgent budget and balance of payments financing needs in response to the rapidly evolving pandemic. This follows the approval of approximately $10 million in debt service relief to the IMF under the Disaster Response and Relief Trust Fund.

Under the COVAX Facility, Mali was the first country in the Central Sahel to receive COVID-19 vaccines in West Africa. The country placed orders for nearly 1.4 million doses for the period through May 2021. As of March 5, 2021, Mali has received 396,000 doses of the Astra Zeneca AZD1222 COVID-19 vaccine produced by the Serum Institute of India (SII).

1.7 Employment

This section provides information on the labor force, the unemployment rate, and the underemployment rate. It also provides information on the formal or informal nature of employment and presents the employment policy in Mali. Finally, an outline of the dynamics of employment is provided.

1.7.1 Labor Force

According to World Bank data, Mali's working population is estimated at 7,179,725 in 2019 and is composed of 42.23% women versus 57.77% men. INSTAT estimates the working age population (15 years and older) at 10,238,459, or 49.85% of the population in 2020. This category of population is divided into employed (6,400,459), unemployed (279,314) and inactive (3,558,687).

INSTAT figures show that 65.24% of people aged 15 and over are employed or actively seeking employment in the labor market. This rate was 68.9% in 2019.

In 2020, women were less active than men (48.5 percent versus 78.1 percent respectively). By area of residence, the activity rate was higher in rural areas (65.3%) than in urban areas (54.3%).

Comparing with the 2019 and 2011 data, the trends are similar. In 2019, women were less active than men (56.6 percent against 82.2 percent) and the activity rate was 59.7 percent in urban areas against 72.5 percent in rural areas. In 2011, the activity rate for women was estimated at 72.3 percent compared to 81.4 percent for men. This rate was 78.9 percent in rural areas compared to 69.7 percent in urban areas. According to INSTAT, the proportion of the population aged 15 or older who are employed declined between 2011 and 2020, from 68.9 percent to 62.5 percent.

1.7.2 Unemployment rate

In 2020, unemployment affects 4.2 percent of the working age population (15 years or older). Men are slightly more affected than women (4.3 percent against 4.0 percent respectively). The unemployment rate is higher in urban areas than in rural areas (7.7 percent and 3.1 percent respectively in 2020). After fluctuations between 2011 and 2015, the unemployment rate has been on a downward trend since 2016.

Table 4. Changes in the unemployment rate

	EMOP 2011	EMOP 2013	EMOP 2014	EMOP 2015	EMOP 2016	EMOP 2017	EMOP 2018	EMOP 2019	EMOP 2020
Unemployment rate (%) of 15-64 year olds	10.5	10.8	10.3	10.6	10.6	9.3	8.4	5.4	4.2
Urban (%)	15.5	12.3	13.5	13.2	13.0	11.4	12.2	8.7	7.7
Rural (%)	9.1	10.3	9.3	9.4	9.8	8.6	7.1	4.3	3.1
Women (%)	15.9	15.1	15.8	13.6	12.1	10.6	9.7	6.1	4.0
Men (%)	5.3	7.2	5.4	7.5	9.4	8.3	7.5	4.9	4.3
Employed population 15 years or older (%)	68.9	64.4	65.2	64.9	64.8	61.6	54.0	65.1	62.5

Source: INSTAT

1.7.3 Underemployment rate

According to ILO estimates, the (visible) underemployment rate was estimated at 17.3 percent in 2019. This rate was lower for men (16.4 percent) than for women (18.6 percent). By area of residence, the rate was 17.5 percent in rural areas compared to about 16.8 percent in urban areas. By age group, the underemployment rate was 25.6 percent for working people aged 15 to 24 and 13.5 percent for working people over 25.

Results from the 2017 Regional Integrated Informal Sector Employment Survey (RISE-IS) in Mali show that the time-related underemployment rate (SU2) was 18.4 percent, including 15.3 percent among men and 23.1 percent among women. The combined rate of unemployment and potential labor force (SU3) was 27.0 percent and the composite measure of labor force underutilization was 37.6 percent.

The breakdown of underemployment rate by level of education in 2017 shows that the rate was 26.4 percent among workers with tertiary education, 25.1 percent among those with secondary education, and 17.2 percent among workers with primary education. The rate was 16 percent for those with no education.

According to INSTAT, the combined rate of underemployment, related to working time, and unemployment was estimated at 11.2 percent in 2020. This rate was lower for men (9.1 percent) than for women (14.3 percent). By residence, the rate was 9.7 percent in rural areas and 16.3 percent in urban areas. By age group, the combined rate of time-related underemployment and unemployment was highest among those aged 15-24 (15.7 percent), followed by those aged 25-34 (14.3 percent).

1.7.4 Formal and informal employment

The results of EMOP 2020 show that 63.3% of the employed population work in the primary sector, followed by trade (15%), industry (12.1%), and services (9.6%). The primary sector employs a large proportion of the working population in rural areas and those who have no education. Indeed, 76.5 percent of the rural workforce is employed in the primary sector, compared to 19.9 percent of the urban workforce. According to the level of education, 70.9 percent of those with no education work in the primary sector, compared to only 3.1 percent of those with higher education.

Commercial activities and services are more developed in urban areas. In fact, the trade and service sectors employ nearly two out of every three employed persons in urban areas (36.2% for trade and 31.2% for services). The service sector employs a large proportion of those with secondary (61.9%) and higher (73.4%) education.

According to the 2017 Integrated Regional Survey on Employment and the Informal Sector (ERI-ESI), the informal sector is the main provider of jobs. It shows that employees who worked in the public sector in Mali in 2017 are much more represented in formal jobs (93.7 percent) than in informal jobs (6.3 percent). However, for the private sector, almost all (97.5%) of employees are in informal employment.

Looking at the results of the analysis by institutional sector, just over nine out of ten (93.7 percent) public sector workers are formally employed, compared to only 2.5 percent of those working in the private sector and 0 percent of those working in households.

In 2018, according to ILO estimates, the informal sector alone accommodated more than 93.4 percent of jobs.

Table 5. Breakdown of employed population by background, gender, education level by industry in 2020 (%)

	Primary	Industry	Trade	Service
Urban	15.9	16.7	36.2	31.2
Bamako	2.3	17	39.4	41.3
Other Cities	32	16.4	32.4	19.2
Rural	76.5	10.8	9.1	3.5
Gender				
Male	65.9	11.4	11.7	11
Female	59.6	13.2	19.8	7.4
Level of education				
No level	70.9	11.3	13.1	4.6
Elementary cycle I	56.8	14	19.6	9.5
Elementary cycle II	35	17.2	24.9	23
Secondary	11.6	12.7	13.8	61.9
Higher education	3.1	4.8	18.7	73.4
Average	**63.3**	**12.1**	**15**	**9.6**

Source: INSTAT (EMOP 2020)

1.7.5 Employment Policy

Through various actions, Mali has been implementing a National Employment Policy (NEP) since 1998. This policy aims to promote all forms of employment and to act on all the levers that affect employment, whether in terms of vocational training, apprenticeship, entrepreneurial culture, support for productive initiatives, investment promotion, access to resources or methods of using the labor force.

The NEP underwent a revision in 2014 to take into account these shifts and the changes announced in the coming years. The 2014 NEP is articulated around eight key points:

- Ensure that employment is taken into account in cross-cutting policies;
- Ensure that employment is taken into account in sectoral policies;
- Strengthen targeted actions to promote and create jobs;
- Strengthen direct actions to promote employment;
- Improve employability to facilitate access to the labor market;
- Improve labor market governance;
- Strengthen the organization and functioning of the labor market ;
- Consolidate social dialogue to facilitate NEP effectiveness.

In the 2014 NEP, improving youth employability and the socio-professional integration of school leavers is sought through a better articulation between training and employment, which involves: (i) improving knowledge of the job market, (ii) developing training opportunities in promising sectors, (iii) developing the spirit of entrepreneurship and setting up incubators, (iv) developing public-private partnerships, (v) setting up a mechanism for monitoring the socio-professional integration of graduates, (vi) the establishment of a functional national learning assessment system, (vii) the development of the attractiveness of the scientific and technological research sub-sector, and (viii) the intensification of strategies for the vocational training of young people and women in non-traditional occupations and promising sectors.

In order to carry out the NEP, several agencies have intervened in the employment market in Mali over the past two decades. These include, among others

- The National Directorate of Employment whose mission is to develop elements of the national employment policy and ensure the coordination and monitoring of its implementation;

- The National Agency for Employment which works on placement, employment promotion programs, information on the labor market, vocational training;

- The Agency for the Promotion of Youth Employment which promotes youth employment;

- Self-Renewable Fund for Employment whose mission is to guarantee business creation projects and to serve as a guarantor.

Through the various agencies created to support job creation, authorities have also focused on the development of promising sectors in collaboration with training centers. Thereby reconciling theory and practice. The youth employment agency has initiated a program of professional internships for young graduates to increase their chances of employability and to familiarize themselves with the professional environment. A tax facility is also granted to young entrepreneurs who are exempted from paying taxes for three years after the creation of their companies.

In sum, the employment policy actions are:

- Training courses;
- Promoting entrepreneurship;
- Institutional support;
- Promoting volunteerism;
- The collection and dissemination of information on employment.

1.7.6 Employment dynamics

Assuming an annual growth scenario of 3.6 percent for the Malian population, the increase in the active population would reach 120,000 people per year in 2020 according to ILO. The UNFPA report shows that 10.2 million young people will be 16 years old or younger in 2020 and 13.5 million will be under 18 in 2030. This raises many challenges in terms of jobs to be created in the future.

The number of arrivals on the labor market is of course much greater than the growth of the working population alone. A study by Beaujeu et al (2011), estimates these arrivals at 278,000 in 2010. The same study estimates the number of arrivals on the Malian labor market in 2030 at no less than 434,000. These data on the annual number of arrivals provides an indicator of the huge challenge to integrate young people into the labor market in Mali.

1.8 Main aggregates

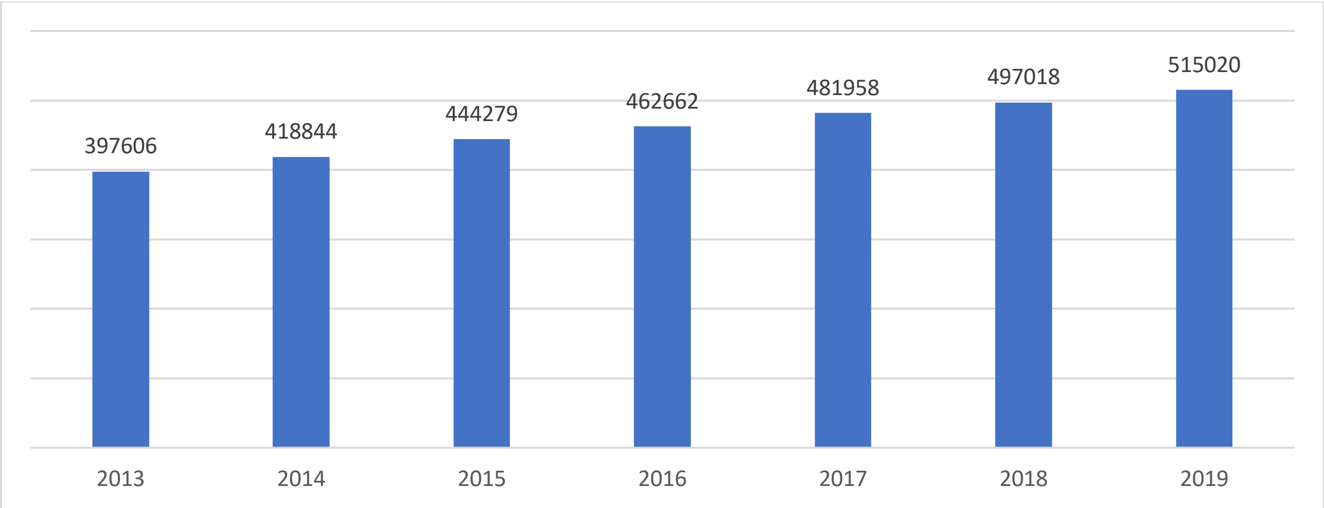
1.8.1 Level of development

In 2020, Mali was classified as a low human development country with a Human Development Index (HDI) of 0.434 and ranked 184 out of 189 countries. In 2019, the country held the same rank globally with an HDI of 0.423.

Mali's HDI is below the average for countries in the low human development group (0.689) and below the average of 0.547 for Sub-Saharan African countries. Poverty is more pronounced in rural areas than in urban areas.

GDP per capita is low but rising. It reached 515,020 CFA FRANCS in 2019. Over the period 2013-2019, it grew by an average of 4.42% per year.

Figure 1: GDP per capita (CFAF)



Source: World Bank

1.8.2 Summary Table

Table 6 presents the main economic aggregates observed over the last five years. It is expressed in billions of CFA francs, unless otherwise indicated.

Table 6. Main macroeconomic indicators between 2015 and 2020

Billions CFAF	2015	2016	2017	2018	2019	2020 (EST)
National economy						
Nominal GDP	7 747.7	8 311.9	8 922.2	9 482.0	10 125.6	10 011.6
Real GDP growth (%)	6.2	5.9	5.3	4.7	4.8	-1.6
Investment rate (in %)	20.8	24.0	21.6	20.5	21.4	18.2
Inflation rate (in %)	1.4	-1.8	2.2	1.9	-3.0	0.5
Balance of payments						
Exports FOB	1 606.8	1 675.9	1 685.9	1 991.4	2 153.4	2 258.3
Imports FOB	1 888.1	2 018.0	2 095.5	2 204.0	2 527.0	2 358.0
Balance	-281.3	-342.1	-409.6	-212.6	-373.6	-99.7
Current balance, including grants	**-412.5**	**-602.0**	**-704.3**	**-459.9**	**-755.1**	**-375.2**
Public Finance						
Revenues and grants	1 438.6	1 522.2	1 789.8	1 475.9	2 173.3	2 049.0
Expenses	1 622.3	1 850.1	2 045.1	1 925.5	2 343.9	2 548.0
Balance	-183.7	-327.9	-255.3	-449.6	-170.6	-499.0
Public debt	2 376.0	2 986.0	3 168.0	3 496.8	4 106.0	4 757.0
Domestic debt	622.0	913.0	986.0	1 208.7	1 424.4	1 763.3
External debt	1 754.0	2 074.0	2 182.0	2 288.2	2 681.6	2 993.7
Domestic debt as % of nominal GDP	8.0	11.0	11.1	12.8	14.1	17.6
Budget deficit (basic primary balance)						
In value	112.4	-66.2	83.5	-165.7	339.9	62.0
As a percentage of nominal GDP (%)	1.2	-2.0	-0.8	-3. 6	-1.7	-8.8

Source: INSTAT, BCEAO, DGDP (April 2021)

2.1. Assessment of the gross domestic product

2.1.1 GDP level

Mali's gross domestic product rose from 7,747.7 billion in 2015 to 10,125.6 billion in 2019, representing wealth creation of CFAF 2,377.9 billion over the period. This growth is driven by high gold and cotton production. GDP fell in 2020 with the advent of COVID-19 to a level of CFAF 10 011.6 billion. After 2020, GDP is expected to rise steadily.

Table 7. GDP level between 2015 and 2025

Year	2015	2016	2017	2018	2019(E)	2020(E)	2021(p)	2022(p)
Nominal GDP (Billion CFAF)	7 747.7	8 311.9	8 922.2	9 482.0	10 125.6	10 011.6	10 594.5	11 380.2

Source: INSTAT (2020 economic accounts)

2.1.2 Real GDP growth

Mali's economy experienced good momentum between 2015 and 2019, with average growth of more than 5 percent each year. However, the real GDP growth rate is slowing down. In fact, it fell from 6.2 percent in 2015 to 4.8 percent in 2019. Primary sector growth has broadly followed a similar trend to real GDP with the growth rate falling from 6.4 percent in 2015 to 4.1 percent in 2019.

The growth rate of the secondary sector is erratic. It rose from -0.2 percent in 2015 to 6.8 percent in 2017 to 3.8 percent in 2019. Unlike the primary and secondary sectors, growth in the tertiary sector is relatively stable with an average growth of about 5.9 percent between 2015 and 2019.

With the onset of COVID-19, real GDP declined by 1.6% in 2020. The primary sector would be the most affected with a decline of 5.6%. As for the secondary sector, it experienced a slight decline following the pandemic (0.3%). Only the tertiary sector experienced an increase, but at a very low level (0.4%). Projections show that all sectors will have positive growth in 2021 and 2022.

Table 8. Real GDP growth by sector (in %)

Mali	2015	2016	2017	2018	2019	2020	2021	2022
total GDP	6.2	5.9	5.3	4.7	4.8	-1.6	4.3	5.8
Primary sector	6.4	7.5	5.1	6.0	4.1	-5.6	7.4	6.7
Secondary sector	-0.2	0.8	6.8	5.3	3.8	-0.3	1.4	6.3
Tertiary sector	8.7	6.7	4.9	3.7	5.6	0.4	3.4	5.1
Of which non-market GDP	8.1	6.8	4.8	3.7	4.0	2.5	2.0	4.1
Duties and taxes	16.6	9.0	3.7	-0.3	7.2	-2.2	3.0	4.5

Source: INSTAT (2020 economic accounts)

The primary sector contributes the most to GDP. Indeed, during 2015-2020, this sector contributed an average of 36.8 percent to GDP compared to 33.0 percent and 20.2 percent for the tertiary and secondary sectors respectively. During the period, GDP was composed of 10.0% non-market GDP on average each year. Projections show that this structure of GDP would remain unchanged in the next two years.

Table 9. Breakdown of GDP by structure (expressed in %)

Mali	2015	2016	2017	2018	2019	2020	2021	2022
total GDP	100	100	100	100	100	100	100	100
Primary sector	37.2	36.9	36.9	37.1	36.8	35.6	36.8	37.3
Secondary sector	18.1	18.4	19.4	20.7	21.4	21.8	20.9	20.7
Tertiary sector	34.5	34.6	33.6	32.3	32.1	32.5	32.3	32.1
Of which non-market GDP	10.2	10.1	10.1	9.8	9.7	10.1	10.0	9.9
Duties and taxes	7.4	9.1	8.8	8.2	8.3	8.2	8.2	8.1

Source: INSTAT (2020 economic accounts)

2.2 Gross domestic product in detail

An analysis of the GDP by the various sectors of the economy shows that the added value of the primary sector increased between 2015 and 2020. Indeed, it rose from CFAF 2,884.6 billion in 2015 to CFAF 3,562.3 billion in 2020.

As for the secondary sector, its added value is estimated at CFAF 2,178.5 billion in 2020 against CFAF 1,401.5 billion in 2015. This sector is dominated by the extractive industry with 1030.7 billion CFA FRANCS of wealth created in 2020 against 544.3 billion CFA FRANCS in 2015. The manufacturing industry, which includes the agri-food, textile and other industries, comes second in the creation of wealth in the sector, with 682.2 billion CFA francs in 2020 against 497.9 billion CFA francs in 2015. The building and public works and Electricity - Water - Gas branches close the gap with wealth creation of 425.5 billion CFA francs and 40.1 billion CFA francs respectively in 2020.

For the tertiary sector, its added value rose from CFAF 2 675.1 billion in 2015 to CFAF 3 256.6 billion in 2020. This sector is driven by trade, whose added value was estimated at CFAF 977.3 billion in 2020 against CFAF 927.1 billion in 2015. Banks, insurance and other services rank second in this sector with an added value of CFAF 945.6 billion in 2020 against CFAF 749.8 billion in 2015. The transport and telecommunications branch follows with an estimated added value of CFAF 508.1 billion in 2020 against CFAF 423.9 billion in 2015.

Table 10. GDP by value, by sector

	2015	2016	2017	2018	2019 (Est)	2020 (Est)	2021 (Projec)	2022 (Projec)
Primary sector	**2 884.6**	**3 064.9**	**3 291.4**	**3 517.4**	**3 726.8**	**3 562.3**	**3 898.7**	**4 242.5**
Agriculture, Livestock, Forestry, Fishing	2 884.6	3 064.9	3 291.4	3 517.4	3 726.8	3 562.3	3 898.7	4 242.5
Secondary	**1 401.5**	**1 530.3**	**1 729.9**	**1 967.1**	**2 171.4**	**2 178.5**	**2 215.1**	**2 359.9**
Mining and quarrying (mining and smelting-gold metallurgy)	544.3	681.0	754.3	932.0	1 029.6	1 030.7	1 015.4	1 055.0
Manufacturing industries (Food, textile, other industries)	497.9	457.8	541.1	596.4	669.5	682.2	707.4	767.7
Electricity - Water - Gas	25.0	29.4	31.5	33.3	36.9	40.1	44.1	48.6
Building and public works	334.4	362.1	403.0	405.4	435.4	425.5	448.2	488.5
Tertiary	**2 675.1**	**2 873.5**	**3 000.7**	**3 065.3**	**3 247.1**	**3 256.6**	**3 425.3**	**3 655.7**
Transport - Telecommunications	423.9	430.2	445.6	459.2	483.0	508.1	547.4	598.4
Banking, Insurance and Other Services	749.8	768.9	816.7	857.8	918.1	945.6	994.4	1 058.9
Trade	927.1	920.2	950.3	969.8	1 010.1	977.3	1 015.5	1 071.6
Market GDP	**6 961.3**	**7 468.6**	**8 022.1**	**8 549.9**	**9 145.3**	**8 997.4**	**9 539.0**	**10 258.1**
non-market GDP	**786.4**	**843.3**	**900.1**	**932.1**	**980.3**	**1 014.2**	**1 055.5**	**1 122.1**
Duties and Taxes	574.3	754.2	788.1	778.5	835.9	825.6	868.0	926.8
total GDP	**7 747.7**	**8 311.9**	**8 922.2**	**9 482.0**	**10 125.6**	**10 011.6**	**10 594.5**	**11 380.2**

Source: INSTAT (2020 economic accounts)

2.2.1 GDP by composition

Analysis of the composition of the various sectors of the economy in market GDP shows that, after agriculture, livestock and fisheries (combined), trade is the main contributor to GDP with an average contribution of 10.6% per year between 2015 and 2020.

The banking and insurance sector and the extractive industry follow with an average contribution of about 9.3% each. The manufacturing industries contribute about 6.3% to the formation of GDP. The other components contribute less than 5.5% each to the GDP of the Malian economy.

Table 11. Components of the various sectors from 2015 to 2020

	2015	2016	2017	2018	2019 (Est)	2020 (Est)	2021 (Projec)	2022 (Projec)
Primary sector	37.2	36.9	36.9	37.1	36.8	35.6	36.8	37.3
Agriculture, Livestock, Forestry, Fishing	37.2	36.9	36.9	37.1	36.8	35.6	36.8	37.3
Secondary	18.1	18.4	19.4	20.7	21.4	21.8	20.9	20.7
Mining and quarrying (mining and smelting-gold metallurgy)	7.0	8.2	8.5	9.8	10.2	10.3	9.6	9.3
Manufacturing industries (Food, textile, other industries)	6.4	5.5	6.1	6.3	6.6	6.8	6.7	6.7
Electricity - Water - Gas	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Building and public works	4.3	4.4	4.5	4.3	4.3	4.3	4.2	4.3
Tertiary	34.5	34.6	33.6	32.3	32.1	32.5	32.3	32.1
Transport - Telecommunications	5.5	5.2	5.0	4.8	4.8	5.1	5.2	5.3
Banking, Insurance and Other Services	9.7	9.3	9.2	9.0	9.1	9.4	9.4	9.3
Trade	12.0	11.1	10.7	10.2	10.0	9.8	9.6	9.4
Market GDP	89.9	89.9	89.9	90.2	90.3	89.9	90.0	90.1
Non-market GDP	10.2	10.1	10.1	9.8	9.7	10.1	10.0	9.9
Duties and taxes	7.4	9.1	8.8	8.2	8.3	8.2	8.2	8.1
total GDP	100	100	100	100	100	100	100	100

Source: INSTAT (2020 economic accounts)

2.2.2 GDP by component

On the demand side, economic growth was sustained mainly by domestic demand which was estimated at CFAF 10 716.9 billion in 2020 against CFAF 8 952.6 billion in 2015. Net external demand was estimated at CFAF -705.3 billion in 2020 against CFAF -1 204.9 billion in 2015.

An analysis of the components of domestic demand shows that it is essentially driven by final consumption, which was estimated at CFAF 9,284.8 billion in 2020, compared with CFAF 2,035.7 billion for Gross Fixed Capital Formation (GFCF). Between 2019 and 2020, consumption and GFCF recorded respective increases of 2.2% and 0.3%. This small increase in consumption and GFCF combined with the change in inventories explains the drop in domestic demand in 2020 (-4.7%).

Table 12. Malian GDP by component (billions of CFA francs)

	2015	20116	2017	2018	2019	2020	2021	2022
1. Internal demand	**8 952.6**	**9 714.8**	**10 139.2**	**10 534.4**	**11 249.1**	**10 716.9**	**11 554.4**	**12 457.6**
Final consumption	**7 344.1**	**7 723.0**	**8 213.0**	**8 594.6**	**9 083.5**	**9 284.8**	**9 718.4**	**10 214.1**
Private	6 075.7	6 373.1	6 769.0	7 089.1	7 489.6	7 636.7	8 004.1	8 393.3
Public	1 268.4	1 349.9	1 444.0	1 505.5	1 593.9	1 648.1	1 714.4	1 820.8
Total investments	**1 608.5**	**1 991.8**	**1 926.2**	**1 939.8**	**2 165.6**	**1 432.1**	**1 836.0**	**2 243.5**
Total GFCF	1 422.1	1 544.8	1 628.3	1 772.9	2 029.2	2 035.7	2 168.4	2 345.1
Change in inventories	186.4	447.0	297.9	166.9	136.4	-603.6	-332.4	-101.6
2. External demand	**-1 204.9**	**-1 402.8**	**-1 217.0**	**-1 052.5**	**-1 123.6**	**-705.3**	**-959.9**	**-1 077.3**
GDP	**7 747.7**	**8 311.9**	**8 922.2**	**9 482.0**	**10 125.6**	**10 011.6**	**10 594.5**	**11 380.2**

Source: INSTAT (2020 economic accounts)

The Strategic Framework for Economic Recovery and Sustainable Development (CREDD 2019-2023) is the benchmark for development policies in Mali. The preparation of the CREDD 2019-2023, based on a new long-term vision, Mali 2040, is part of the objective of capitalizing on the results of the CREDD 2016-2018, which was based on the Mali 2025 vision. This new frame of reference integrates the SDGs and the African Union's Agenda 2063.

The CREDD 2019-2023 theory of change is based on the assumption that good democratic, judicial and security governance will reduce multidimensional poverty, gender inequality and economic disparities, including the adverse effects of climate change. This will break the cycle of endemic poverty, build resilience and improve security. This section summarizes recent achievements and completions and provides an update on future achievements.

3.1 Recent Achievements and Completions

3.1.1 Presentation of CREDD

The CREDD 2019-2023 is a strong response to development issues. Its vision is "A well-governed Mali, where a harmonious cohabitation of various components of the society is restored, peace consolidated and collective and individual security ensured in unity, cohesion and diversity, where the wealth creation process is inclusive and respectful of the environment and where human capital is enhanced for the benefit of young people and women in particular".

The goal is to promote inclusive and sustainable development to reduce poverty and inequality in a united and peaceful Mali, building on the potential and resilience to achieve the Sustainable Development Goals (SDGs) by 2030.

To achieve this goal, CREDD is structured around the following five axes: (i) consolidation of democracy and improvement of governance, (ii) restoration of peace, security and building cohabitation, (iii) inclusive growth and structural transformation of the economy, (iv) protection of the environment and building resilience to climate change, and (v) development of human capital.

The first axis aims at reforming political institutions, adopting better democratic practices and improving administrative, economic, social and security governance. The second axis pays particular attention to the consensual implementation of the Agreement for Peace and Reconciliation in Mali resulting from the Algiers process and to efforts to combat terrorism and violent extremism.

Axis 3 aims at sustained growth through a structural transformation of the economy supported by stronger industrialization thanks to the development of the most competitive value chains, the development and modernization of infrastructures, the promotion of cultural values and infrastructures that create wealth, a better overall factor productivity, a more efficient system of financing the economy and a judicious management of mineral resources and information and communication technologies.

The fourth axis aims at designing the development process with a view to preserving the environment and building the resilience of populations against climate change impact. Finally, axis 5 aims at transforming the significant demographic bonus available to Mali into a real demographic dividend and to harness urbanization and migration opportunities for the development of Mali.

Mali's multi-year convergence program for the 2020-2024 period is part of the implementation of measures contained in the CREDD. This program targets an average annual growth rate of 4.9% over the 2020-2024 period, a gain of nearly 5 growth points in the tax pressure rate, rising from 15.8% in 2020 to 20.0% in 2024, an overall budget deficit maintained at 3% over the entire period of the Program, and a debt ratio gradually declining from 37.0% in 2020 to 30.6% in 2024.

Two economic growth scenarios were developed in the CREDD macroeconomic framework: a trend level of growth, known as the baseline, and an optimistic level of growth. The average annual growth rate of the baseline scenario, which is in line with the objectives defined in the program and agreed with the IMF, is 4.9% over the 2019-2023 period, compared with 6.5% for the optimistic scenario.

The overall cost of implementing the CREDD would amount to CFAF 13,876 billion over the period 2019-2023, excluding public debt servicing, for the trend scenario, i.e. an annual average of CFAF 2,775.2 billion. This amount would rise over the same period, for the optimistic scenario, to CFAF 14 320.4 billion, excluding public debt servicing, i.e. an average annual cost of CFAF 2 864.1 billion. This scenario provides for the mobilization of additional resources, excluding public debt servicing, of CFAF 88.9 billion on average per year. This effort would be sought at the level of domestic resource mobilization, particularly fiscal resources.

For the financing of the development plan, Mali is supported by technical and financial partners. Some projects related to governance and the environment (in particular the fight against corruption, new and renewable energies, etc.) are financed in the form of budgetary support, while others are financed in the form of project support (humanitarian, health, education, etc.). The financing mechanism involves the establishment of a State counterpart. However, partners coordinate interventions within the framework of sectoral budgetary support according to the projects' areas and fields of intervention.

For monitoring-evaluation, the steering and monitoring-evaluation mechanism of the CREDD and the SDGs, instituted by Decree No. 2018-0623 /PM-RM of 8 August 2018, should constitute the single framework around which all stakeholders are to be mobilized to measure the achievement of the results and the attainment of the set objectives. The CREDD monitoring-evaluation mechanism is articulated around two levels of governance: the National Strategic Orientation Committee chaired by the Prime Minister and the Steering Committee, chaired by the Minister of Economy and Finance. These agencies will enable a strategic supervision of CREDD's implementation and will take readjustment measures according to the progress made or the counter-performance recorded. The Mali-Partners Joint Commission will constitute the framework for dialogue between the Government, represented by the Minister of Economy and Finance, and the Technical and Financial Partners.

In November 2020, the Technical Coordination Unit of the Strategic Framework for Poverty Reduction (CT-CSLP) organized a meeting with technicians from the administration, private sector stakeholders, technical and financial partners (TFPs) and representatives of civil society and local authorities for the validation of indicators pertaining to the Performance Measurement Framework (PMF) and the Results Framework (RF) of the Strategic Framework for Economic Recovery and Sustainable Development (CREDD 2019-2023). The national workshop should enable the selection of a consensus list of relevant indicators for the monitoring-evaluation of the CREDD and the Sustainable Development Goals (SDGs). The transition period that Mali is going through should not impact the implementation and monitoring-evaluation process of CREDD, which remains the sole reference for development policies and strategies and the main instrument for negotiation with development partners.

3.1.2 Recent structural reforms related to CREDD

According to the implementation report of the national and sectoral strategies of the Ministry of Economy and Finance under Mali's 2021 Finance Act, some recent reforms related to CREDD fit within the framework of the 2016-2018 program that has helped improve household living conditions. Indeed, the incidence of poverty in 2018 was 43.8 percent compared to 44.9 percent in 2017 and 46.8 percent in 2016. There is a decline of 3 percentage points during the CREDD implementation period, i.e. between 2016 and 2018.

In the area of improving access to drinking water in an equitable and sustainable manner, the access rate for drinking water service at the national level increased from 68% in 2017 to 68.8% in 2018 with an increase of 0.8 percentage points. In rural areas, it increased from 65.3 percent in 2017 to 65.9 percent in 2018 with an increase of 0.6 percentage points. In urban and semi-urban areas, the access rate increased from 74.7 percent in 2017 to 76 percent in 2018, an increase of 1.3 percentage points. In terms of sanitation, the implementation of the national sanitation policy for 2018 achieved results within the framework of: (i) the sustainable reduction of unhealthy living environment of the populations through behavioral changes; (ii) the access of the populations to a sustainable sanitation service and (iii) the reduction of pollution and nuisances on the environment. Regarding the indicator "Percentage of households with improved latrines", it increased from 57.04% in 2017 to 62% in 2018, an improvement of 4.96 points.

This result is satisfactory and can be explained by the advocacy of civil society organizations to the Technical and Financial Partners for the financing of liquid sanitation with the involvement of local authorities.

CREDD has also made it possible to achieve results in improving the business climate, modernizing the public administration, defense and security, and in national reconciliation. The administrative reforms undertaken for the organization of services in the expenditure and human resources chain have made it possible to improve efficiency in the management of the State's human and financial resources. Indeed, the administrative and financial directorates of the ministerial departments have been split into human resources directorates and finance and material directorates.

With regard to public finance management reforms, several actions have been carried out, including the computerization of tax and expenditure departments, the strengthening of the control chain, the implementation of the program budget, etc. Those reforms would enable the State to control expenditure and raise tax resources in order to free up budgetary space. Judicial reforms aim to bring justice closer to the people, not only to balance the powers of the judge, but also to guarantee the quality of the justice rendered. Those reforms are being implemented gradually, according to a five-year plan.

In terms of political and institutional reforms, the 2016-2018 period saw the creation of new administrative regions as part of the regionalization process. The operationalization of these new administrative entities is ongoing, in particular through the appointment of governors and the establishment of technical services.

The report on the implementation of national strategies also shows that in the area of defense and security, the units of the Operational Coordination Mechanism (MOC) in Kidal and Timbuktu are gradually being set up and the government has adopted the National Strategy for Security Sector Reform (SN/RSS). The implementation of the Military Orientation and Programming Law (LOPM 2015-2019) and the Internal Security Programming Law (LPSI 2017-2021) continues, as does the mobilization of resources for the operationalization of the G5 Sahel joint force.

With regard to reconciliation, justice and humanitarian issues, the Government of Mali, with the support of technical and financial partners, in particular the United Nations System (UNS), has drawn up a Humanitarian Response Plan to deal with the situation of instability linked to insecurity in the Northern and Central Regions of the country. The Plan amounts to 144.7 billion CFA francs (263 million US dollars) needed to provide emergency assistance to about 1.5 million vulnerable people through, in particular, food distribution and the fight against malnutrition, access to a source of drinking water and to social and health services, and access for children to formal and non-formal education.

To stimulate economic development, Mali has developed a Three-Year Investment Program (PTI) 2019-2021 under CREDD. The 2019 Special Investment Budget (SIB) constitutes the first annual tranche. The 2019 SIB balances in resources and uses at CFAF 604.638 billion against CFAF 543.567 billion in 2018, an increase of CFAF 61.071 billion corresponding to 11.24%. Overall, the 2019 SIB is dominated by the infrastructure sector with 33.88% of the total amount against 44.69% under the 2018 SIB.

As for the 2020 SIB, it balances in resources and uses at the sum of CFAF 643.104 billion against CFAF 521.417 billion in 2019, an increase of CFAF 121.688 billion corresponding to 23.34%. The 2020 SIB is dominated overall by the “infrastructure” sector with 34.43% of the total amount against 34.22% under the 2019 SIB. It is followed by the ‘rural economy’ sector with 31.95% against 28.48% in 2019. This is followed by the secondary sector with 20.36 per cent as against 21.40 per cent in 2019 and human resources with 13.26 per cent as against 15.89 per cent in 2019.

The SIB has enabled, among other things, the construction of the Kayo bridge linking Koulikoro to the national road leading to Ségou in 2019, the construction of social housing (in 2020, the Office Malien de l’Habitat expects to allocate more than 5,900 social housing units) as part of the 50,000 social housing project, the construction of the access road to the 3rd Bamako bridge, the construction of an interchange at the Missabougou crossroads, and the rehabilitation of the Tour d’Afrique section in Bamako

3.2. Upcoming achievements

According to the WAEMU 2020 report, Mali’s medium-term economic and financial outlook for the 2021-2025 period is in line with the implementation of the measures contained in the new Strategic Framework for Economic Recovery and Sustainable Development (CREDD 2019-2023). This outlook is also consistent with the commitments made under the three-year Economic and Financial Program supported by the International Monetary Fund (IMF) Extended Credit Facility, approved on August 28, 2019.

The goals Mali has set itself are, among others:

- Achieve an average annual growth rate of 5.1% over the 2021-2025 period;
- Increase the tax rate from 15.6% in 2021 to 17.5% in 2025;
- Maintain the overall budget deficit, on average, at 3.3% per annum;
- Gradually reduce the debt ratio from 48.0% in 2021 to 38.6% in 2025.

The measures to be undertaken are consistent with the CREDD axes, notably: (i) consolidation of democracy and improvement of governance, (ii) restoration of peace and security; (iii) promotion of inclusive growth and structural transformation of the economy; (iv) development of human capital and social inclusion, as well as (v) protection of the environment and building resilience to climate change.

In order to achieve the growth objectives, the Government intends first of all to continue the implementation of the peace and reconciliation agreement, to implement the resolutions of the Inclusive National Dialogue (DNI) and to ensure the security and stabilization of the national territory. Secondly, it will create the conditions for a structural transformation of the economy and strong and inclusive growth through, among other things, the implementation of the Agricultural Orientation Law, the implementation of major infrastructure construction projects, including the fourth Bamako bridge, roads (Bourem-Kidal-Algeria border section, Zantiébougou-Kolondiéba-Côte d’Ivoire border section) and the resumption of construction work on the Taoussa dam.

Finally, the government plans to improve energy supply through PPP projects for the construction of solar power plants, interconnection to the electricity grids of some neighboring countries (Ghana, Burkina Faso, and Côte d'Ivoire) and the pursuit of innovations in the ICT sector. In addition, it plans to increase mining production by strengthening mapping and mining research programs.

With regard to public finances, reforms will be pursued aimed at increasing tax and customs collections and controlling public spending. To improve tax collection, the government intends to pursue the following actions: (i) the gradual reduction of exemptions; (ii) efforts to modernize and improve tax and customs administration; (iii) improving VAT yield through the deployment of remote procedures and the introduction of a standardized invoice system; and (iv) the fight against corruption.

In terms of controlling public expenditure, the reforms will focus on improving the efficiency of public investments by strengthening capacities to evaluate investment projects, by continuing to implement the Single Treasury Account and strengthening internal and external control of public expenditure. In addition, efforts would be aimed at improving the monitoring of payment deadlines with a view to avoiding the accumulation of arrears.

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 set out in the November 23, 1972 monetary cooperation agreement between member States of the issuing zone of the Bank of Central African States and France, as well as in the December 4, 1973 cooperation agreement between member States of the West African Monetary Union and France.

The 4 main principles of the Franc zone are:

- **A guarantee from the French Treasury for unlimited convertibility of the Central Bank currency:** currencies issued by the issuing institutions of the franc zone have unlimited convertibility guaranteed by the French Treasury. To ensure the free convertibility of each of the subzones, an operating account is opened with the French Treasury by each Central Bank of the zone, and on which the Central Banks have an unlimited right to draw in the event of exhaustion of their foreign exchange reserves;

- **A fixed parity with the euro of 1 euro for 655.957 CFA francs:** the parity of the zone's currency with the euro is fixed and defined for each subzone. The currencies of the zone are convertible among themselves, at fixed parities, without limitation of amounts. The switch to euro resulted in a simple substitution of the peg to the French franc by the peg to the euro, at equivalent parity, i.e., CFAF 655.957 = 1 euro (the parity being identical for the West and Central Africa sub-zones).

- **Free and unlimited transfer of reserves:** Transfers are, in principle, free within the Zone.

- **Centralization of reserves:** governments centralize their foreign exchange reserves in their central banks, while in return for the unlimited convertibility guaranteed by France, the central banks of the franc zone are required to deposit a portion of their net external assets (foreign exchange reserves) with the French Treasury in an operating account opened in the name of each of them. Since the September 2005 reform, BCEAO has had to deposit 50% of its external assets in its operating account.

A new monetary agreement was signed in December 2019 by WAEMU member States and France to reform the West African CFA franc (XOF). It lays the groundwork for member countries to join ECO, ECOWAS' single currency project. In order to enable WAEMU economies to prepare for ECO, the monetary cooperation agreements linking the member States of the zone to France were thoroughly revised. Three decisions were taken:

- Name change of the currency from CFA Franc to ECO, when WAEMU countries will integrate the new ECO zone of ECOWAS;
- End the centralization of foreign exchange reserves at the French Treasury, closing the operations account and transferring available resources into BCEAO's account;
- Withdrawal of all French representatives from the decision-making and management bodies of WAMU (BCEAO Board of Directors, Banking Commission and Monetary Policy Committee).

Two key pillars of monetary stability have been retained:

- Maintaining the fixed exchange rate against the euro (which ensures the current parity) ;
- The guarantee of unlimited convertibility of the currency by France.

In May 2020, the bill ratifying the end of the CFA franc was adopted by the French Council of Ministers. It validates the transformation of the CFA franc, which will become the ECO, by maintaining a fixed parity with the euro as well as the end of the centralization of foreign exchange reserves of West African States at the French Treasury.

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 institution of the Union. In complete independence, the BCEAO contributes to the achievement of the Treaty's objectives.

Members

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

The bodies

The organs of the Central Bank are the Governor, the Monetary Policy Committee, the Board of Directors, the Audit Committee, and the National Credit Councils, one in each WAMU Member State.

Operation

The Central Bank, its organs, any member of its organs or staff may not seek or receive orders or instructions from community institutions or organs, from any government of WAEMU Member States, from any other organization or from any other person. Community institutions and bodies and the governments of WAEMU member States undertake to respect this principle.

The primary 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), with a view to achieving sound and sustainable growth.

Role

The Central Bank has the following fundamental missions:

- ✓ Define and implement monetary policy within WAEMU;
- ✓ Ensure the stability of WAEMU banking and financial system;
- ✓ Promote proper functioning and ensure the supervision and security of payment systems in WAMU;
- ✓ Implement the WAEMU exchange rate policy under the conditions set by the Council of Ministers;
- ✓ Manage the official foreign exchange reserves of WAEMU member States.

The Central Bank may conduct, with due regard for monetary equilibrium, specific missions or projects that contribute to the improvement of the monetary policy environment, 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 to keep the currency's external coverage rate at a satisfactory level, and to support the economic activity of member countries without inflationary pressure[1].

BCEAO oversees the monetary policy of each member country by setting money supply and credit targets on an annual basis. Statutory advances to member States' national treasuries were suspended in 2001 and abolished as of 2010.

To conduct its common monetary policy, the BCEAO relies on market mechanisms and indirect liquidity regulation instruments, in particular interest rate management and the reserve requirement system.

4.1.3 Monetary Policy

BCEAO has the exclusive privilege of issuing money for all the member States of the West African Monetary Union. It issues monetary signs, banknotes and coins, which are legal tender with discharging effect in all the member States of the Union. The creation, issue and cancellation of monetary signs are decided by the Council of Ministers.

The Central Bank's management of member States monetary policy consists in adjusting the global liquidity of the economy according to economic trends, in order to ensure price stability, on the one hand, and to promote economic growth, on the other hand.

The current money and credit management system relies on market mechanisms and indirect liquidity regulation instruments, notably interest rates and the reserve requirement system.

The functioning of BCEAO is based on:

- Open market operations: seven-day and twenty-eight-day refinancing (weekly and monthly, respectively, for banks subject to reserve requirements) allotted at variable rates; the minimum bid rate considered by BCEAO as its key rate (currently 2.0%). Planned auctions are generally calibrated according to BCEAO's forecast of liquidity needs over the maturity of operations;

- Standing loan windows: refinancing from 1 to 7 days or 90 to 360 days against government securities and credit requests with maturities ranging from 5 to 20 years, at the request of banks (marginal lending window). Rates at these windows are 200 basis points above the policy rate. As of June 2017, the use of the lending window was capped at two times the counterparty's equity.

The minimum bidding rate for open market operations (tenders) and the interest rate applicable to the marginal lending window (repo rate), whose levels are set by the Monetary Policy Committee, are 2% and 4% respectively, and constitute BCEAO's two main key rates.

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[1] The BCEAO Monetary Policy Committee, at its first meeting held on September 14, 2010 in Dakar, defined the operational objective of price stability as an annual inflation rate in the Union within a margin of ± one percentage point (1%) around 2%, over a twenty-four (24) month horizon.

[2] BCEAO lowered its main policy rates by 50 basis points. Thus, the minimum bidding rate for liquidity injection tenders was reduced from 2.50% to 2.00% and the interest rate for the marginal lending window was reduced from 4.50% to 4.00%. This decision became effective on June 24, 2020.

Money supply

Mali's money supply consolidated between 2015 and 2020, rising from CFAF 2,079.4 billion to CFAF 3,657.1 billion, an overall increase of 75.9 percent (Table 13). In 2020, the money supply increased by 22.2 percent. Net foreign assets increased from CFAF 574.8 billion in 2015 to CFAF 1028.9 billion in 2020. In 2020, domestic assets were CFAF 3,374.1 billion against CFAF 2086.1 billion in 2015.

Table 13. Composition of Mali's money supply

In billions of CFA francs	2015	2016	2017	2018	2019	2020
Foreign assets	**574.8**	**246.7**	**208.9**	**313.5**	**577.7**	**1 028.9**
Central Bank	222.0	-82.0	-8.1	106.9	287.9	481.9
In the banks	352.8	328.7	217.0	206.6	289.8	547.0
Domestic assets	**2 086.1**	**2 595.7**	**2 797.5**	**3 079.2**	**2 991.2**	**3 374.1**
To the credit of the State	-35.9	199.7	315.4	522.5	328.6	565.2
Central Bank	-42.8	28.4	85.3	126.8	-97.0	127.9
Bank	7.0	171.3	230.0	395.6	425.6	437.2
To the credit of the economy	2 122.0	2 396.0	2 482.1	2 556.7	2 662.7	2 809.0
Other	581.5	539.5	603.9	648.3	577.2	746.0
Money supply (M2)	**2 079.4**	**2 302.9**	**2 402.5**	**2 744.4**	**2 991.8**	**3 657.1**
Currencies in circulation	407.2	443.4	458.3	509.5	633.1	956.5
Deposit	1 672.2	1 859.5	1 944.2	2 234.9	2 358.7	2 700.6
Increase as of December 31 (%)						
Net foreign assets	-8.4	-57.1	-15.3	50.1	84.3	78.1
Net domestic assets	23.2	24.4	7.8	10.1	-2.9	12.8
Credit to the State	-51.6	-656.4	57.9	65.7	-37.1	72.0
Central Bank	-34.9	-166.2	201.0	48.6	-176.5	-231.9
Banks	-183.0	2 361.9	34.3	72.0	7.6	2.7
Credit to the economy	20.0	12.9	3.6	3.0	4.1	5.5
Money supply (M2)	10.4	10.7	4.3	14.2	9.0	22.2

Source: BCEAO

4.2 Banking system and financial markets

4.2.1 The banking environment

The Mali banking environment is composed of traditional banks and credit institutions and microfinance institutions. According to the WAMU Banking Commission, Mali had 17 licensed credit institutions in 2019. These institutions break down into 14 banks and 3 approved financial institutions of a banking nature. This number was the same in 2018 compared to 16 in 2017. Table 14 provides the balance sheet of licensed banks and banking-type financial institutions over the period 2014-2019. Between 2014 and 2019, the assets of banks increased from CFAF 3,224, 244 to CFAF 5,026, 090 billion, an overall increase of about 56 percent. Between 2018 and 2019, these assets increased by 6.6% compared to 6% between 2017 and 2018.

According to the WAEMU Banking Commission, in 2018, the Malian banking landscape was composed of 7 large banks (balance sheet >200 billion CFA francs), 5 medium-sized banks (Balance sheet between 100 and 200 billion CFA francs) and 5 small banks (balance sheet <100 billion CFA francs).

Table 14. Changes in the balance sheet of approved credit institutions

BALANCE SHEET (Amount million CFA francs for 16 establishments)	2015	2016	2017	2018	2019
Treasury and interbank transactions	617 889	641 806	568 857	670 443	576 028
Customer transaction	1 895 120	2 203 635	2 373 493	2 510 720	2 709 871
Securities and other transactions	1 044 679	1 188 639	1 242 587	1 226 192	1 407 902
Property value	264 279	296 233	253 359	305 771	332 289
Shareholder or Partners	0	0	1 150	0	0
TOTAL ASSETS	**3 821 967**	**4 330 313**	**4 439 446**	**4 713 126**	**5 026 090**
Treasury and interbank transactions	942 480	1 250 548	1 183 921	1 140 725	1 183 606
Customer transaction	2 381 450	2 536 654	2 672 553	2 901 962	3 129 956
Securities and other transactions	98 691	113 670	201 734	210 878	225 734
Outstanding payments on financial assets	0	0	0	0	0
Provisions, equity and similar	399 346	429 441	381 238	459 561	486 794
TOTAL LIABILITIES	**3 821 967**	**4 330 313**	**4 439 446**	**4 713 126**	**5 026 090**

Source: BCEAO

The WAMU Banking Commission reports that jobs created by the Malian banking system increased in 2019 by 10.1%, to 4,450, 062 billion at the end of December 2019. Their structure remains dominated by loans to customers, at 60.9%, and investment securities for 24.67%, while the shares of financial assets and other fixed assets stood at 0.29% and 7.2% respectively.

Loans to customers increased from CFAF 2,510, 720 in 2018 to CFAF 2,709, 871 billion in 2019, an increase of 7.9%. They were mainly composed of short-term loans (68.2%), medium-term loans (22.86%), long-term loans (3.61%), finance lease loans (0.24%) and overdue loans (5.06%).

Short-term credits amounted to CFAF 1,848, 242 billion in 2019 against CFAF 1,734.774 billion in 2018, representing an increase of 8.6 percent. Medium-term credits increased by 14% from CFAF 530.6 billion in 2018 to CFAF 619.639 billion in 2019. Long-term credits showed an amount of CFAF 98.045 billion against an amount of CFAF 68.267 billion in 2018, an increase of 45.8%.

As for outstanding receivables, they declined by 27.6% in net terms, from 189, 485 billion in 2018 to 137, 208 billion CFA francs in 2019.

Finance lease loans, saw a 13.5% decline over the same period, from CFAF 7.786 billion in 2018 to CFAF 6, 737 billion in 2019. Investment securities stood at CFAF 1,097, 649 billion at the end of 2019, an increase of 15.4%. As for financial and other fixed assets, they stood at CFAF 12, 672 billion and CFAF 319, 617 billion, up 42.2% and 7.7% respectively between 2017 and 2018.

As of December 31, 2019, the gross deterioration rate of the customer portfolio was 10.4% compared to 12.9% in 2018. Taking into account provisions, the net deterioration rate of the customer portfolio was 5.1% in 2019 compared to 6.9% in 2018.

In 2020, the interest rate on loans ranged from 4% to 9% across banks, compared to 3% to 5% on savings. The average lending rate was 4.67% in 2020 compared to 5.00% in 2019, an increase of 33 basis points.

Table 15. Average interest rate observed according to loan duration

Interest rate according to loan duration	2015	2016	2017	2018	2019	2020
less than or equal to 1 month	7.03	7.33	7.76	7.70	6.38	4.96
more than 1 month and less than or equal to 3 months	8.68	8.36	7.65	7.38	7.16	7.46
more than 3 months and less than or equal to 6 months	9.11	8.64	8.55	8.25	8.15	8.03
more than 6 months and less than or equal to 1 year	8.41	8.95	8.09	7.89	8.04	8.09

more than 1 year and less than or equal to 2 years	9.08	8.09	7.11	7.71	7.28	9.03
more than 2 years and less than or equal to 5 years	8.82	8.88	8.27	8.33	7.57	8.16
more than 5 years and less than or equal to 10 years	9.22	8.72	8.17	7.71	8.18	8.32
More than 10 years	6.68	4.08	6.91	6.12	6.61	4.11
Total	**8.64**	**8.34**	**7.99**	**7.86**	**7.69**	**7.85**

Source: BCEAO

Table 16. Average interest rate by length of deposit

Interest rates by type of deposit	2015	2016	2017	2018	2019	2020
less than or equal to 1 month	3.79	4.55	4.41	4.46	4.91	3.92
more than 1 month and less than or equal to 3 months	4.69	5.36	5.22	5.10	5.02	4.93
more than 3 months and less than or equal to 6 months	4.44	4.62	5.21	4.98	4.88	5.35
more than 6 months and less than or equal to 1 year	4.86	4.66	4.90	4.75	4.90	4.77
more than 1 year and less than or equal to 2 years	5.00	4.38	4.93	4.75	5.04	5.66
more than 2 years and less than or equal to 5 years	5.40	5.30	4.71	5.35	5.31	3.39
more than 5 years and less than or equal to 10 years	4.82	4.34	5.75	4.91	5.07	5.20
More than 10 years		5.91	4.59	3.88	4.08	3.81
Total	**4.82**	**4.82**	**4.92**	**4.92**	**5.00**	**4.67**

Source: BCEAO

As of September 30, 2020, the number of Decentralized Financial Systems (DFS) in Mali was 86. Out of a sample of 22 DFS, these establishments had 1,230,896 members/clients. Outstanding deposits and loans amounted to CFAF 110,263 million and CFAF 134,715 million respectively. Out of a sample of 22 DFS, the amounts of overdue loans were CFAF 11,030 million with an estimated portfolio deterioration rate of 8.2%.

As for DFS in difficulty, 16 microfinance institutions in the WAEMU area were under provisional administration at the end of December 2019, including one in Mali.

According to the report of the banking commission, in 2019 Malian DFS under Article 44 posted a total balance sheet of CFAF 198.4 billion. This balance sheet is up by 12.8% compared to 2018. In 2019, Mali had 16 DFS under Article 44 compared to 13 in 2018.

4.2.2 Financial Markets

WAEMU financial market is structured around the debt securities market (public and private bonds) and the equity market. The regional public securities market has two (2) components: the auction market and the syndication market.

The market for public securities by auction is organized and regulated by BCEAO through UMOA-Titres, while public securities by syndication, private bonds and shares are regulated by the Regional Council for Public Savings and Financial Markets (CREPMF) and organized by the Regional Securities Exchange (BRVM) and the Central Depository/Settlement Bank (DC/BR).

BRVM: Presentation and roles

The Regional Stock Exchange (BRVM) is a specialized financial institution created on December 18, 1996, pursuant to 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 countries of West Africa. BRVM/DC/BR started its activities on September 16, 1998 in Abidjan. Its main missions are the following:

- The organization of the stock market ;
- Publication of stock market transactions;
- Dissemination of information on the stock market;
- Promotion and market development.

Evolution of BRVM bonds and equity market

Since 2016, the underperformance of the WAEMU stock market (BRVM) shows that it has not fully resisted the general downward movement that has gripped the world's financial markets. The decline in 2018 of BRVM was particularly marked. Preferred stocks in 2015, focused on food and beverage sector as well as agribusiness, consumer, automotive and equipment and banking, have experienced a decline.

The drop in prices on BRVM could be explained on the one hand, by the profit taking of several large investors who had made significant capital gains on their investment. It also comes from the readjustment (rectification) after four (4) years of intensive rise that the market experienced (2012 to 2015) and on the other hand, the misunderstanding of the various splits made on the market. New investors are speculating and most of the listed companies have not reacted to the fall in their capitalization.

The year 2020 has negatively impacted BRVM, like all financial markets, following the outbreak of the coronavirus. The regional market recorded its largest quarterly decline (-15.79% in the first quarter of 2020) in the last 10 years. However, investors showed continued confidence in the potential of BRVM, which posted one of the best balances since 2016, despite the pandemic and the presidential election in Côte d'Ivoire. More than 35% of listed companies ended the year in the green.

During the 2020 trading year, the BRVM Composite Index fell from 159.2 on 12/31/2019 to 145.37 on 12/31/2020. The market capitalization of the equity market fell from CFAF 4,741 billion at the end of 2019 to CFAF 4,368 billion at the end of 2020, a decline of 7.9%.

The market capitalization of bonds stood at CFAF 6,051 billion as at December 31, 2020, compared with CFAF 4,233 billion the previous year, an increase of 43%. This increase is linked to the need for States to support their respective economies in the context of the pandemic.

Table 17. BRVM financial market trends

	2014	2015	2016	2017	2018	2019	2020
BRVM 10 Indexes	268	290	262	220	154	149	131
BRVM composite Indexes	258	304	292	243	172	159	145
Composite market capitalization (stocks and bonds) in billions of CFA francs	7 459	9 079	10 216	9 806	8 289	8 973	10 418
Equity Market	6 320	7 500	7 706	6 836	4 845	4 741	4 368
Bond market	1 139	1 579	2 509	2 970	3 444	4 233	6 051
Number of listed companies	38	39	43	45	45	46	46

Source: BRVM

The equity market

The Bank of Africa Mali (BOAM) was the only Malian company listed on the stock exchange in 2020. The reference price of the BOAM share was 1200 CFA FRANCS on 26 March 2021. It had an annual growth rate of 6.67%. BOAM is not included in the composition of the BRVM 10 index revised in January 2020, April 2020 and October 2020. The BRVM 10 index is made up of the ten most active companies, i.e. the listed companies whose shares have been bought or sold the most. The index is therefore updated quarterly. BOAM does not meet the eligibility criteria of the index. According to these criteria, the average amount of transactions during the three months preceding the quarterly review must not be less than the median of the average daily amounts of transactions of all securities. Also, the frequency of transactions should always be greater than 50%, i.e. the security should trade at least once every two months during the quarter in question.

Government securities market

According to UMOA-Titres, in 2020, the Malian government, through the Treasury, organized by auction nine (09) issues of treasury bills (T-bills) which brought in CFAF 327.48 billion and fourteen (14) issues of treasury bonds (T-bonds) for CFAF 352.59 billion. In total, an amount of CFAF 679.98 billion was mobilized in 2020 on the regional financial market through auctions against CFAF 427 billion in 2019, which gives an increase of 22.09%. The nominal interest rate for the bonds varied between 6.10% and 6.50% depending on the maturity of the issue.

It is worth noting that among the treasury bills issued in 2020 are CFAF 208 billion of infra-annual bills, of which CFAF 170.5 billion are "COVID-19 social bonds". As a reminder, in response to the negative effects of the COVID-19 pandemic, BCEAO initiated support measures for WAEMU member States as part of the financing of economic and social response plans. These measures include a Treasury bill issuance program called "COVID-19 Social Bonds", with a maximum maturity of 91 days in three phases.

Also, among the issues carried out, four (04) were simultaneous issues, offering investors various instruments (T-bills and/or T-bonds) in one issue.

With regard to issues by syndication, Mali carried out in 2020 two (02) bond issues by Public Call for Savings which made it possible to mobilize CFAF 226.2 billion.

Table 18. Mali's bill and bond issues in 2020

Instrument	Date of issue	Amount tendered	Maturity	Amount withheld (millions of CFAF)
T-bills	15/01/2020	25 000	1 an	27 500
T-bonds	05/02/2020	25 000	3 ans	27 500
T-bonds	19/02/2020	30 000	3 ans	33 000
T-bills	04/03/2020	25 000	6 mois	27 500
T-bonds	15/04/2020	12 500	3 ans	11 060
T-bonds	15/04/2020	12 500	5 ans	15 053
T-bills	29/04/2020	15 000	6 mois	10 500
T-bonds	29/04/2020	15 000	3 ans	20 996
COVID-bills	05/05/2020	80 000	3 mois	88 000
T-bonds	13/05/2020	15 000	3 ans	16 269
T-bonds	13/05/2020	15 000	5 ans	16 731
T-bills	27/05/2020	30 000	1 an	30 981
T-bonds	10/06/2020	10 000	3 ans	17 382
T-bonds	10/06/2020	10 000	5 ans	8 250
T-bonds	10/06/2020	10 000	7 ans	6 213
T-bills	24/06/2020	12 500	1 an	0
T-bonds	24/06/2020	12 500	3 ans	27 500
T-bonds	08/07/2020	25 000	3 ans	26 930
T-bonds	22/07/2020	20 000	5 ans	21 110
COVID-bills	04/08/2020	55 000	3 mois	55 000
T-bills	12/08/2020	30 000	1 an	33 000
T-bills	14/10/2020	25 000	1 an	27 500
T-bonds	28/10/2020	25 000	3 ans	27 500
COVID-bills	03/11/2020	25 000	1 mois	27 500
T-bonds	11/11/2020	20 000	3 ans	19 499
T-bonds	11/11/2020	20 000	5 ans	24 501
T-bills	23/12/2020	15 000	1 an	0
T-bonds	23/12/2020	15 000	3 ans	33 000

Source: UMAO-Titres

4.2.3 Debt subscription mechanisms

Any investor based inside or outside WAEMU can invest in public securities issued by way of auction or syndication. Orders are placed through authorized market participants: investment syndicate or any brokerage firms operating within the Union as part of issues by syndication, and credit institutions established in the Union or brokerage firms having an account in the books of the Central Bank as regards issues by auction. Transactions on the BRVM's stock market are made by stock exchange intermediaries, notably brokerage firms.

Organization of market by auction

The auction market is a segment of the public securities market, in which WAEMU member States issue Treasury bills and bonds through an auction procedure in order to finance their budgets.

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

- The Central Bank of West African States (BCEAO), which is the regulator of this market. As such, it issues the applicable provisions, intervenes in the organization of auctions of public securities, ensures the function of Central Depository / Settlement Bank, the clearing, settlement and delivery of transactions among participants with an account in its books, through its electronic platform SAGETIL-UMOA[3];
- States which are the issuers of public debt securities on the Union's money market, under the responsibility of the Minister of Finance;
- UMOA-Titres, the regional agency in charge of issuing and managing public debt securities, physically organizes issues and provides assistance to member States in mobilizing resources on the capital markets and managing their debt;
- Investors, which are credit institutions, MFIs and regional financial organizations with a settlement account in the books of the Central Bank[4];
- Primary dealers (SVTs), which are credit institutions and SGIs that have obtained the approval of the Ministers of Finance of WAEMU Member States to act in this capacity and thus benefit from the status of privileged partners of one or more Member States' Treasuries in operations on public debt securities issued on the regional market[5].

Securities issued at auction are traded on the secondary market, following an over-the-counter procedure.

Organization of market by syndication

The WAEMU regional financial market is characterized by a mixed organization. Indeed, it is composed of a public pole made up of the Conseil Régional de l'Epargne Publique et des Marchés Financiers (CREPMF) (Regional Council for Public Savings and Financial Markets) and a private pole comprising, on the one hand, central agencies such as the Bourse Régionale des Valeurs Mobilières (BRVM) (Regional Stock Market) and the Central Depository/Settlement Bank (DC/BR), and, on the other hand, the market participants.

CREPMF is the regulator of the WAEMU regional financial market. Its missions are, among others, to:

- Ensure the authorization and control of public offering procedures;
- Empower market management agencies and accrediting market participants;
- Approve commercial stakeholder rates;
- Regulate market operation;
- Monitor the regularity of stock market transactions.

BRVM is organized in a central site based in Abidjan (Côte d'Ivoire) and represented in each member State by a National Stock Exchange (ANB). The main attributions of the BRVM are:

- Authorization of stock market participants to carry out their activities;
- Management of the market, in particular the centralization of buy or sell orders, listing management, dissemination of market information, as well as the promotion and popularization of the financial culture within WAEMU;
- Management of unsettled transactions.

The Central Depository/Settlement Bank (CD/BR) is a financial institution, whose role is:

- To proceed with the clearance of the applicants for the function of account holder;
- To ensure the settlement of negotiations and the management of the financial service of the securities;
- To ensure the maintenance of current accounts of securities opened by primary dealers (SGI) in its books;
- To ensure the safekeeping and the scriptural circulation of securities;
- To make cash payments, as settlement bank, of the balances of stock exchange transactions.

As part of organizing issues by syndication, States entrust the securities placement process to a pla-

[3] Automated Securities and Liquidity Management System of the West African Monetary Union. [4] All other investors wishing to participate will have to go through the approved stakeholders.
[5] The operationalization of primary dealers within WAEMU started on March 1, 2016.

cement syndicate, whose members are made up of primary dealers approved by the CREPMF. In addition, the issuer chooses a lead manager from among the members of the syndicate, who is in charge of specific missions in the issue process.

Since its inception, the main products on the regional financial market have been equities and bonds. In recent years, several new products such as mortgage refinancing and securitization (Sukuk debt securitization funds) have been introduced. Securities issued through syndication are traded on the secondary market on the BRVM's electronic trading platform.

4.3 Inflation rate

The inflation rate is estimated at 0.5 percent in 2020 in Mali compared to -3.0 percent in 2019. Over the 2015-2019 period, Mali met the community standard (inflation rate <=3%) with an inflation rate between 2.2% and -3.0%. In 202110, the inflation rate is expected to be 1.8 percent according to BCEAO projections. This future development of the inflation rate would be due to the recovery in demand.

Table 19. Inflation rate

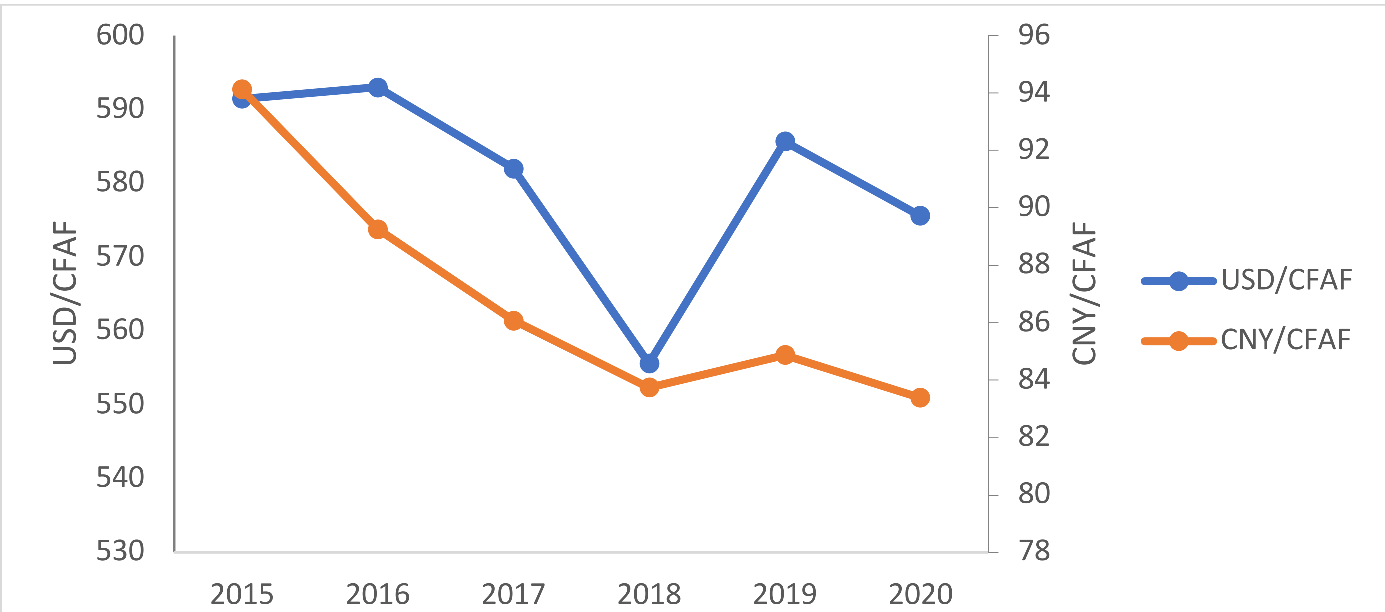
Year	2015	2016	2017	2018	2019	2020 (Estimated)	2021 (Projection)
Inflation rate (%)	1.4	-1.8	2.2	1.9	-3.0	0.5	1.8

Source: BCEAO, MEF (2021 Finance Act)

4.4 Exchange rates

The exchange rate between the US dollar and the CFA franc fell slightly between 2015 and 2020, from 1 USD for about 591 CFA francs to 1 USD for about 576 CFA francs. As for the exchange rate between the Chinese Yuan and the CFA Franc, it went from 1 CNY for 94.12 CFA francs in 2015 to 1 CNY for 83.38 CFA francs in 2020. In other words, the CFA franc has appreciated slightly against these two currencies, which are particularly important for financing the country's economy.

Figure 2: USD/CFAF and CNY/CFAF exchange rates



Source: BCEAO

4.5 Foreign reserves

The main assets recorded at the Central Bank are reserve assets, i.e. external assets made available or under the control of the monetary authorities. Mali's reserves are centralized at BCEAO, in accordance with the principles of the Franc zone. Mali's reserves increased from CFAF 484.584 billion in 2015 to CFAF 908.654 billion in 2020 (Table 20), representing an overall increase of 87.5 percent over the last five (5) years.

Table 20. Changes in foreign reserves

External assets	2015	2016	2017	2018	2019	2020
Official reserve assets	67.332	80.159	80.375	157.862	158.864	277.193
Monetary gold	0.000	0.000	0.000	0.000	0.000	0.000
Foreign currency	0.724	2.139	1.864	2.526	2.092	1.908
Deposits and securities included in the official reserves	0.000	0.000	0.000	0.000	0.000	0.000
Reserve position in the IMF	9.377	31.136	19.234	28.927	24.548	18.591
Special Drawing Rights (SDR) holdings	57.232	46.883	59.276	126.409	132.224	256.694
Other external assets	417.251	169.326	267.256	368.199	522.001	631.461
Total	484.584	249.486	347.631	526.061	680.865	908.654

Source: BCEAO

5.1 Balance of payments

According to BCEAO report, in 2019, the current account deficit is estimated at 755.1 billion (-7.5% of GDP), deteriorating by 295.2 billion compared to 2018 when it stood at 459.9 billion (-4.9% of GDP). This deterioration is explained by that of the trade balance (-161.0 billion), primary income (-124.1 billion) and the services balance (-26.7 billion). In contrast, the secondary income balance improved by 16.6 billion, from 875.9 billion in 2018 to 892.5 billion in 2019, in conjunction with the increase in the level of budgetary grants.

According to estimates, in 2020, the current account deficit should decrease to 375.2 billion. This improvement would be due to the trade balance (273.9 billion), primary income (89.9 billion) and secondary income (147.6 billion). On the other hand, the services balance would deteriorate by an amount of about 131.6 billion.

The trade balance deteriorated in 2019, in conjunction with an increase in imports (14.7%) higher than that of exports (8.1%). Trade transactions with the outside world ended in 2019 with a deficit of 373.6 billion, deteriorating by 161.0 billion compared to 2018 when they posted a deficit of 212.6 billion.

The import-export coverage rate stood at 85.2% in 2019, down 5.1 percentage points from 2018 when it stood at 90.4%. Trade openness is estimated at 23.1 percent, registering an increase of 1.0 percentage point compared to 2018.

In 2020, the trade balance should improve due to an increase in exports (4.9%) and a decrease in imports (6.7%). This will lead to an improvement in the rate of coverage of imports by exports (+10.6 percentage points).

At the end of 2019, the surplus on the capital account, corresponding mainly to debt forgiveness and aid to finance investment, stood at 113.9 billion, marking a decrease of 19.0 billion (14.3%) from its 2018 level. This deterioration stems mainly from the reduction in capital transfers according to BCEAO report. In 2020, the capital account balance would improve by an estimated 110.4 billion.

Table 21. Mali's balance of payments, in billions of CFAF.

(in billion CFAF)	2015	2016	2017	2018	2019	2020 (estimates)	2021 (projections)
Current account balance	-412.5	-602.0	-704.3	-459.9	-755.1	-375.2	-429.4
Trade balance in goods and services	-1 204.9	-1 403.1	-1 277.5	-1 052.5	-1 240.1	-1 097.8	-1 181.5
Exports FOB	1 606.8	1 675.9	1 685.9	1 991.4	2 153.4	2 258.3	2 303.8
Of which cotton	183.1	187.6	223.4	270.7	256.8	149.9	70.2
Of which Gold	1 004.1	1 120.4	1 175.7	1 388.4	1 566.1	1 833.3	1 911.8
Imports CIF	-2 247.7	-2 402.3	-2 494.6	-2 623.9	-3 008.3	-2 807.1	-3 036.5
Of which energy products	-384. 2	-425. 8	-661.0	-725.9	-738.4	-609.6	-715.0
Of which food products	-357.9	-389.7	-381.1	-375.0	-352.4	-412.6	-426.3
Services (net)	-923.6	-1 061.0	-868.0	-839.9	-866.6	-998.1	-934.7
Primary income balance	-174.8	-222.1	-290.8	-283.4	-407.5	-317.6	-316.5
Secondary (transfer) income balance	967.3	1 023.2	864.1	875.9	892.5	1 040.2	1 068.6
Capital Account	202.5	115.7	150.0	133.0	113.9	224.4	212.0
Current and capital account balances	-210.0	-486.3	-554.3	-326.9	-641.2	-150.9	-217.4
Financial account	-161.9	-197.6	-417.4	-400.7	-871.4	-602.1	-360.6
Statistical errors and omissions	-38.5	-37.6	35.3	35.8	33.9	0.0	0.0
Overall balance	-86.6	-326.3	-101.6	109.5	264.2	451.2	143.2
Revaluations and other non-transactional flows	33.7	-10.3	-4.4	-4.9	0.0	0.0	0.0
Change in net foreign assets	52.9	336.6	106.0	-104.6	-264.2	-451.2	-143.2

Source: BCEAO

5.2.1 Regional trade policy

West African countries are engaged in numerous trade negotiations at the regional (integration process), bilateral (Interim Economic Partnership Agreement - IEPA) and multilateral (World Trade Organization - WTO and regional EPA) levels.

Good coordination between the various negotiations at the regional and international levels (CET; EPA; WTO, AGOA, etc.) is essential to achieving the trade performance objectives of WAEMU member States.

National and regional trade policies in West Africa depend on various spaces. Indeed, the regional negotiation space is articulated around the following elements

- The finalization of the Common External Tariff (CET) at the ECOWAS level, and thus the constitution of a Customs Union;
- A space for bilateral negotiations, particularly between the West African region and the EU, regarding the EPA;
- A multilateral negotiating space, which refers to WTO rules, of which all West African States are members (with the exception of Liberia, which has observer status). It should be noted that each country negotiates individually and that WAEMU and ECOWAS only have ad hoc observer status in the WTO Trade and Development Commission.

With regard specifically to WAEMU, it has a common trade policy based in particular on

- A common market set up on July 1, 1996 for local and unprocessed products (products of the Union from the animal, mineral and vegetable kingdoms) and traditional crafts, and until January 1, 2000 for approved industrial products. This common market was extended to all ECOWAS countries in 2004;
- A customs union established on January 1, 2000, based on a CET applicable to all WAEMU member countries, which includes four categories of products, taxed from 0 to 20%, in force until January 1, 2015, when the WAEMU CET was replaced by the ECOWAS CET, which enshrines the expansion of the customs union to the 15 ECOWAS countries.
- Common rules of origin and competition, harmonization of VAT and excise duties, harmonization and mutual recognition of standards, common safeguards and protections (Degressive Protection Tax (DPT), short-term export tax (STT), reference values and anti-dumping duty).

WAEMU also has a regional trade promotion program, “a regional strategy and a logical framework for the implementation of the WAEMU aid-for-trade program”.

The overall objective of the aid for trade strategy is to enable member States to increase their exports of goods. The logical framework serves as the basis for an agenda for international donors, as well as national and regional financial institutions. It identifies five specific objectives corresponding to the categories of aid for trade:

- Ensure ownership and control of trade policies and regulations by experts from member States and the Commission;
- To develop intra-regional and international trade of the member States;
- Strengthen trade-related infrastructure in the sub-region;
- Diversify and increase the production capacities of member States;
- Make essential adjustments and take into account other business needs.

The needs and priorities were identified on the basis of the Regional Economic Program (REP), which is the reference framework for the WAEMU integration process, as well as existing capacity building programs in the States.

- **The Common External Tariff**

Rules in force at the ECOWAS borders in terms of customs policy are those laid down by the ECOWAS Common External Tariff (CET). The applicable rules of origin are defined by the Trade Liberalization Scheme (TLS).

The CET aims to harmonize tariffs and taxes in order to deepen economic integration through the establishment of a customs union; provide a platform for building the common trade policy and regional trade negotiations such as the EPA; stimulate regional production and investment capacity; and consolidate the regional market.

The CET is organized around an architecture including:

(i) A Tariff and Statistical Nomenclature (TSN), i.e. a common customs nomenclature based on the Harmonized Commodity Description and Coding System (HS) of the World Customs Organization (WCO) adopted by the Community;

(ii) A table of duties and taxes applicable to imported products which includes: the customs duty (DD), the statistical fee (RS) and the ECOWAS community levy (PC ECOWAS);

(iii) Trade defense measures or supplementary protective measures, if any, which may generate duties that may affect the final price of products imported into the Community from third countries;

(iv) The statistical royalty rate is set at 1% and applies equally to all imported products, whether exempt or not;

(v) The tax base for the application of the common external tariff is ad valorem.

The tariff structure of the CET is presented in the following table:

Category	Description	Rates
0	Essential social goods	0 %
1	Basic raw materials and capital goods	5 %
2	Intermediate products	10 %
3	Final consumer goods	20 %
4	Specific assets for economic development	35 %

The CET was established in accordance with the requirements of the World Customs Organization's Harmonized System and the World Trade Organization's Regional Trade Agreements (Article 24 of GATT).

- **Specific rules applicable to ECOWAS countries' foreign trade of goods**

Several trade regimes are in place within ECOWAS. The following table presents the existing regimes according to the trading partners.

PARTNERS	SPECIFIC SCHEMES
European Union (EU)	APEI, SPG, SPG+, TSA
ECOWAS	TEC, SLE
Rest of AFRICA	Bilateral agreements
USA	AGOA
ASIA	Bilateral Agreements
Other industrialized countries	Generalized System of Preferences (GSP)
Rest of the world	Bilateral agreements, GSP

Pending the implementation of the EPA, different tariff regimes apply depending on the status of countries in the framework of trade between ECOWAS and the EU:

- **Côte d'Ivoire and Ghana** ratified interim EPAs in 2016. Côte d'Ivoire's EPA has been provisionally applied since September 4, 2016, and Ghana's EPA has been applied since December 15, 2016. These interim EPAs guarantee both countries full access to the European market and provide for eventual liberalization of 80% of tariff lines by Côte d'Ivoire and Ghana, spread over a period of 15 years[6];
- Under the GSP, **Nigeria** benefits from a reduction in European customs duties on approximately 1/3 of tariff lines and a total exemption from customs duties on 1/3 of additional tariff lines
- **Cape Verde** benefits from the GSP+ which grants an exemption from European customs duties on about 2/3 of the tariff lines;
- **The** other **twelve** countries (including the seven WAEMU countries besides of Côte d'Ivoire), because of their LDC status, benefit from the Everything But Arms GSP, which grants them access

[6] Over 11 years (2019-2029) currently for Côte d'Ivoire.

to the European market for all their exports to the EU without duty or quota.

5.2.2 Regional trade by value

Based on estimates of reconciled intra-community trade in 2018 and 2019, BCEAO report shows that trade between Mali and other WAEMU countries was marked by a 14.8% increase in the total value of traded flows, reaching an amount of 1,341.1 billion in 2019 compared to 1,168.3 billion in 2018.

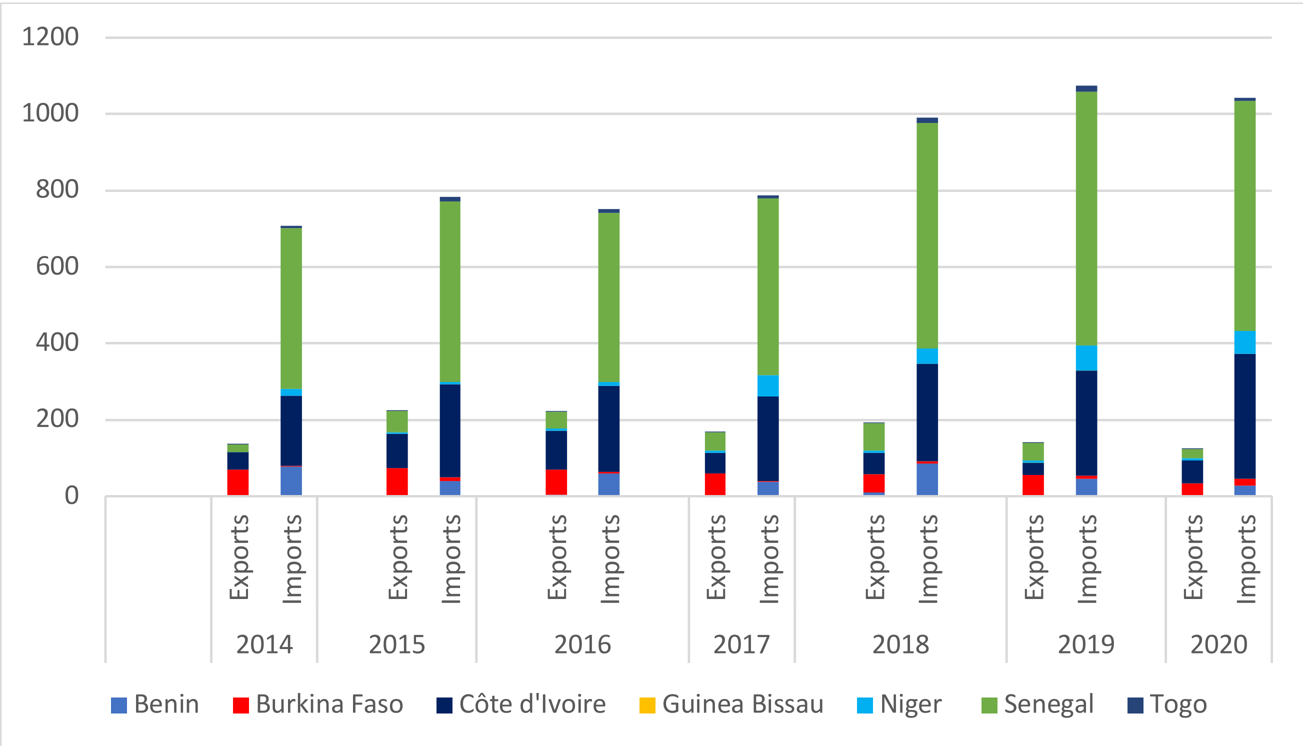
The share of WAEMU countries in total exports stood at 10.8% in 2019, after 14.1% in 2018. Exports are mainly to Burkina Faso. According to quarterly data compiled by INSTAT, in 2020, the value of Mali's exports to member countries declined to CFAF 125.548 billion.

The share of WAEMU countries in imports came out at 36.86% (1,074, 489 billion) in 2019 against 40.3% (887, 635 billion) in 2018. Senegal and Côte d'Ivoire are the main suppliers of Mali's WAEMU imports. The respective shares of these two countries in Mali's total imports were 22.83% and 9.41% in 2019 compared with 18.2% and 14.5% in 2018. The value of imports in 2020 is estimated at 1041.81 CFA FRANCS according to quarterly data compiled by INSTAT.

As in other years, this trade results in a large intra-WAEMU trade balance deficit for Mali, with a balance of -877.8 billion and an import/export coverage rate of 20.9% in 2019 against 85.2% for all trading partners.

It should be noted that trade between Mali and Guinea Bissau was almost zero between 2014 and 2020.

Figure 3: Value of exports and imports between Mali and other WAEMU countries (in billions of CFAF)

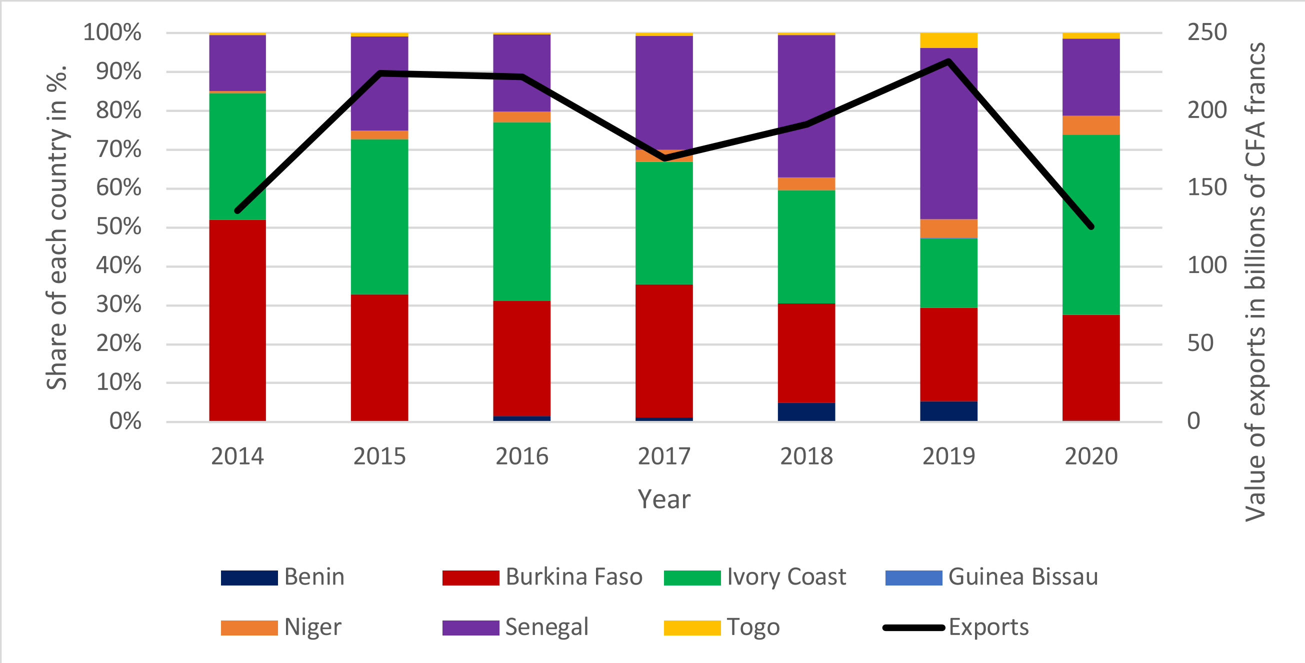


Source: BCEAO (annual reports on balance of payments and international investment position), INSTAT (quarterly data for 2020)

5.2.3 Regional exchanges by partner

Mali's exports to the 7 WAEMU countries are low and relatively stable. The structure of intra-WAEMU trade by country shows a surplus trade balance only with Burkina Faso, which is the second country of destination of exports after Cote d'Ivoire. Exports to Burkina Faso and Cote d'Ivoire are respectively 57, 98 billion (31.23%) and 63.4 billion (34.15%) CFA francs on average per year during the 2014-2020 period. A good part of the exports is also directed to Senegal which is the third partner with about 28.04% of exports. Next come Niger, Benin and Togo with about 3.10%, 2.20% and 1.26% of Mali's exports respectively between 2014 and 2020. Exports to Guinea-Bissau are almost nil.

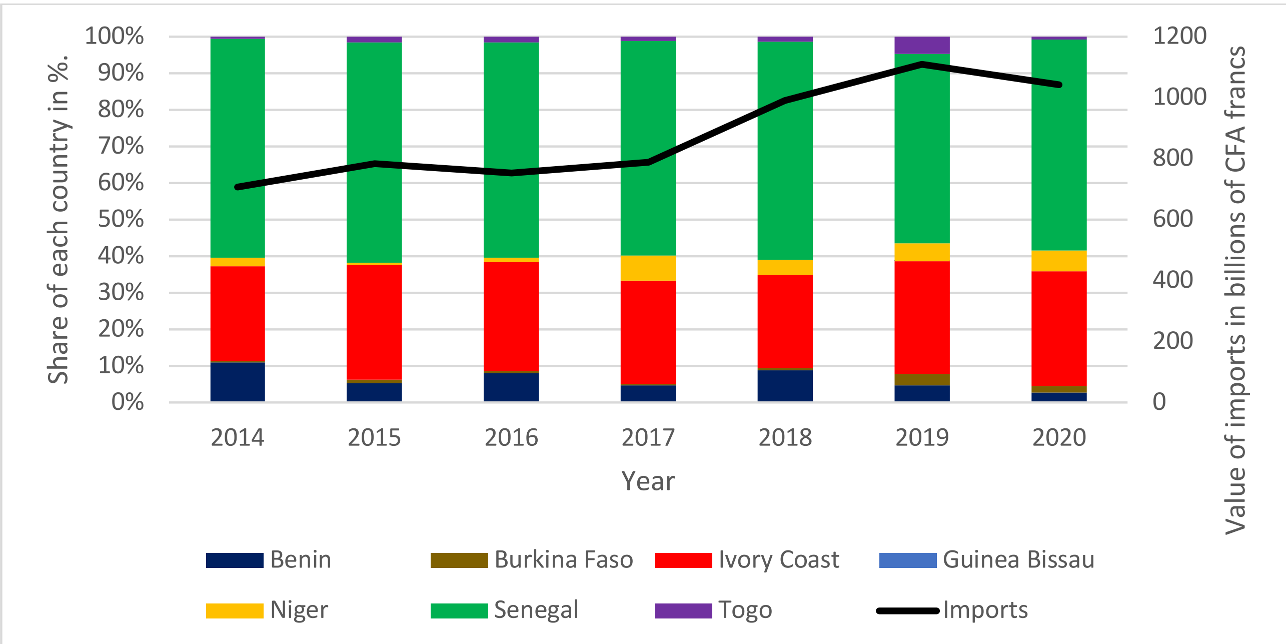
Figure 4: Structure of Mali's exports by destination for exports to the seven other countries in the WAEMU zone between 2014 and 2020



Source: BCEAO (annual reports on balance of payments and international investment position), INSTAT (quarterly data for 2020)

Mali's main import partners are Senegal and Côte d'Ivoire. Average annual imports from Senegal and Côte d'Ivoire account for about 59.1% and 28.4% respectively of Mali's WAEMU imports, i.e. about 87.5% for both countries. Benin, Niger, Togo, and Burkina Faso have respective shares of about 6.5 percent, 3.7 percent, 1.1 percent, and 0.84 percent on average during the 2014 to 2020 period. Imports from Guinea-Bissau are insignificant.

Figure 5: Structure of Mali's imports by supplier for imports from other countries in the WAEMU zone between 2014 and 2020



Source: BCEAO (annual reports on balance of payments and international investment position), INSTAT (quarterly data for 2020)

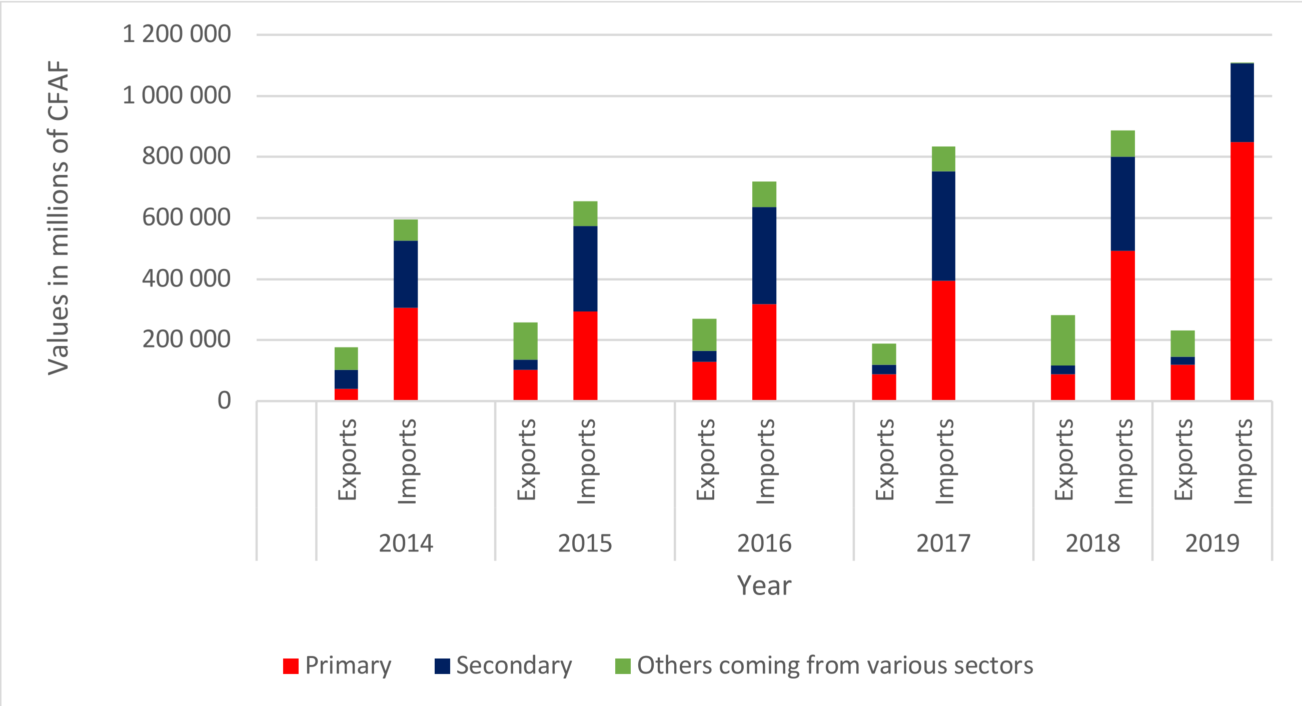
5.2.4 Regional trade by type

According to BCEAO report on Mali's balance of payments and international investment position in 2019, the country's sales to other WAEMU countries remain dominated by live animals. Indeed, livestock exports stood at 118.3 billion in 2019, or 51.1% of total exports to the countries of the Union. Côte d'Ivoire and Senegal, the main recipients of this product, absorb 66.0% and 31.9% of live animal exports respectively. Fertilizer exports to the zone declined in 2019 to 25.1 billion, or 10.8% of total exports to WAEMU countries, after 27.7 billion, or 9.9% in 2018. Burkina Faso remains the main destination country for this product.

According to the same report, the share of WAEMU countries in CIF imports came out at 36.9% (1109.5 billion) in 2019 against 33.8% (887.6 billion) in 2018. Mali's WAEMU imports highlight Senegal and Côte d'Ivoire as the main suppliers. The respective shares of these two countries in Mali's total imports were 19.1 percent and 11.4 percent in 2019, after 18.2 percent and 14.5 percent in 2018. Imports from the WAEMU were mainly petroleum products (27.5 percent of Mali's total imports), construction materials (4.0 percent) and food products (2.8 percent). These products accounted for 74.6%, 10.9% and 7.5% of total imports from the Union respectively.

By grouping these products by sector, it is clear that products of the primary and secondary sectors are the most significant in community trade in Mali. Primary products are mainly traded.

Figure 6: Main products by category traded with the main WAEMU partners



Source: BCEAO (annual reports on balance of payments and international investment position)

5.3 International trade

5.3.1 Commercial policy

The Commercial Code adopted by Law No. 92-002 of 27 August 1992 remains the reference text governing trade, commercial activities and the institutional framework in which they are carried out. The country's trade policy is reflected in regional agreements, multilateral agreements and preferential agreements.

Mali is a founding member of WAEMU created on 10 January 1994. It is also a member of the Economic Community of West African States (ECOWAS). The country's regional trade policy is underpinned by WAEMU acts.

Mali is considering, together with Burkina Faso and Côte d'Ivoire, the creation of a special economic zone (SEZ) consisting of the regions of Sikasso in Mali, Korhogo in Côte d'Ivoire and Bobo-Dioulasso in Burkina Faso. Launched in May 2018, the goal of the SEZ project is to create investment opportunities and a favorable legal and business environment, particularly in the areas of agribusiness, information and communication technologies, culture, tourism, medical services, manufacturing and financial services.

With regard to multilateral agreements, Mali became a de facto member of GATT in June 1967 and a contracting party in January 1993, and joined the World Trade Organization (WTO) on 31 May 1995 with the status of "least developed country" (LDC). Mali opened a permanent mission in Geneva in 2002 and regularly participates in trade negotiations at the WTO. Mali has also joined the PCA agreements.

Mali was admitted to the African Growth and Opportunity Act (AGOA) in 2002. AGOA is a trade preference program enacted into U.S. law to voluntarily open the U.S. market to exports from member countries. In 2006, Malian artisans began exporting art products to the United States. Wool rugs and painted canvases, all in bogolan, worth about 1.3 million CFA francs were exported at that time. Mali has had a National AGOA Monitoring Committee since its admission to the preferential regime in 2002 and an AGOA Action Plan Implementation Strategy has been adopted. The overall cost of implementing the AGOA Handicraft Sector Strategy Action Plan is estimated at twenty-five billion CFA FRANCS (25,000,000,000) for the 2017-2022 period.

Furthermore, in order to build stakeholder capacities, the Government created the Agency for the Promotion of Exports (APEX) by Law No. 2011-032/AN-RM of 24 June 2011. The Malian Agency for Standardization and Quality Promotion (AMANORM) was also created to lead and coordinate work, studies and surveys in the field of standardization, quality promotion, certification and accreditation. Mali, through AMANORM, is a permanent member of ISO, a member of the Codex Alimentarius and an affiliate member of the IEC program. It is also a member of the African Organisation for Standardisation (ARSO), the ECOWAS Standards Harmonisation Programme (ECOSHAM), the West African Organisation for Standardisation, Certification and Quality Promotion (WAEMU) and the Réseau Normalisation et Francophonie (RNF).

A trade development plan was designed 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 at the level of sectors with high competitiveness potential (agro-food processing, textiles, communication etc.). The priority areas of trade policy are: the development of the value chain (livestock/meat, agro-food processing, etc.), the development of the industrial fabric and the improvement of the business climate.

5.3.2 International trade by value and by destination

According to BCEAO report, the geographic breakdown of Mali's exports in 2019 maintains the same structure as in previous years. Mali's external sales are mainly for the African continent, in conjunction with non-monetary gold exports mainly to South Africa.

Shipments to the African continent stood at 1,038.4 billion in 2019 (48.2% of the total), up 47.6% from the previous year's level. These exports, consisting largely of non-monetary gold, increased by 9.4% in 2019. In 2019, 49.7% of gold exports, or 778.1 billion, were destined for South Africa compared to 46.5% in 2018 (645.3 billion). The country remains the top destination for gold sales, with the majority of mining companies shipping their production there.

The share of other African countries (excluding WAEMU and South Africa) stood at 28.6 billion (2.7% of total exports to Africa), 0.3 percentage points higher than in 2018. The share of WAEMU countries decreased, with a value of 231.7 billion (10.8% of total exports) in 2019, after an amount of 280.7 billion in 2018 (14.1%). This level remains low, given the integration objectives of the WAEMU zone.

As for the European continent, Mali's second largest export destination, its share in the country's total exports is up by 4.2 points compared to the previous year, with an amount of 816.6 billion in 2019 (37.9%), after 670.8 billion (33.7%) in 2018.

This is attributable to the increase in gold exports to Switzerland (second largest recipient after South Africa) from 624.3 billion in 2018 to 760.3 billion in 2019. Switzerland absorbs 93.1% of Mali's exports to Europe. As for other European countries (mainly France, Belgium, Germany, Italy and the Netherlands), their share came out at 6.9% in 2019. These exports consist of cotton, fruit, hides and leathers and, to a lesser extent, gold.

The Asian continent ranks third in terms of destination for Mali's exports in 2019. Its share in total exports came out at 13.2% of the total, or 285.1 billion, after 17.9% in 2018, with China, India and Thailand in particular, the main destinations for Mali's cotton fiber. The same is true for artisanal gold, which is mainly exported to Dubai.

Table 22. Geographic breakdown of Mali's exports between 2014 and 2019 (FOB, Million CFAF)

	2 015	2 016	2 017	2 018	2 019
Europe	**363 565**	**237 229**	**390 950**	**670 819**	**816 624**
European Union	66 029	44 436	23 111	46 352	38 314
EURO ZONE	53 948	39 711	20 053	34 058	32 222
France	18 951	11 338	5 546	9 311	9 378
Germany	4 199	2 869	1 855	3 715	4 331
Italy	9 197	7 307	2 963	3 661	1 787
Netherlands	9 814	7 459	4 213	8 258	9 645
Belgium	2 453	2 960	2 296	2 790	1 845
Other European EU countries	11 004	3 955	1 296	11 400	5 236
United Kingdom	1 078	770	1 762	894	856
Other European countries	297 535	192 792	367 838	624 467	778 310
Of which Switzerland	288 791	180 105	325 461	624 316	760 300
Russia	8 744	2 897	660	150	139
Africa	**1 002 068**	**1 097 533**	**1 044 163**	**948 829**	**1 038 421**
ECOWAS	285 666	287 711	202 034	293 505	251 183
WAEMU	256 979	268 769	188 953	280 658	231 675
Benin	8 649	11 175	2 314	20 088	12 335
Burkina	44 467	65 958	58 305	49 389	55 898
Côte d'Ivoire	90 694	77 250	56 770	58 323	41 356
Guinea Bissau	124	81	310	263	219
Niger	10 905	14 952	19 482	19 234	11 067
Senegal	92 068	94 159	50 495	126 080	102 051
Togo	10 072	5 195	1 277	7 280	8 750
Other ECOWAS countries	28 687	18 942	13 081	12 847	19 508
Cape Verde	0	0	0	0	0
Gambia	24	0	34	79	288
Ghana	1 742	2 798	3 060	1 945	2 894
Guinea Bissau	26 443	15 370	9 767	9 730	14 872
Liberia	47	346	0	621	1 188
Nigeria	161	416	199	466	212
Sierra Leone	269	12	21	6	54
Other African countries	716 403	809 822	842 129	655 323	787 238
Algeria	2 464	18	1	0	6
Morocco	11 313	9 644	5 933	3 933	3 778
Tunisia	384	128	197	181	685
Cameroon	7	107	14	3	162
Kenya	2	6	39	5	0
South Africa	694 897	793 341	827 745	645 266	778 128
America	**16 550**	**6 752**	**5 651**	**12 059**	**8 249**
Canada	1 129	1 867	111	581	964
United States	15 211	4 823	5 467	11 302	6 512
Other American countries	210	62	73	177	773

Asia	**222 567**	**331 192**	**244 238**	**356 937**	**285 138**
China	23 285	17 525	10 946	16 431	19 273
Hong Kong	152	336	13	55	3 433
India	39 355	27 910	43 744	12 388	38 120
Japan	5 691	4 059	3 764	2 133	534
Taiwan	2 339	732	1 327	0	412
Thailand	19 271	9 459	14 138	5 420	6 929
United Arab Emirates	17 137	82 525	27 163	82 530	11 446
Other Asian countries	115 336	188 647	143 143	237 981	204 991
Oceania	**2 044**	**3 164**	**894**	**2 788**	**4 956**
Including: Australia-New Zealand	2 044	6	894	713	0
TOTAL GENERAL	**1 606 794**	**1 675 870**	**1 685 895**	**1 991 432**	**2 153 388**

Source: BCEAO (annual reports on balance of payments and international investment position)

In 2019, the African continent consolidated its position as Mali's main supplier, followed by Europe and Asia according to BCEAO report. More than half of Mali's imports (51.8%) came from the African continent in 2019 for an amount of 1,558.1 billion (in CIF value) against 1,245.9 billion (47.5%) in 2018, marking an increase of 4.3 percentage points, at the expense of Europe and Asia.

CIF imports from other WAEMU countries (84.8% of imports from Africa) jumped to 276.5 billion, an increase of 26.5% in value. The goods supplied to Mali by the African continent are food products, petroleum products and construction materials. Europe's share of Mali's imports stood at 22.0% in 2019, corresponding to 663 billion, 0.2 percentage points higher than the previous year. Regarding France's share of total imports from Europe, it stood at 37.0% in 2019, after 35.5% in 2018.

As for the Asian continent, its share dropped by 3.0 percentage points to 21.0%, amounting to 631.5 billion. Goods supplied by the Asian continent, through China, India, Japan and the United Arab Emirates, are cereals, capital goods and consumer goods.

The share of the Americas fell by 4.4% corresponding to a 0.7 percentage point decline compared to 2018.

Table 23 shows the direction of Mali's imports between 2014 and 2019.

Table 23. Geographic breakdown of Mali's imports between 2014 and 2020 (CIF, Million CFAF)

	2 015	2 016	2 017	2 018	2 019
Europe	**617 467**	**643 690**	**645 771**	**572 183**	**662 964**
European Union	588 623	566 594	491 125	538 154	581 713
EURO ZONE	488 659	509 708	453 099	448 678	478 331
France	199 082	196 582	189 432	203 094	215 168
Germany	91 441	100 537	80 910	87 900	87 817
Italy	51 563	39 614	36 586	29 255	34 222
Netherlands	40 496	33 346	82 135	22 695	26 101
Belgium	36 792	43 997	26 631	27 691	30 059
Other European EU countries	66 513	42 685	26 950	62 808	84 965
United Kingdom	33 451	14 201	11 076	13 439	18 417
Other European countries	28 844	77 096	154 646	34 036	81 251
Of which Switzerland	6 844	3 398	56 811	3 810	2 675
Russia	22 000	36 777	29 005	30 226	42 251
Africa	**940 104**	**1 067 395**	**1 155 948**	**1 245 919**	**1 558 088**
ECOWAS	809 532	909 320	1 011 977	1 095 052	1 392 666
WAEMU	769 934	855 805	960 753	1 044 277	1 320 786
Benin	40 767	60 440	46 857	86 342	62 093

Burkina	30 638	15 495	20 786	13 311	40 781
Côte d'Ivoire	327 651	336 540	317 773	377 067	407 197
Guinea Bissau	0	683	92	1 253	387
Niger	32 417	53 951	79 833	51 204	65 080
Senegal	305 900	344 919	440 860	471 905	683 488
Togo	32 561	43 777	54 552	43 196	61 760
Other ECOWAS countries	39 598	53 515	51 224	50 775	71 879
Cape Verde	0	0	0	1	74
Gambia	42	77	181	261	6 274
Ghana	34 739	49 881	47 246	36 599	46 373
Guinea Bissau	2 911	2 096	3 125	4 316	5 000
Liberia	0	289	6	99	645
Nigeria	1 857	1 075	625	9 441	13 147
Sierra Leone	48	97	41	59	366
Other African countries	130 572	158 076	143 971	150 867	165 421
Algeria	2 094	1 373	1 252	2 167	9 532
Morocco	34 965	57 748	40 076	44 427	46 005
Tunisia	4 446	4 162	5 093	8 036	9 599
Cameroon	43	50	86	176	73
Kenya	247	44	73	482	301
South Africa	68 568	73 561	84 450	77 332	68 930
America	**117 277**	**111 054**	**136 075**	**135 183**	**133 229**
Canada	18 128	12 432	14 224	10 457	9 670
United States	59 332	59 997	74 233	79 394	74 631
Other American countries	39 817	38 624	47 618	45 332	48 929
Asia	**537 249**	**557 423**	**535 946**	**631 535**	**631 520**
China	345 495	356 398	333 428	384 721	393 384
Hong Kong	2 452	856	979	1 442	1 750
India	63 845	71 953	51 883	72 155	73 185
Japan	50 469	46 634	44 541	45 124	51 833
Taiwan	371	615	2 013	1 163	2 414
Thailand	9 780	13 344	14 106	11 738	5 317
United Arab Emirates	15 267	20 395	19 791	19 890	22 586
Other Asian countries	49 570	47 229	69 205	95 302	81 052
Oceania	**35 632**	**22 767**	**20 846**	**39 025**	**22 487**
Including: Australia-New Zealand	35 632	2 094	20 725	25 042	21 421
TOTAL GENERAL	**2 247 729**	**2 402 330**	**2 494 586**	**2 623 850**	**3 008 288**

Source: BCEAO (annual reports on balance of payments and international investment position)

5.3.3. International trade in value and by product

Three main products dominate Mali's exports in 2019, these are non-cash gold (72.7%), cotton fiber (11.9%) and live animals (5.7%).

Non-monetary gold exports recorded an increase of 177.7 billion (or 12.8%) in 2019 to reach 1,566.1 billion. This increase was due to the sharp rise in export volumes and international market prices in CFAF. The sharp rise in prices on the international market is linked to the depreciation of the CFAF against dollar, which led to an increase in the average selling price obtained by the sector. The average price came to CFAF 21,998.4/g in 2019, after CFAF 20,754.8/g for industrial companies, an increase of 6.0% compared to 2018. Gold volumes exported by these companies came out at 6,5190 kilograms in 2019 up 7.1% or 4,296.5 kg. The increase in exports was driven by the rise in the activities of several companies in the market, including Loulou and Finkolo (+7,913.5 kg).

Cotton fiber exports stood at 256.8 billion in 2019, down 5.1% (-13.9 billion) from the previous year's achievements. This decline is attributable to the decline in exported volumes of 23,299.3 tons or 8.3%, in line with the level of seed cotton production in the 2018/2019 season.

Live animal exports amounted to 123.6 billion in 2019, after 108.4 billion in 2018. These exports consisted mainly of cattle and sheep to countries in the sub-region.

As for fertilizer exports, they contracted over the period by 9.4% to 30.9 billion in 2019 after 34.1 billion in 2018. Fertilizer exports, which accounted for 1.4% of total exports, were destined for countries in the sub-region, notably Burkina Faso and Guinea. Exports of mineral fuels, which accounted for 5.6 billion in 2019 compared with 24.7 billion in 2018, relate to re-exports of kerosene for refueling aircraft serving Mali.

Finally, other export products, amounted to 155.3 billion in 2019 down 4.7 billion (-3.0%) compared to 2018. This item is made up of food products (foodstuffs and beverages), leathers and skins, iron waste as well as machinery.

Table 24. Main export products of Mali between 2015 and 2019 (millions of CFA francs)

Main export products	2015	2016	2017	2018	2019
Cotton	183 101.0	187 568.0	223 415.1	270 779.0	256 842.6
Non-monetary gold	1 004 138.9	1 120 373.3	1 175 719.1	1 388 358.1	1 566 066.3
Live animals	115 164.0	115 714.0	108 924.4	108 393.5	123 595.0
Mineral fuels	25 506.0	22 217.8	19 298.3	24 681.2	15 607.3
Fertilizers	61 397.0	55 841.8	43 808.1	34 081.0	30 871.9
Mangoes	9 482.9	8 192.1	7 429.9	5 086.4	5 087.4
Other	208 004. 5	165 962.7	107 300.3	160 052.8	155 317.4
Total	1 606 794.3	1 675 869.7	1 685 895.3	1 991 432.0	2 153 387.9

Source: BCEAO (annual reports on balance of payments and international investment position)

The breakdown of imports of goods by major category reveals that Mali's imports consist mainly of energy products and capital goods. Purchases of goods from abroad, valued in their CIF value, accounted for 29.7 percent of 2019 nominal GDP, after 27.7 percent in 2018. Energy products accounted for 28.7% of total 2019 imports, followed by capital goods (including machinery and vehicles) with a share of 21.6%, raw materials and intermediate goods with a share of 16.1%, food products with a share of 13.7%, current consumption goods with a share of 12.0%, and miscellaneous products with a share of 6.2%.

The report also shows that in FOB terms, imports increased by 322.9 billion or 14.7% to CFAF 2 527.0 billion. In particular, imports of petroleum products increased by 16.6% (105.0 billion), in line with the increase in volumes imported (+13.1%), while prices fell by 13.6% over the period. Thus, the oil bill increased by an FOB amount of CFAF 738.4 billion in 2019.

Food imports stood at 352.4 billion in 2019 (13.9% of total imports), up +7.7% from 2018, attributable to higher imports of products such as "sugar" (+68.6%), "beverages" (+42.4%), "milk" (+24.3%), "cereals" (+20.0%) and "other animal products" (+22.8%).

Regarding purchases of capital goods abroad, they increased by 73.4 billion in 2019 or 15.3%, in connection with the demand for equipment, in the context of the execution of infrastructure projects and for the needs of a dynamic mining sector. These purchases are dominated by the "machinery and vehicles" category.

Table 25. Mali's imports by main products between 2015 and 2019 (millions of CFAF)

Main imported products	2015	2016	2017	2018	2019
Food products	308 518.1	335 960.3	329 967.5	327 161.5	352 421.3
Energy products	384 229.9	425 774.3	572 281.8	633 400.1	738 443.8
Capital goods	479 688.1	489 426.4	470 278.5	481 087.4	554 496.0
Raw materials and intermediate goods	354 967.4	361 595.3	352 002.0	393 784.9	412 641.0
Of which cement	127 646.0	119 109.0	105 781.9	104 526.3	111 614.6
Consumer Staples	257 600.3	270 159.1	265 288.1	261 811.0	309 437.1
Miscellaneous products	103 089.0	135 041.4	105 634.7	106 789.5	159 523.0
Total	1 888 092.8	2 017 956.8	2 095 452.6	2 204 033.3	2 526 962.2

Source: BCEAO (annual reports on balance of payments and international investment position

5.4 Foreign direct investment

Foreign direct investment received has increased steadily between 2015 and 2019 from CFAF 162,893.8 million to CFAF 523,508.5, an increase of 221%. This increase can be explained on the one hand by the borrowing of mining companies from their parent companies to finance large investments, especially mine construction, and on the other hand by reinvestment of profits and recapitalization in the banking and telecommunications sectors. Table 26 shows that the amounts vary by country and geographic area, with Europe being the main area of origin of these investments.

Table 26. Foreign direct investments received between 2015 and 2019 (millions of CFAF)

Country	2015	2016	2017	2018	2019
AFRICA	**30 970.3**	**12 353.4**	**20 007.4**	**11 782.7**	**55 493. 2**
WAEMU	*32 688.7*	13 401.6	13 436.8	10 902.2	60 951. 7
Benin	-615.0	246.8	16.3	403.7	-1 592. 6
Burkina	4 436.8	10 304.8	2 000.0	1 394.7	23 113. 0
Côte d'Ivoire	10 109.2	4 375.8	6 544.1	-5 017.8	42 106. 3
Guinea-Bissau	0.0	0.0	0.0	0.0	0.0
Niger	0.0	0.0	0.0	0.0	0.0
Senegal	-4 672.4	9.6	2 670.3	2 824.8	-7 546. 4
Togo	13 446.9	-2 497.1	3 830.1	10 509.7	4 871. 3
WAEMU Institutions	0.0	961.8	-1 624.0	787.0	0.0
ECOWAS outside WAEMU of which :	*0.0*	0.0	210.3	24.0	-1 660. 8
Ghana	*0.0*	0.0	210.3	24.0	0.0
Nigeria	*0.0*	0.0	0.0	0.0	-1 660. 8
Sierra Leone	*0.0*	0.0	0.0	0.0	0.0
CEMAC	*0.0*	0.0	0.0	0.0	0.0
Cameroon	*0.0*	0.0	0.0	0.0	0.0
Africa outside ECOWAS, CEMAC and WAEMU of which :	*-1 718.4*	-1 048.2	6 360.3	856.5	-3 797. 7
South Africa	6 315.8	-9 426.9	2 498.8	-10 893.7	2 985. 3
Libya	-2 124.5	4 106.5	726.4	232.9	5 019. 1
Morocco	0.0	3 630.5	175.9	8 823.9	7 151. 9
Maurice	0.0	0.0	0.0	0.0	-20 284.8
Mauritania	0.0	635.2	2 948.2	3 076.8	1 330. 9
Tunisia	0.0	0.0	0.0	258 765.0	0. 0

EUROPE	**172 689.1**	**134 879.6**	**162 562.0**	**75 278.0**	**164 631.2**
EUROPEAN UNION	*172 689.1*	14 096.9	28 944.0	1 067.2	140 856.5
EURO ZONE of which :	*15 489.7*	7 901.5	13 175.0	868.8	30 217. 5
Germany	2 568.8	1 126.2	0.0	0.0	777.7
Belgium	0.0	0.0	0.0	0.0	0.0
Spain	0.0	0.0	0.0	2 314.5	0.0
France	**12 920.9**	4 942.9	12 772.8	-1 695.5	28 289. 4
Italy	0.0	0.0	0.0	-169.0	-238.9
Luxembourg	0.0	0.0	0.0	30.3	1 374. 0
Netherlands	0.0	1 832.3	402.2	-282.0	15. 3
Portugal	0.0	0.0	0.0	74 210.9	0.0
European Union outside the euro zone, including :	*157 199.4*	6 195.4	15 769.0	74 210.9	110 638.9
United Kingdom	157 199.4	6 195.4	15 769.0	183 487.0	110 638.9
Europe outside the EU of which :	*0.0*	120 782.7	133 618.0	0.0	23 774. 7
Russian Federation	0.0	0.0	0.0	0.0	0.0
Switzerland	0.0	-8 839.3	0.0	1 975.5	0.0
Gibraltar	0.0	0.0	0.0	181 511.5	1 224. 6
British Virgin Islands	0.0	129 608.0	133 618.0	0.0	22 550. 1
AMERICA of which:	**-10 024.2**	**-8 166.3**	**7 374.9**	**-81 889.6**	**180 770.2**
Canada	0.0	-8 242.5	7 374.9	-81 697.9	180 770.2
Brazil	0.0	0.0	0.0	0.0	0.0
United States of America	0.0	76.2	0.0	-191.7	0.0
ASIA of which :	***-9.6***	**69.3**	**3 872.8**	**498.6**	**7 512. 0**
China	1.6	-201.6	432.0	172.2	8 223. 7
India	0.0	244.9	0.0	308.3	-711.7
Japan	0.0	0.0	0.0	0.0	0.0
Lebanon	0.0	26.0	0.0	18.1	0.0
Singapore	0.0	0.0	0.0	0.0	0.0
Saudi Arabia	-	-	3 280.0	0.0	0.0
OCEANIA	0.0	**72 164.1**	**30 382.9**	**70 383.3**	**115 102.0**
Australia	0.0	72 164.1	30 382.9	70 383.3	115 102.0
International Institutions	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	17.5	0.0
TOTAL	**162 893.8**	**211 300.0**	**224 200.0**	**259 557.6**	**523 508.5**

Source: BCEAO (balance of payments and international investment position 2019)

5.5 Regional integration

5.5.1 WAEMU convergence criteria

Multilateral surveillance of macroeconomic policies established within WAEMU is based on five criteria. Three (3) are the first-tier criteria and two (2) are second-tier criteria.

The top-ranking criteria are:

- The ratio of the overall fiscal balance, including grants, to nominal GDP. This ratio should be equal to or above -3% by the convergence horizon;
- The average annual inflation rate is set at a maximum of 3% per year;
- The ratio of outstanding domestic and external debt to nominal GDP, which should not exceed 70% by the convergence horizon.

The second-tier criteria are:

- The ratio of the wage bill to tax revenue, which should not exceed 35% by the convergence horizon;
- The tax ratio which should be at or above 20% by the convergence horizon.

During the period 2015 to 2019, Mali met all the first-tier criteria except in 2016 and 2018 for the overall balance deficit, including grants. This is due to salary increases, the implementation of the peace and reconciliation agreement resulting from the Algiers process and the orientation and military programming law.

With regard to the second-tier criteria, the criterion on the tax burden rate has never been met by Mali. Tax authorities have undertaken reforms to increase the level of tax revenue, including computerization and the program to formalize informal businesses. The wage bill criterion was not met in 2018 and 2019 in connection with the concluded wage demands of the central union (Trade union).

The convergence criteria status analysis according to the December 2020 multilateral surveillance implementation report shows that Mali would meet two of the first-tier criteria and none of the second-tier criteria in 2020. Indeed, only the criteria relating to the inflation rate and the ratio of public debt outstanding to nominal GDP would be met. The overall budget deficit as a percentage of GDP is estimated at 5.5% compared to the WAEMU norm of 3%. The wage bill to tax revenue ratio (estimated at 48%) would be well above the WAEMU threshold of 35%. The tax ratio (estimated at 14.2%) would also fail to meet the target of exceeding a threshold of 20%.

Table 27. Convergence criteria between 2015 and 2020

Mali	Standard	2015	2016	2017	2018	2019	2020
First row							
Overall fiscal balance (including grants)/nominal GDP)	≤3%	-1.8	-3.9	-2.9	-4.7	-1.7	-5.5
Average annual inflation rate	≤3%	1.4	-1.8	2.2	1.9	-3.0	0.5
Outstanding domestic and foreign public debt / nominal GDP	≤70%	30.7	35.9	35.5	36.9	40.6	47.5
Second row							
Wage bill/tax revenue	≤35%	33.1	32.4	31.9	41.8	34.5	43.0
Tax pressure rate	≥20%	14.0	15.0	15.2	11.9	14.6	14.2

Source: WAEMU, BCEAO, MEF (2021 Finance Act)

5.5.2 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. Mali occupied the first place of intra-WAEMU importers in 2018 and 2019 with a share of 35, % and 41.35% respectively. For intra-WAEMU exporters, the country occupied the 4th place with a share of about 8.1% and 8.6% in 2018 and 2019.

The challenges of regional integration are the development of intra-regional trade, the development of regional infrastructure and the implementation of common WAEMU policies. Mali participates in the WAEMU common external tariff established in 2000.

WAEMU, in its new approach to the integration of economies within WAEMU, includes a Multilateral Surveillance Mechanism whose aim is, essentially, to ensure the convergence of economies. With the adoption in 2015 of the Additional Act N°01/2015/CCEG/UEMOA instituting new convergence criteria, the convergence horizon was set at 31 December 2019.

The analysis of Mali's medium-term economic and financial prospects (2021-2025) shows that the country's macroeconomic indicators will develop favorably during the period under review.

To strengthen performance, the Commission recommends that the Malian authorities take steps to continue:

- Implementation of the health and socio-economic response plans to the Covid-19 health crisis.
- The creation of conditions for the restoration of territorial integrity and the securing of goods and people as well as the consolidation of social cohesion;
- Implementation of reforms to broaden the tax base, improve the organizational performance of the tax and customs administrations, and fight fraud and corruption;
- Work on the renovation of the national accounts and their inclusion in forecasting models.

6.1 Business climate

The Doing business 2020 report ranks Mali 148th out of 190 countries with a score of 52.9. Mali was ranked 145th, 143rd and 141st in 2019, 2018 and 2017 respectively. Between 2017 and 2020, a total of 7 places were lost. According to the 2020 report, although some measures undertaken are to be welcomed (improving access to credit, facilitating access to building permits, lowering taxes, etc.), Mali has made paying taxes more difficult by introducing a new tax, the solidarity contribution, which is levied at a rate of 0.5% on turnover. Starting a business has also been made more difficult by ceasing to regularly publish notices of incorporation of new companies on the official one-stop shop website.

Table 28. Mali's performance indicators in the Doing business 2020 ranking

Starting a business					
Create a Company	Control	average number of procedures	Procedure times (days)	Dedicated cost (% of per capita income)	Minimum capital requirement (% of per capita income)
	One-stop shop through the investment promotion agency	5	11	55.1	5.2
Building Permits					
Permits for Construction	Control	average number of procedures	Processing times (days)	Cost (% of construction value)	Construction Quality Control Index (0-15)
	-	14	124	9.3	8.5
Access to electricity					
Access to electricity		average number of procedures	Processing time (days)	Cost (% of per capita income)	Supply reliability and tariff transparency indicator (0-8)
		4	120	2573.6	0
Property registration					
	Control	average number of procedures	Processing time (days)	Cost (% of property value)	Land administration quality indicator (0-30)
Property registration	–	5	29	11.1	8
Access to credit					
		Warranty Reliability Index (0- 12)	The index for the extent of credit information (0-8)	Credit register coverage (% adults)	Credit bureau coverage (% adults)
Access to credit	-	6	0	0.0	3.5
Average time to get paid	-	-	-	-	-

Protection of minority investors						
Protection of minority investors	Index of information disclosure (0-10)	Index measuring management accountability (0-10)	Shareholder Suitability Index (0-10)	Shareholder Rights Index (0-10)	Holding and control index (0-10)	Company transparency index (0-10)
	7	1	5	4	2	2

Tax levels and facilities					
Level of taxes	Control	Payments (number per year)	Time frame (hours per year)	Total payable (% of gross profit)	Post-tax index (0 - 100)
	Tax Code. Act No. 06 0667/AN	35	276	54.5	25.7
Easy to payt axes		-	-	-	-

Ease of export							
Time to Export : Compliance with cross-border trade procedures (in hours)	Export cost: Compliance with cross-border trade procedures (USD	Time to export: Compliance with documentation requirements (in hours)	Export cost: Compliance with documentation requirements (USD)	Time to import: Compliance with documentation requirements (in hours)	Import cost: Compliance with cross-border trade procedures (USD)	Time to import: Compliance with documentation requirements (in hours)	Import cost: Compliance with documentation requirements (USD)
			33	98	545	77	90

Enforcing contract law					
		Time (days)	Cost (% of claim)	Quality of legal proceedings (0-18)	
Enforcing contract law		620	52.0	5.0	

Insolvency resolution					
	Control	Recovery rate (cents of US dollars)	Time (years)	Cost (% of assets)	Index of the adequacy of the legal framework for insolvency (0-16
Insolvency resolution	Tax Code, Act No. 06 0667/AN	28.3	3.6	18	9
Bankruptcy Resolution	-	-	-	-	-

Source: World Bank (2020)

6.2 Financial Governance

According to Transparency International's 2020 Corruption Perceptions Index report, Mali is ranked 129th out of 180 countries with a score of 30/100. This ranking reflects a relatively large-scale corruption that impacts public resources.

According to the Mo Ibrahim Index for Governance in Africa (IIAG), Mali is ranked 31st out of 54 countries in 2019. The 2010-2019 trend of the index indicates a situation of further deterioration in transparency and accountability of governance.

The 2019 Country Policy and Institutional Assessment (CPIA 2019) by the World Bank gives Mali an overall rating of 3.4. This rating is above the average of 3.1. During the period 2013 to 2019, Mali was consistently better than fragile countries (in or outside SSA). Despite the deteriorating security situation that could force the government to undertake less productive security spending, fiscal policy remains consistent with macroeconomic stability. This satisfactory fiscal performance can be explained by Mali's choice to increase tax revenues through containing current expenditure in order to create budgetary leeway for structural investments and by gradually aligning itself with the West African Economic and Monetary Union (WAEMU) deficit criteria.

The MEF indicates that, with the aim of improving transparency and effectively combating corruption, the Government adopted the National Transparency Policy (NTP) in January 2015. In order to strengthen and complete the system, the Government is considering the adoption of a law establishing the principles of transparency in the administration and public affairs as well as the establishment of the Information System for Transparency in Mali (SITMA).

Also, as part of enhancing the asset declaration system, the Government is committed to ensuring the compliance of those subject to the declaration obligation to declare their assets and update their asset declaration within the time limit set. Information and communication campaigns have been carried out by OCLEI to ensure greater adherence and ownership of the declaration of assets. A website has been set up to provide information on the procedure for declaring assets, the number of filings, proposed sanctions and all information concerning those subject to the system.

6.3 Financial Ratings

For its first rating of 2019, Moody's Investors Service (Moody's) assigned the government of the Republic of Mali a B3 issuer rating in local and foreign currency. This rating places Mali in the lowest level of the highly speculative category with a stable outlook. The B3 rating was based primarily on the following factors:

Weak (-) economic strength: very low income levels and insufficient diversification limit the capacity of the Malian economy to absorb shocks, despite robust growth supported by international assistance, including loans;

- Very weak (+) institutional strength, with in particular a very fragile institutional framework despite relatively prudent management of public finances and sustained efforts to improve tax collection that support the issuer's credit profile;

- A "moderate (-)" level of financial strength, which takes into consideration a low level of debt as well as a very high proportion of foreign currency denominated debt and limited financial flexibility;

- A "high (-)" exposure to event risk driven by a "high (-)" political risk due to the ongoing conflict, mainly in northern Mali.

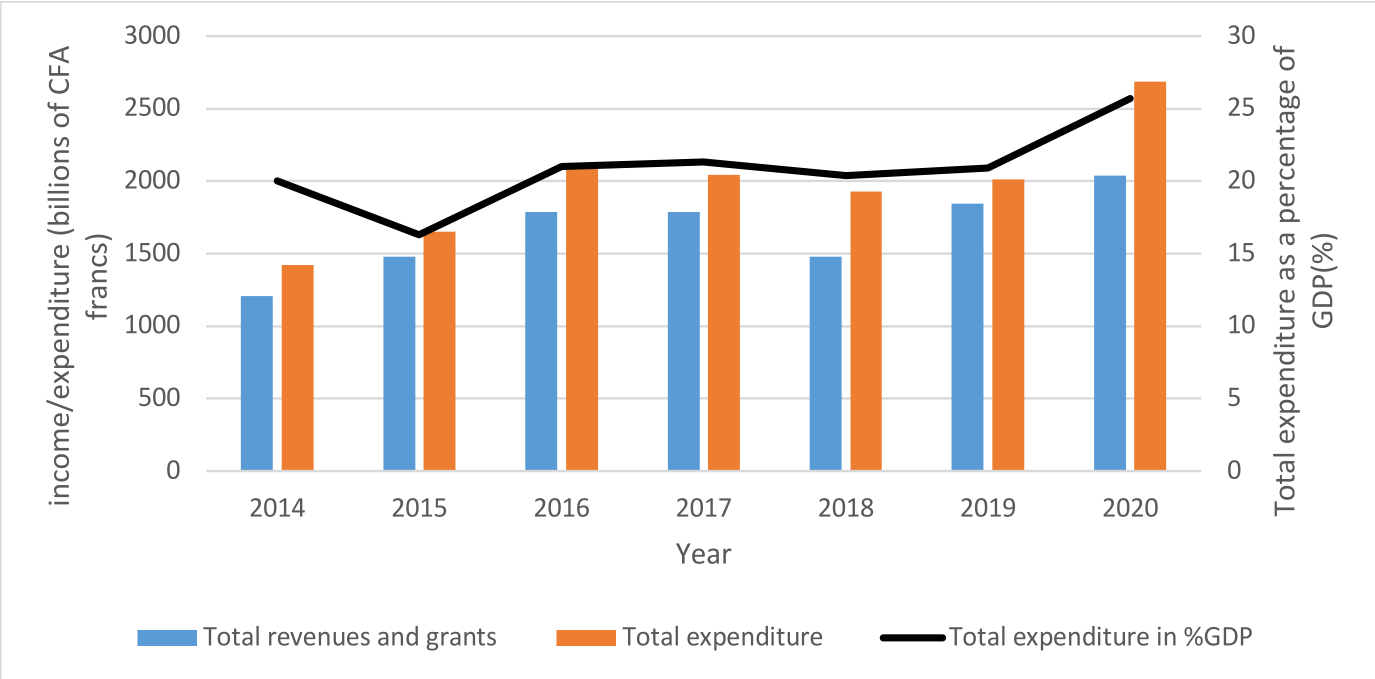
In September 2020, Moody's downgraded Mali's sovereign rating by one notch from "B3" to "Caa1" and lowered the outlook from "stable" to "negative". This decision follows the military coup, which represents a deterioration in the strength of institutions and governance and opens a period of political instability and economic and financial stress. However, in February 2021, Moody's revised its outlook from "Negative" to "Stable" in its latest review.

7.1 Budget

7.1.1 Expenditure and revenue

Except for 2017 and 2018, total revenues and expenditures were continuously on the rise during the period 2014 to 2019 and this trend continued until 2020 according to DGB projections. In 2019, revenues increased by 6.44% while expenditures increased by 8.82%. During the period, expenditure was always higher than revenue and grew faster than revenue (8.82% on average versus 6.44% for revenue).

Figure 7: Public expenditure and revenue in Mali, 2014-2020



Source: BCEAO, DGB (2020)

7.1.2. Detailed presentation of expenditures and revenues

During the 2015-2019 period, revenues steadily increased. This is mainly due to the increase in tax revenue which accounted for about 78% of revenue excluding government grants. Tax revenue rose from 1,082.5 billion in 2015 to 1,495.8 billion in 2019 with an average annual increase of about 8.5%. The bulk of this is from taxes on income and profits. However, these revenues are expected to decline slightly in 2020 according to DGB projections.

Expenditures are more composed of current expenditures (about 62% on average) than capital expenditures (about 38% on average). Current expenditure is mainly made up of wages and salaries (about 40% on average) and transfers and grants (about 28% on average). Between 2015 and 2019, total expenditure increased by an average of about 10% each year. This expenditure is also expected to increase in 2020 (8.6%) according to DGB projections.

Current expenditure increased from 935.9 billion in 2015 to 1,280.5 billion in 2019, an overall increase of 36.82%. This increase is attributable to the rise in wages and salaries from 357.7 billion to 516.7 billion during the period, an overall increase of about 44.45%. In 2020, current expenditure is expected to continue to rise according to DGB projections (about 22%).

Between 2015 and 2019, capital expenditures increased by 13.66%. However, they saw a slight decrease in 2018 (0.75%) and a significant decrease in 2019 (15.48%). According to DGB projections, capital expenditure will fall by around 11.4% in 2020.

Table 29. Detailed presentation of Mali's expenditures and revenues between 2015 and 2020

	2015	2016	2017	2018	2019	2020
TOTAL REVENUES AND GRANTS	1 438.6	1 522.2	1 789.8	1 475.9	2 173.3	2 049.0
TOTAL REVENUE EXCLUDING GRANTS	1 273.4	1 656.8	1 910.9	2 030.3	1 652.4	1 639.9
CURRENT RECEIPTS	1 273.4	1 389.7	1 645.6	1 358.8	1 982.0	1 919.0
Fiscal :	1 082.5	1 239.3	1 353.7	1 125.8	1 495.8	1 437.0
Non-tax :	51.7	45.4	126.4	55.8	67.2	67.0
OTHER NON-CLASSIFIED INCOME	139.2	105.0	165.5	177.3	419.0	415.0
GRANTS	165.2	132.5	144.2	117.1	191.3	130.0
TOTAL EXPENSES AND NET LOANS	1 622.3	1 850.1	2 045.1	1 925.5	2 343.9	2 548.0
TOTAL EXPENDITURE	1 627.2	1 858.0	2 055.1	1 932.4	2 349.7	2 554.0
CURRENT EXPENDITURE	922.0	1 013.0	1 105.1	1 140.5	1 280.6	1 574.0
Of which : Wages and salaries	358.2	400.9	432.6	471.1	516.7	615.0
Interest on the public debt	45.9	56.1	74.4	84.0	104.1	121.0
Interest on domestic debt	22.9	30.0	46.2	55.0	70.6	
Interest on external debt	23.0	26.1	28.2	29.0	33.5	
CAPITAL EXPENDITURE	566.0	740.0	784.5	614.7	658.0	583.0
From internal funding	284.9	499.0	531.4	468.0	465.6	404.0
From external financing	281.1	241.0	253.1	146.7	192.4	179.0
OTHER EXPENDITURES	139.2	105.0	165.5	177.3	411.1	397.0
LOANS LESS RECOVERIES	-4.9	-7.9	-10.0	-6.9	-5.8	-6.0
Basic Primary Balance	112.4	-66.2	83.5	-165.7	339.9	62.0
OVERALL BALANCE EXCLUDING GRANTS	-348.9	-460.4	-399.5	-566.7	-361.9	-629.0
TOTAL BALANCE INCLUDING GRANTS	-183.7	-327.9	-255.3	-449.6	-170.6	-499.0
OVERALL BALANCE CASH BASIS	-253.5	-318.0	-232.4	-368.1	-260.6	-456.0
FINANCING	253.5	318.0	232.4	368.1	260.6	456.0
INTERNAL FUNDING :	108.4	182.7	101.3	393.0	-43.0	396.0
EXTERNAL FUNDING :	145.1	135.3	131.1	-24.8	303.6	60.0
GDP BUDGET INDICATORS (as % of GDP)						
Budgetary revenues	19.2	19.9	18.6	14. 4	15.5	14.5
Tax revenues	14.0	15.7	16.3	12. 6	14.7	13.6
Total Expenditures	16.3	21.0	21.3	20. 4	19.8	26.5
Current Expenses	12.1	12.1	12.5	12. 1	12.6	16.1
Capital expenditures	7.5	8.9	8.8	6. 5	6.5	8.8
Basic primary balance	1.2	-2.0	-0.8	-3. 6	-1.7	-8.8
Overall balance (commitment basis excluding grants)	-4.9	-5.5	-4.5	-6. 0	-3.5	-10.0
Overall balance (commitment basis including grants)	-2.2	-3.9	-2.9	-4. 8	-1.7	-6.2

Source: BCEAO, IMF (2021), DGB (2020)

7.1.3 Detailed presentation of budget by item of expenditure

Following the CREDD guidelines (2018 horizon), education, defense and homeland security, agriculture and health were the major spending items with 16.5%, 15.6%, 14.34% and 15.9% of the budget respectively on average each year between 2015 and 2018. Education spending increased from 319.7 billion in 2015 to 396.4 billion in 2018, an increase of 24%. Defense and security spending increased more (45.8%) from 276.3 billion to 402.8 billion during the period. Spending on agriculture was 259.3 billion in 2015 compared to 349.8 billion in 2018, an increase of 34.9 percent. These expenditures show that these four sectors were central to the country's economic and social development strategy. The increase in defense and security expenditure reflects the worsening security situation in Mali, obliged to deploy more resources to combat the scourge.

Table 30. Budget allocations according to CREDD axes by function from 2015 to 2018 (in billions of CFAF)

	2015	2016	2017	2018
AXIS 1: Inclusive and Sustainable Economic Growth	**461.9**	**531.3**	**588.4**	**-**
Agriculture	259.3	291.4	328.2	349.8
Mining industry, commerce art-tourism and energy	77.3	75.1	86.8	9.0
Public works transport and communication	25.3	164.8	173.4	-
AXIS 2: Social Development and Access to Basic Social Services	**532.9**	**587.4**	**644.5**	**-**
Education	319.7	334.4	359.4	396.4
Health	112.7	123.3	140.7	124.5
Urban planning and housing	8.1	10.8	10.9	55.4
Sanitation and drinking water supply	19.7	31.5	31.8	-
Employment	11.4	12.1	13.5	-
Other sectors	61.3	75.2	88.1	122.1
AXIS 3: Institutional development and governance	**499.1**	**588.0**	**613.1**	**-**
Public authorities and general administration	191.7	231.6	243.7	551.9
Diplomacy and Foreign Affairs	31.1	32.9	38.7	318.9
National Defense and Homeland Security	276.3	323.5	330.7	402.8
Debt	**149.3**	**148.6**	**219.5**	**-**
Unallocated endowments	**237.9**	**202.6**	**205.1**	**-**
Total	**1 881.1**	**2 058.0**	**2 270.6**	**2 330.8**

Source: DGB (2020)

Based on the new orientations of the CREDD 2019-2023, the Malian budget has been reallocated to achieve the economic and social development objectives that are being pursued. Thus, general government services and economic affairs have become two very important sectors, consuming 24.9% and 25% of the 2019 budget respectively. In addition to education, defense and health, social welfare and housing have become priority areas in the national development policy.

Moreover, the DPBEP covering the period 2021-2023 is part of the implementation of the CREDD, taking into account the government's priorities, which are mainly aimed at finding a relevant and proactive response to development issues. This will involve in particular: (i) making up for the governance deficit, (ii) ensuring peace and security and restoring good cohabitation that has always characterized Malian society, (iii) creating the conditions for structural transformation of the economy and strong and inclusive growth, (iv) better protecting the environment and strengthening resilience to climate change, and (v) making better use of human capital and thus capturing the demographic dividend for real development. As a result, priority will be given to the following actions:

- The implementation of the Agreement for Peace and Reconciliation in Mali ;
- The Law of Orientation and Military Programming (LOPM second phase) ;
- The Homeland Security Programming Act (HSPA 2017-2021);
- The Law of Orientation and Programming of the Justice Sector (LOPJ) ;
- The implementation of the presidential commitment to allocate 15% to the "Agriculture" sector;
- Consolidation of achievements in the social sectors and building human capital ;
- The financing of structural investments in the productive sectors ;
- Strengthening allocations for fiscal decentralization with a view to achieving 30% of budgetary revenues transferred to local authorities.

Table 31. Budget allocations according to the CREDD 2019-2023 axes by function (in billions of CFAF)

	2019	2020	2021	2022	2023
Consolidating democracy and improving governance	**619.2**	**533.6**	**493.5**	**530.5**	**558.0**
General government services	592.5	503.3	464.4	498.8	524.4
Public order and safety	26.7	30.2	29.1	31.7	33.6
Restoration of peace, security and stability cohesion between different communities	**396.2**	**479.6**	**455.3**	**501.2**	**530.5**
Defense	277.9	341.8	325.2	358.9	380.8
Public order and safety	118.3	137.8	130.1	142.3	149.7
Inclusive growth and structural transformation of the economy	**690.5**	**707.0**	**672.2**	**737.5**	**788.0**
Economic Affairs	596.0	614.8	590.2	652.8	698.8
Housing and community facilities	80.8	78.5	68.7	69.9	73.9
Leisure, culture and worship	13.7	13.7	13.3	14.8	15.4
Protecting the environment and building resilience to climate change	**49.9**	**45.3**	**42.2**	**46.0**	**49.9**
Environmental protection and development	49.9	45.3	42.2	46.0	49.9
Human capital development	**632.0**	**844.5**	**661.3**	**725.9**	**768.3**
Health	123.4	192.5	146.8	160.6	170.1
Leisure, culture and worship	7.1	7.3	6.9	7.6	7.8
Teaching	375.1	395.9	398.3	437.1	463.4
Social protection	126.4	248.8	109.3	120.6	127.0
Grand total	**2 387.7**	**2 780.9**	**2 500.6**	**2 734.3**	**2 903.4**

Source : DGB (2020)

7.2. Tax policy

7.2.1 General budget revenue broken down by source

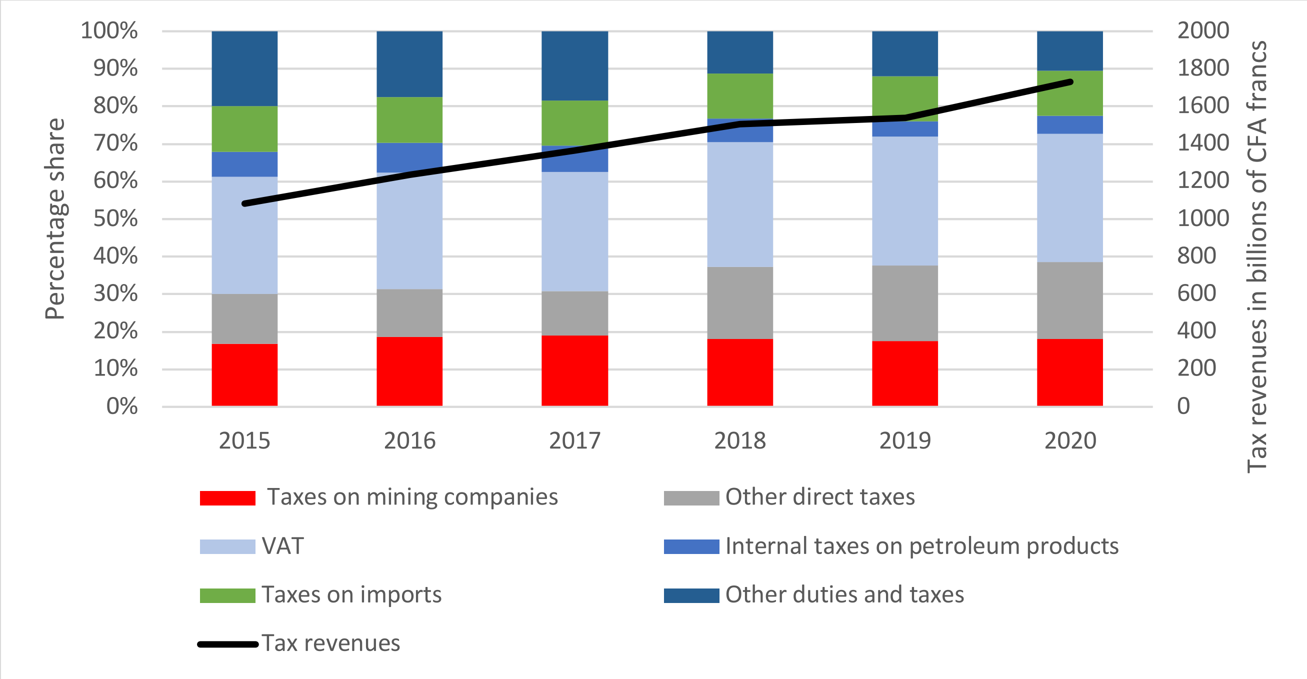
Tax revenues are divided into direct and indirect taxes. Direct taxes consist of taxes on mining companies and other direct taxes. Indirect taxes include VAT, tax on petroleum products, import taxes (taxes and customs duties) and other duties and taxes.

Between 2015 and 2020, tax revenue rose from 1,082.3 billion to 1,730.70 billion. VAT is the most significant source of this revenue. It accounts for almost 32.6% of annual tax revenues on average. In 2020, the value of VAT collected was 592.71 billion compared to 528.32 billion in 2019, an increase of about 12.18%. The second largest source of tax revenue is the mining company tax which contributes about 18.04% of tax revenue on average each year. In 2020, the value of taxes on mining companies was 312.65 billion compared to 270.32 billion in 2019, an increase of about 15.65%. The structure of taxes on mining companies remained stable between 2015 and 2020.

Other direct taxes are the third largest source of tax revenue with an average contribution of about 16.24% per year during 2015-2020. The value of these direct taxes was 308.66 billion in 2019 and increased by 14.74% to 354.17 billion in 2020. The value of other duties and taxes fell from 184.37bn in 2019 to 182.13bn in 2020, a decline of 1.2%. The contribution of these duties to tax revenue is about 14.95% on average each year.

Import taxes are also an important source of tax revenue. They contributed about 12.09% of tax revenue during 2015-2020. Their value increased from 185.16 billion in 2019 to 208.94 billion in 2020, an increase of 12.84%. Finally, domestic taxes on petroleum products are the last source of tax revenue with an average contribution of 6.07% each year. The value of these taxes fell by more than 32.02% in 2020 where it was estimated at 80.10 billion against 60.67 billion in 2019.

Figure 8: Evolution of tax revenues between 2015 and 2020



Source: DGB

7.2.2 Presentation of recently voted or to be voted tax innovations

In order to achieve the budget revenue mobilization objectives, the Government will focus on pursuing the measures and recommendations contained in the Economic and Financial Policy Memorandum (EPMF) resulting from the various FEC reviews with the IMF and those contained in the study report on the evaluation of the amount and process of granting tax and customs exemptions financed by the EU, as well as the measures included in the 2017-2021 PREM/GFP. This chiefly means to:

- Continue the progressive reduction of exemptions through the payment of all public contracts including all taxes and the revision of various texts, in particular the Mining Code, the Investment Code, the General Tax Code, the Customs Code, the Oil Code, the Law on Real Estate Development, the Law on Associations and all other fiscal legislation;

- Continue efforts to improve tax, customs and property administration in order to broaden the tax base and increase tax yields;

- Improve the operation and performance of VAT in a sustainable manner ;

- Broaden the tax base through the implementation of the recommendations of the studies on the operationalization of the taxation of the agricultural sector and the taxation of the informal sector;

- Create an environment conducive to business and fiscal civic-mindedness through the timely payment of debts to the State;

- To ensure better management of the State's portfolio and improved collection of State revenues;

In addition, the implementation of the new 2017-2021 public finance reform program will help raise the level of budget revenue mobilization. This strategy is part of a vision of a public finance management framework that offers Mali one of the prerequisites for emergence. This framework translates into institutions, human resources, management practices and information systems that enable the country to align itself with international standards and best practices, particularly in the various areas of budget management and parliamentary and citizen control of public action.

According to the IMF report in March 2021, tax measures expected to yield about 1 percent of GDP will be developed for the 2022 budget law from a range of options, including changes to excise taxes, broadening the tax base in a number of sectors (e-commerce, agriculture, informal sector), introducing a telecom tax, and reforming property taxation, including taxation of undeveloped properties.

In addition, the authorities will: (i) conduct a comprehensive review of tax expenditures by June 2021 with a view to rationalizing exemptions (new structural benchmark); (ii) have committed not to grant discretionary exemptions or make discretionary tax changes, which is a continuous structural benchmark for the remainder of the program period; (iii) strengthen controls on imported petroleum products, which are a major source of revenue losses, including by introducing color marking of exempted petroleum products (a new structural benchmark), and strengthen controls on equipment eligible for tax exemptions, particularly in mining companies.

7.3 Finance Act

The preparation of the Malian State budget for fiscal year 2021 is taking place in a particularly complex context, in view of the persistence of the health crisis linked to the coronavirus (COVID-19), which continues to generate serious repercussions on global economic activity. The objectives and orientations of fiscal policy for 2021 are defined on the basis of the macroeconomic outlook, the commitments made by the Transitional Government and the public policy priorities defined in the 2019-2023 CREDD.

The 2021 budget forecast is based on an economic growth projection of 4.0%. Inflation, as measured by the annual average of the consumer price index, is projected at 1.5% in 2021 compared to 0.7% in 2020.

For fiscal year 2021, fiscal policy aims to put public finances back on a sustainable path, with a view to gradually returning to the goals set under the program supported by the International Monetary Fund (IMF) Extended Credit Facility (ECF) and the targets of the WAEMU convergence criteria,

Net tax revenue will increase by 1.2 percentage points of GDP compared to 2020 to 15.2%, an increase of 13.87%.

Grants, on the other hand, are expected to decline by 2.2 percentage points of GDP to 1.9% of GDP. Budgetary revenue forecasts for the year 2021 will amount to CFAF 2 155.161 billion against CFAF 2 145.627 billion in the rectified Finance Act 2020, an increase of CFAF 9.535 billion corresponding to a growth rate of 0.44%, attributable to the projected increase in general budget revenue.

Total expenditure and net lending will decline by 1.2 percentage points of GDP to 27.8% of GDP. Current expenditure will fall by 0.7 percentage points and capital expenditure by 0.4 percentage points, to 15.7% and 8.3% of GDP respectively.

Thus, the budget deficit (including grants) would decrease by 0.7 percentage points to 5.5% in 2021 against 6.2% in 2020. Budgetary expenditure forecasts for the year 2021 will amount to CFAF 2,808.088 billion against CFAF 2,864.976 billion in the rectified Finance Act 2020, i.e. a decline of CFAF 56.888 billion, corresponding to a reduction rate of 2.99%.

In order to achieve this consolidation effort without jeopardizing the increase in health service capacity and the financing of priority expenditures, a strategic reallocation of expenditures according to priorities will be undertaken.

In accordance with the priorities set by the Transitional Government, the priority will be to control the State's living expenses and to sustain efforts to improve public finance management, by remedying the weaknesses highlighted by the 2016 PEFA assessments and by IMF technical assistance missions (assessment of public investment management - PIMA, budgetary risks, implementation of the AE-CP). The implementation of the Public Finance Management Reform Plan in Mali (PREM 2017-2021) and the application of the new WAEMU harmonized public finance framework will also remain on the reform agenda.

On the revenue side, the measures envisaged to support resource mobilization include

- Exploring new tax niches;
- Improving the functioning and performance of VAT; operationalizing the remote payment of taxes;
- Operationalization of the circular on IBIC withholding tax on non-residents;
- The operationalization of two medium-sized enterprise centers in Bamako;
- Strengthening multidisciplinary control through the cross-checking of information between administrations;
- Improving the collection of State revenues ;
- The transfer of a fourth telecommunications license ;
- Strengthening border security and international cooperation in the context of customs revenue mobilization.
- On the expenditure side, budget allocations will be primarily targeted:
- Strengthening security throughout the country;
- The organization of general elections ;
- Reinvigorating the implementation of the Peace and Reconciliation Agreement resulting from the Algiers process;
- the operationalization of mechanisms to monitor the implementation of the recommendations of the National Inclusive Dialogue;
- Strengthening the provision of basic social services ;

- Redesigning the education system ;
- Fighting impunity and corruption ;
- Promoting sound governance of financial resources ;
- Reducing the cost of living of the State ;
- Continued implementation of political and institutional reforms.

8.1 Political and security risks

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

Political risks

For the past 10 years, Mali has been experiencing an unstable political situation marked by two coups d'état (2012 and 2020), delaying and affecting policy and program development. In addition, the legislative elections, held in two rounds on 29 March and 19 April 2020, were marked by a very low turnout with strongly contested results. Post-election demonstrations and strikes in the capital Bamako have become increasingly frequent and social tensions have intensified.

These protests led to a coup d'état in August 2020, followed by the establishment of the transition. During this transition period, the IMF report states that the main risks stem from the prospect of continued political instability.

Internal security risks

The political and security crisis of 2012 seriously affected the foundations of the Malian economy. Security spending has risen sharply (from 1.6% of GDP in 2012 to 3.6% in 2017) and consumes 22% of total spending, crowding out spending in other priority sectors. The lack of state authority in conflict areas hinders access to and delivery of key public services and reduces potential private sector investment.

Since the beginning of the multidimensional crisis that the country has experienced, there has been a situation of insecurity that has resulted in regular attacks by jihadist groups and violence linked to intercommunity conflicts. This situation is one of the main concerns of the population, especially in the northern and central regions. The Global Terrorism Index ranks Mali as one of the 10 most terrorist-affected States in Africa in 2019.

According to the IMF, today the security situation remains unstable, with terrorist attacks in the northern and central regions continuing to be very frequent, causing more displacement and hampering government action. Also, terrorist attacks in the Sahel have increased fivefold since 2016 and violent incidents in neighboring Niger and Burkina Faso have increased in recent years. The 2020 Global Terrorism Index (GTI) developed by the Institute of Economics and Peace (IEP) reveals that the situation has worsened in Burkina Faso and is likely to deteriorate significantly in Mali and Niger.

Hence, as part of the implementation of the Internal Security Programming Law (LPSI) with a view to combating insecurity in all its forms, spending on law and order and security would average CFAF 140.7 billion over the period 2021-2023, as against CFAF 137.8 billion in the rectified 2020 budget, i.e. an increase of 7.3% over the budgetary framework period. The increases would be justified by the strengthening of the operational capacities of the police, gendarmerie and civil protection forces.

8.2 Social risks

On the social front, the IMF report shows that demands for higher salaries are spreading to other categories of civil servants through ongoing strikes in Mali and this could negatively affect the economy. Also, the displacement caused by the security crisis has swelled the ranks of the unemployed and the poor without social security coverage. Attacks on rural roads, threats and intimidation by armed groups, prevent the population from carrying out socio-economic activities.

The deterioration of the security situation also prevents the population of the affected areas from having access to quality basic social services. The attacks have resulted in a lack of access to health services and education with the closure of schools, and a drop in agricultural production due to the lack of access to fields and pastures.

According to the Displacement Tracking Matrix (DTM) report, the displaced population in the country has increased by 8% in July 2020 compared to June 2020. The number of internally displaced persons increased from 266,831 to 287,496 in July 2020, an increase of 20,665 individuals. According to the report, this increase confirms the worsening security situation in the regions of Mopti, Segou, Timbuktu, Gao and Menaka and the Mali-Burkina Faso-Niger border strip in recent months, resulting in more and more displacement.

This situation has an impact on the social life of the people who live from their activities and on the vitality of the economy. Social cohesion and the ability of people to live together is somewhat threatened by social, ethnic and cultural considerations. Job losses, the fragility of the public health system and social protection mechanisms in a context of high informality and food insecurity could exacerbate these social problems.

For that reason, the Government of Mali, with the support of technical and financial partners, in particular the United Nations System (UNS), has drawn up a Humanitarian Response Plan to deal with the situation of instability linked to insecurity in the northern and central regions of the country. The Plan amounts to 144.7 billion CFA francs (263 million US dollars) needed to provide emergency assistance to about 1.5 million vulnerable people through food distribution and the fight against malnutrition, access to a source of drinking water and to social and health services, and access for children to formal and non-formal education.

8.3 Macroeconomic risks

According to the IMF report, the economic outlook, which has already deteriorated sharply as a result of the pandemic and the military coup, is likely to be further revised downwards. This is due to several factors. The pandemic is likely to continue and the spread of the virus is likely to accelerate in 2021. Political instability could persist while pressure continues for a more inclusive transition. Security conditions could deteriorate, and lower-than-expected public spending and investment could undermine growth. Finally, the performance of the cotton and gold sectors could also be weaker.

Risk of output contraction and slow recovery

Under the assumptions of the adverse scenario, output could contract and recovery would be slow, particularly in the services and primary sectors. Private consumption and investment would decline further compared to the baseline scenario.

Risk of deterioration in the current account balance

The Malian economy is highly dependent on three main products: cotton, gold and refined petroleum products.

Gold and cotton are the two main exports with respective shares of 62% and 11%. As the third largest gold producer in Africa after South Africa and Ghana, Mali 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. Revenue from dividends from mining companies amounted to several hundred billion for the State budget.

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

According to the IMF, there is a risk that the volume of cotton and gold exports will decline in 2021. This volume will be lower than in the baseline scenario. Remittances, the volume of international travel, the volume of imports of petroleum products and the volume of other exports in 2021 would also be lower than expected.

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

Mali's foreign trade experiences a structural deficit balance. According to the World Bank, Mali's net merchandise terms of trade index fell between 2016 and 2018, from 173.53 to 161.25. The index rose in 2019 to be close to its 2016 level (173.51). With the Covid 19 health crisis, IMF had projected a deterioration in the overall balance of payments in 2020, creating a balance of payments financing requirement of about 3.1 percent of GDP.

8.4 Risks concerning the mobilization of public and private financial resources

Mobilization of fiscal resources

According to the IMF, there is a risk of a larger budget deficit and an increase in public debt to over 49% of GDP in 2021. There could be a decrease in tax revenues to 13.9% of GDP from 14.4% of GDP in the baseline scenario in 2021. On the other hand, COVID-19 expenditure could increase in 2021.

In terms of resource mobilization, insecure areas are a major constraint. Tax and customs services are not represented in localities under the sway of jihadists and armed groups. According to the brief on the execution of collections as of June 30, 2019, customs has managed to minimize fraudulent infiltration from these regions, which are largely beyond its control. Since the beginning of 2018, the phenomenon has grown, to the point that, despite efforts of customs officers at the risk of the lives, infiltrations from uncontrolled regions invade the center and the south.

Also, revenues from non-petroleum products have been affected by the sluggish economic activity, especially as a result of the insecurity in some parts of the country. The direct effects are reflected in the fact that the three northern regions, as well as parts of the central and southern regions, which had previously been spared, are now in the throes of insecurity. The collateral effects are the result of fraudulent infiltration from the insecure areas. The economic sluggishness resulting from this insecurity has led, in many cases, to changes in the structure of imports. Certain revenue-generating products (cigarettes, machinery, mechanical appliances and equipment) are imported less.

External financing through foreign direct investment

In fragile countries such as Mali, security concerns and political instability could jeopardize the expected rebound in consumer and investor confidence, the IMF said. The expected decline in foreign direct investment and other private inflows would weigh on Mali's financial account. External financing through foreign direct investment in Mali remains low and has declined with the security crisis, discouraging investors from investing heavily in the country. The Government intends to improve the investment framework and increase the attractiveness of foreign direct investment through improved public-private partnerships (PPPs).

8.5 Health risks

Although Mali has adequate healthcare establishments for diseases, particularly the most chronic ones such as diabetes, HIV, hypertension and tuberculosis, the country is among the five countries in the world with the highest morbidity/mortality "burden". According to the UN report (May 2020), COVID-19 is likely to make this situation even worse. Before the coronavirus hit the country, the health sector had suffered from (i) insufficient financial and human resources; (ii) limited institutional capacity and infrastructure; and (iii) weak health information systems.

Since the virus hit the country in March 2020, the entire health system and staff have been mobilized to respond to the crisis, disrupting the continuation of basic health services. According to the UN report, more than 3 million children under the age of 5 were unable to be vaccinated against polio during a campaign that was scheduled for April 2020. These delays have put Mali (already a high-risk polio country) at major risk of polio resurgence. According to the Polio Epidemic Response Information Bulletin published in September 2020, Mali was facing an outbreak of circulating vaccine-derived polio virus (cVDPV2) from the case of acute flaccid paralysis in Anderamboukane Health District, Menaka Region and 2 cVDPV2 confirmed in 8 isolates from environmental surveillance on 24 June 2020 on 2 sites in Bamako. Also, the problem of insecurity increases the health risk in Mali. Indeed, according to the Polio Epidemic Response Information Bulletin, more than 2/3 of the national territory, i.e. 35 out of 75 health districts, is insecure, including the Bamako region. The health cluster bulletin n°2 April - July 2020 also indicated that following the crisis in the north and center of the country, 23% of health establishments function with a limited presence of partners working in primary health care management.

Regarding Covid-19 trends, after a relatively mild first wave during spring and summer 2020, the spread accelerated during autumn and winter 2020-21, marked by a much stronger second wave. The number of new cases per day rose above 100 in December 2020 (based on a 7-day moving average), with a mortality rate of 3.8%, putting pressure on the health system and social fabric, given the high poverty rate, weak social nets and persistent food insecurity according to the IMF.

8.6 Environmental Risks

Mali is an agroforestry country where climate and environmental conditions play a key role. Indeed, agriculture represents more than 30% of the GDP. Cotton is the country's main agricultural export. The country faces extreme and varied climate conditions that cause droughts and floods that are often catastrophic. In addition, artisanal gold panning is a significant environmental risk. Gold panning contributes to deforestation in the mining areas. The chemicals (mercury and cyanide) used during the amalgamation of the gold concentrate in the soil cause the dispersion of heavy metals in the water of rivers and lakes. These toxic products also present a risk of contamination of groundwater through infiltration.

In order to face the challenges related to the environment and climate change, the Government of Mali has adopted several policies and strategies, including: the National Environmental Protection Policy, the National Forestry Policy, the National Sanitation Policy, the National Climate Change Policy, the National Wetlands Policy, the Strategy for the Safeguarding and Integrated Management of the Resources of the Niger River, and the Strategic Investment Framework for Sustainable Land Management.

Mali has also ratified several international agreements and treaties, notably the Rio conventions (Desertification, Biodiversity and Climate Change). Actions are thus envisaged within the framework of programs and projects. These are: the Community Management Projects for Natural Resources and Ecosystem Restoration, the Sustainable Development Program for the Inner Niger Delta (PDD-DIN), the Projects to build Climate Resilience in Mali (Hydromet), the Climate/Flood Risk Management for the Preservation of Life and Property (PGRCI) and the Global Climate Change Alliance (GCCA).

9.1 General description of public debt

9.1.1 Overall picture

Over the period 2015 to 2019, Mali's public debt represents about 35.9 percent of GDP on average each year. It is estimated at CFAF 2,376.0 billion in 2015 compared to CFAF 4,106.0 billion in 2019. In 2020, the total debt is estimated at CFAF 4,757.0 billion, or about 47.5 percent of GDP.

During the period 2015-2019, external debt represented on average 68.6% of total debt. In 2020, the external debt is estimated at CFAF 2,993.7 billion, or 62.9% of the total debt. The domestic debt is estimated at CFAF 1 763.3 billion in 2020.

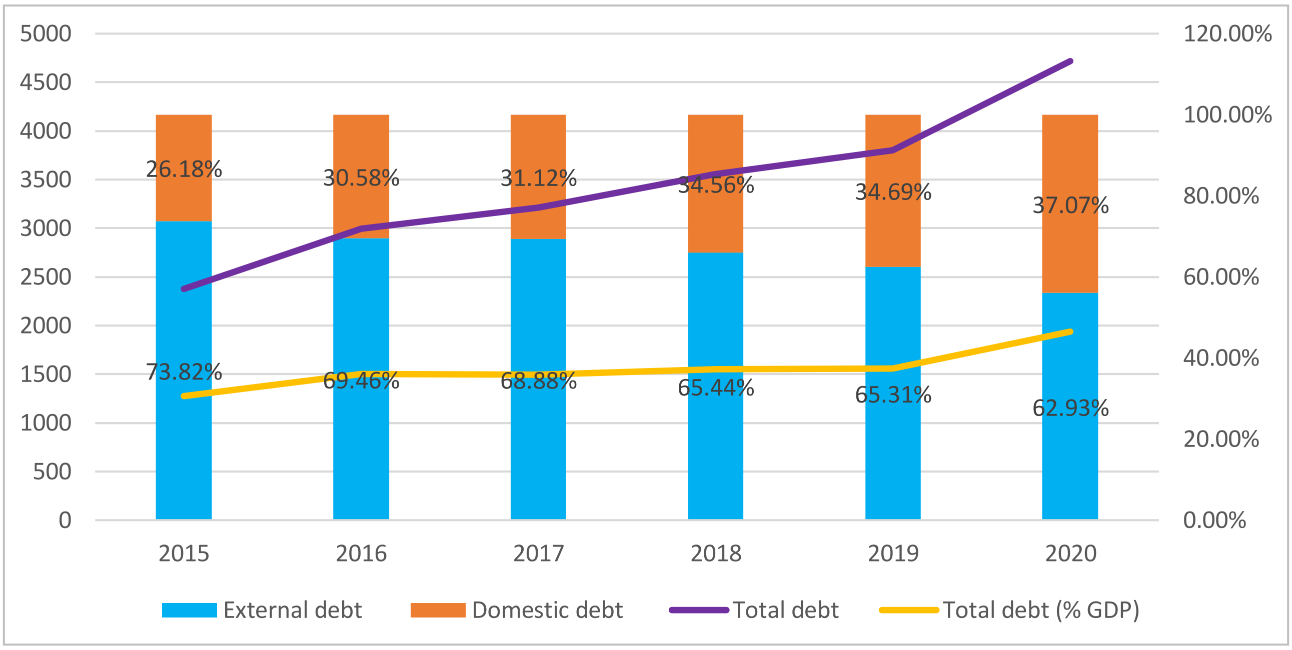
Table 32. Overview of Mali's public debt

Mali	2015	2016	2017	2018	2019	2020 (Estimates)
Total debt (% GDP)	**30.7**	**35.9**	**35.5**	**36.9**	**40.6**	**47.5**
Total debt (in billions of CFA francs)	**2 376.0**	**2 986.0**	**3 168.0**	**3 496.8**	**4 106.0**	**4 757.0**
Remaining due						
Backlog	0.0	0.0	0.0	0.0	0.0	0.0
Due	240.7	392.0	536.8	479.67	520.75	791.70
Paid	240.7	392.0	536.8	479.67	520.75	791.70
External debt (% GDP)	**22.6**	**25.0**	**24.5**	**24.1**	**26.5**	**29.9**
External debt (in billions of CFA francs)	**1 754.0**	**2 074.0**	**2 182.0**	**2 288.2**	**2 681.6**	**2 993.7**
Remaining due						
Backlog	0.0	0.0	0.0	0.0	0.0	0.0
Due	80.4	69.0	96.2	99.63	122.06	114.98
Paid	80.4	69.0	96.2	99.63	122.06	114.98
Domestic debt (% GDP)	**8.0**	**11.0**	**11.1**	**12.8**	**14.1**	**17.6**
Domestic debt (in billion CFA francs)	**622.0**	**913.0**	**986.0**	**1 208.7**	**1 424.4**	**1763.3**
Remaining due						
Backlog	0.0	0.0	0.0	0.0	0.0	0.0
Due	160.3	323.0	440.6	380.04	398.69	676.8
Paid	160.3	323.0	440.6	380.04	398.69	676.8
Nominal GDP (C$ billion)	7 747.7	8 311.9	8 922.2	9 482.0	10 125.6	10 011.6

Source: DGDP (April 2021)

The public debt has been rising unceasingly during the period 2015- 2019. Its share in GDP increased from 30.7% in 2015 to 40.6% in 2019. The external debt increased less rapidly than the domestic debt. Indeed, domestic debt rose from CFAF 622.0 billion in 2015 to CFAF 1,424.4 billion in 2019, an overall increase of 129.0%, while external debt rose from CFAF 1,754.0 billion to CFAF 2,681.6 billion, an overall increase of 52.9% over the same period. This could be explained by the Government's desire to mobilize more resources at a lower cost and on relatively favorable terms, since the mobilization of resources on the international market imposes conditions.

Figure 9: Evolution of Mali's public debt from 2015 to 2020



Source : HPB

9.1.2 Time profile 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 33. Time Profile of Debt to be repaid

Expressed as a %.	Allocation originally planned	2012Allocation	2017Allocation (estimates)
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: HPB

9.1.3 Amount of debt to be repaid in the short term

The amount of external debt to be repaid rose from CFAF 80.4 billion in 2015 to CFAF 122.06 billion in 2019, an overall increase of 51.8%. Estimates show that the amount of external debt to be repaid should fall in 2020. The domestic debt has an irregular trend. After an increase from 2015 to 2017, it fell in 2018. It is projected to fall by 41.9 percent in 2021 after rising by about 69.7 percent in 2020.

Table 34. Amount of external and domestic debt to be repaid (CFAF billion)

Mali	2015	2016	2017	2018	2019	2020 (estimates)	2021 (Projections)
Amount of foreign debt to be paid within one year	80.4	69.0	96.2	99.6	122.1	115.0	137.0
Amount of domestic debt to be paid in the year	160.3	323.0	440.6	380.0	398.7	676.8	393.0
Total	**240.7**	**392.0**	**536.8**	**479.7**	**520.8**	**791.7**	**530.0**

Source : DGDP (April 2021), IMF (2021)

9.2.1 Description of the strategy

In order to achieve this objective and to guide the process of re-debt of post-HIPC countries to enable them to mobilize the resources they need within the limits of their repayment capacities, the WAEMU countries) adopted on 4 July 2007, Regulation No. 09/2007/CM/UEMOA, a reference framework for public debt policy and management in WAEMU member States. Mali's medium-term debt strategy design is taking place in a context characterized by the multiple and continuous efforts of the State to cope with the effects of the unprecedented multiform and multidimensional crisis that the country experienced during 2012.

Mali's debt strategy is based on clear objectives aimed at meeting the government's financing needs and future payment obligations at the lowest possible cost, while keeping risks at a satisfactory level. Mali also aims to contribute to the development of the regional public debt market. As part of the debt strategy design and analysis of public debt sustainability, Mali benefits from the technical support of the IMF through AFRITAC West and the Extended Credit Facility. Each year, members of the National Public Debt Committee receive training on the analysis of indicators.

For the management of issues and the coordination of borrowings, the country benefits from the support of the UMOA-Titres in designing the issuance program, their preparation and the mobilization of resources on the financial market.

The strategy is built on the guidelines of the authorities through the Ministry of Economy and Finance. The General Directorate of Public Debt, together with the National Committee of Public Debt (CNDP), is responsible for supervising acts of indebtedness and rational management of public debt.

In Mali's public debt strategy for the period 2021-2023, four (4) strategies are tested. They are based on the current trends in the policy of mobilizing external and domestic resources and the actions taken by the Government to diversify the sources of financing for development projects.

The first or basic strategy (S1) consists in maintaining the current policy trend of mobilizing new financing. To this end, Mali will continue to resort to highly concessional financing of IDA, ADF and IFAD type. With regard to domestic financing, the emphasis would be placed on Treasury bills and bonds with a maturity close to the existing one. Moreover, for this strategy, the proportion of domestic debt in new financing needs is maintained at 70 percent during the period 2021-2023.

The S2 strategy involves extending the maturity of the domestic debt. To this end, the structure of domestic debt will be changed by introducing long-term bonds (10 years) while reducing short- and medium-term instruments (Treasury bills, 3-year bonds). In addition, domestic financing would account for an average of 55% of new financing needs during the 2021-2023 period. At the same time, the government plans to mobilize more highly concessional resources, averaging 28.6 percent compared to 19.1 percent in the S1 strategy over the period.

The S3 strategy consists of reducing the share of domestic debt in favor of external debt. Indeed, external financing would be increased to an average of 45% compared to 30% in the core strategy to cover new financing needs during the period 2021-2023. In addition, highly concessional loans would increase from an average of 19.1 percent (core strategy) to 28.6 percent and semi-concessional loans would increase from an average of 1.8 percent (core strategy) to 2.7 percent, resulting in an increase in highly concessional and semi-concessional loans and a decrease in domestic debt instruments.

The fourth strategy (S4) is to resort to external commercial borrowing (EUROBONDS), leading to a reduction in other instruments. Thus, external financing would be increased to 60% to cover the new financing needs during the period 2021-2023.

Among the four strategies analyzed, it appears that the S4 strategy is globally less costly and less risky than the other strategies. However, in view of the nature of this strategy, that of resorting to the international financial market, which requires a good rating for the country, it would be difficult to mobilize resources at favorable rates in the current socio-political context and because of the uncertainties related to the control of the COVID-19 pandemic over time. Consequently, the choice was made for the S3 strategy, which has better overall characteristics in terms of cost and risk compared to the other two (S1 and S2).

Based on the S3 strategy, Mali's debt strategy should be based on the following elements

Mobilize more concessional and semi-concessional resources;

Favor domestic borrowing with longer maturities and balancing of maturities, by issuing Treasury bonds with maturities of at least 5 years, keeping the maturities of annual services balanced, to avoid having peak years;

Implement a more active policy on the choice of borrowing currencies, even if there is no much room for maneuver, by favoring external debt in Euros for new borrowings, as far as possible;

Maintain a prudent policy of raising fixed-rate loans. The fact that almost all public debt is contracted at fixed rates limits the interest rate risk;

Strengthen actions and measures to optimize the State's interventions on the market, by establishing a schedule for the issuance of domestic debt (Treasury Bonds and Obligations) and by ensuring the regular presence of the Malian State on the regional market;

Further improve the disbursement rate of externally funded projects and programs;

Strengthen coordination between debt management agencies (HPMB and

DNTCP): prior consultation on cash management decisions that impact debt management;

Strengthen the capacity of the debt strategy development team.

9.2.2 Debt sustainability

Mali's February 2021 Debt Sustainability Analysis (DSA) was conducted jointly by the IMF and International Development Association (IDA) staff. According to this analysis, Mali continues to be at moderate risk of external and global debt distress, as in the May 2020 joint World Bank-IMF assessment, but vulnerability is increasing.

The deterioration of the fiscal balance due to the pandemic and the coup d'état, the more gradual path of rebalancing towards the WAEMU fiscal target, and the reduction in external grant aid, and thus the increased reliance on more expensive domestic borrowing, have led to a considerable increase in public debt and gross financing needs. Standardized stress tests do not indicate that the thresholds for external or public debt have been breached, but a tailored scenario demonstrates the vulnerability of Mali's external debt to a change in the security situation or other fiscal stresses that could lead to higher deficits that would be financed on non-concessional terms.

In this tailored scenario, Mali's public debt and its servicing would exceed their respective thresholds in the event of a decline in commodity prices and exports: there would thus be sustainability and liquidity risks. To avoid increasing debt and debt service, it is essential that the authorities continue to seek to increase tax revenues and implement structural reforms that address the fiscal risks associated with public enterprises and the cost of the civil service, and improve debt and fiscal management.

The analysis shows that the risk of external debt distress remains moderate and there is scope for absorbing shocks. All external debt indicators remain below the corresponding indicative thresholds in the baseline scenario and in the standard stress tests: there is thus room for shock absorption. In the baseline scenario, the PV ratio of external debt to GDP declines from 21.4 percent in 2020 to 20.1 percent in 2025, and then rises to 21.3 percent in 2030, in line with the dynamics of the nominal stock of external debt, below the indicative threshold of 40 percent throughout the projection period. The external debt-to-exports PV ratio, while trending upwards mainly due to the decline in exports in the medium and long term, remains well below the 180 percent threshold.

The debt service indicators are all stable and below their respective thresholds. However, in a tailor-made fragility scenario where the fiscal position deteriorates due to any of the risks discussed above, a shock to export growth would result in two breaches of the 15 percent threshold for the external debt service/exports ratio (by 0.2 points in 2024 and 0.4 points in 2027), which would raise the risk rating from low to moderate. The scope for absorbing a depreciation shock is also not large in the tailored scenario, as the debt service/revenue ratio almost exceeds the 18% threshold in 2024.

Thus, the risk of a public debt overhang also remains moderate. In line with government debt dynamics, the PV ratio of government debt to GDP rises in the baseline scenario to around 41% in 2022-23 and then falls to 36% in 2030. The ratio remains below the indicative threshold of 55% throughout the projection period, even with the stress test shocks. Other debt and debt service indicators follow similar trends.

Although Mali's risk of external and overall debt distress remains moderate, a tailored scenario where higher deficits are financed on unfavorable terms highlights the vulnerability of the country's external and overall debt to shocks. A shock to commodity prices would clearly push public debt up and over the threshold in just three years. Although the planned reduction in official external assistance in 2020-2021 improves external debt dynamics in the short term, the liquidity risks associated with higher debt service are captured by the tailored scenario, in which a shock to export growth causes the indicative threshold for the external debt service indicator to be exceeded.

Table 35. Debt sustainability frameworks

Wording	Threshold	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040
public debt sustainability framework												
PV of public sector debt 2/	<=70	-	-	34.7	38.4	40.5	40.9	40.7	40.1	39.4	36.0	30.1
PV ratio of public sector debt to revenue and grants (%)	<=250	-	-	162.0	192.2	187.2	193.2	189.4	188.3	185.2	168.4	185.4
Debt service to revenue and grants ratio (%)		31.8	32.5	23.8	31.7	33.7	49.4	46.3	48.4	42.6	35.9	30.6
external debt sustainability framework												
PV of external debt as % of GDP	<=50	-	-	20.5	21.4	22.3	23.5	24.4	23.3	22.9	21.3	21.8
PV of external debt as % of exports	<=240	-	-	82.3	78.7	85.1	94.3	102.9	103.1	105.3	118.6	174.6
Debt service/export ratio (in %)	<=21	4.6	3.5	5.0	6.6	6.7	8.0	10.6	12.6	11.6	8.6	12.9

Source: IMF and IDA (2021)

In the new debt sustainability framework (DSF), debt thresholds are determined on the basis of a country's debt capacity as measured by the Composite Index (CI), which includes the CPIA (the only indicator used in the old framework) in addition to other variables in the macroeconomic framework, namely the country's real GDP growth, remittances, foreign exchange reserves and global growth.

It should be noted that for countries, such as Mali, that are members of a monetary union, it is generally appropriate to refer to union-wide foreign exchange reserve coverage to rank a country's debt capacity. However, when members of the union have effectively lost access to pooled foreign exchange reserves or are about to lose access for a prolonged period, this approach is likely to overstate their foreign exchange reserves and thus their debt capacity. The ranking should then be determined using the level of imputed reserves for an individual member country.

The composite index is based on ten years of data (five years of historical data and five years of projections) to smooth out economic cycles and encourage forward-looking policy discussions. Combining historical data and projections allows the framework to capture ongoing changes in the outlook for country fundamentals and the classification of countries as low, medium, high, or sustained performance.

According to the IMF, Mali's debt capacity is considered average. Based on the October 2020 EMPs and the World Bank's updated 2019 CPIA, the country's composite indicator comes out at 2.90 (above the lower bound of 2.69 but below the level of 3.05 indicating high capacity), which is in line with the previous DSA assessment, with a slight decline mainly due to the decline in global growth. The relevant thresholds are used to assess external debt risk.

Table 36. Assessment of Mali Composite Index

Component	Coefficients (A)	10-year average value (B)	Component CI score (A*B) = (C)	Contribution of the component
National Policy and Institutional Assessment (NPIA)	0.385	3.396	1.31	45%
Real growth rate (%)	2.719	4.586	0.12	4%
Foreign exchange reserve coverage of imports (%)	4.052	39.093	1.58	55%
Foreign exchange reserve coverage of imports^2 (%)	-3.990	15.283	-0.61	-21%
Remittances (%)	2.022	5.051	0.10	4%
World economic growth (%)	13.520	2.928	0.40	14%
CI score			2.90	100%
CI Class			Medium	

Source: IMF (2021)

Mali is classified as a high debt capacity country. As a result, the following debt thresholds apply to it.

Table 37. Debt Thresholds Applicable to Mali in 2019

Debt thresholds (External debt)	Low	Moderate	High
Present value (PV) of debt as % of exports	140	180	240
Present value (PV) of debt as % of GDP	30	40	55
Debt service as % of exports	10	15	21
Debt service as % of tax revenue	14	18	23
Total government debt indicator	Low	Moderate	High
PV of total public debt as % of GDP	35	55	70

Source: IMF (2021)

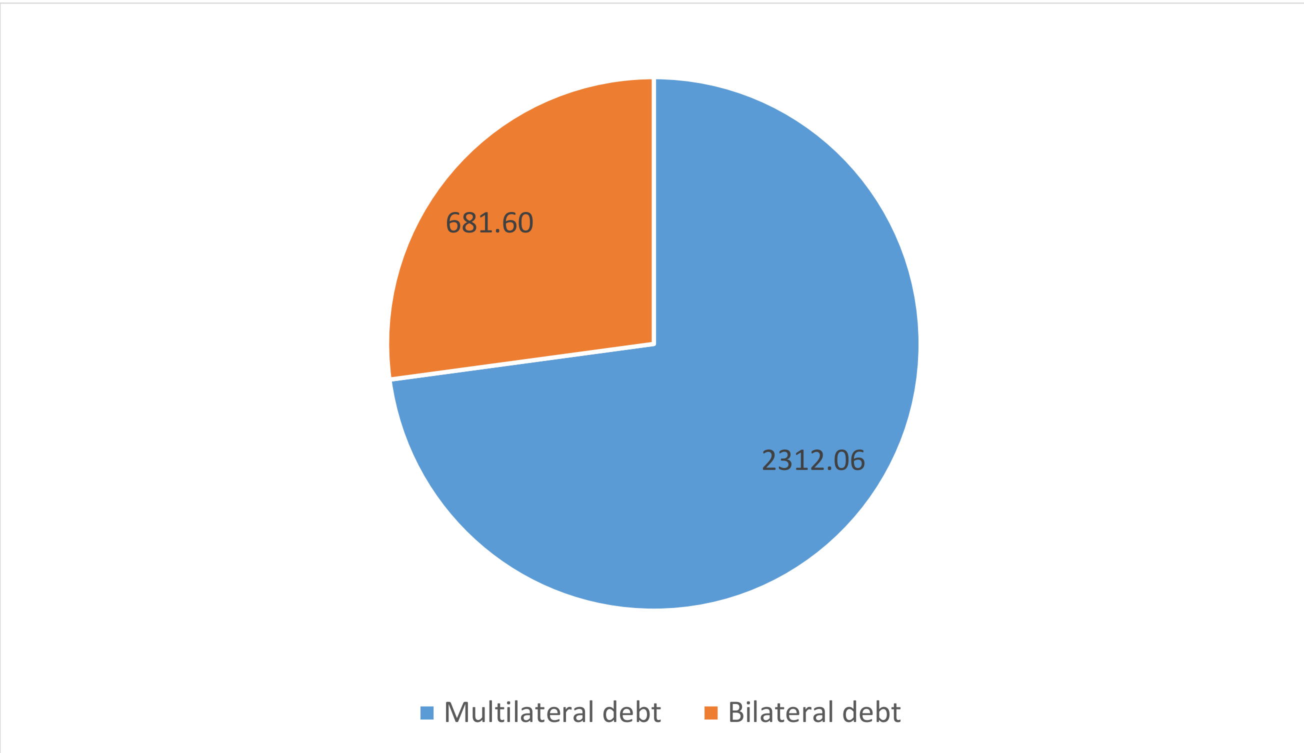
When debt indicators are above their respective thresholds, the risk of debt distress is present. Based on the data on sustainability indicators (Table 35), the risks of public and external debt distress are moderate for Mali.

9.3 External debt

9.3.1 Holders

At the end of 2020, Mali's external debt was estimated at CFAF 2,993.66 billion according to the DGDP. This debt is broken down into CFAF 2 312.06 billion of multilateral debt, or 77.2%, and CFAF 681.60 billion of bilateral debt, or 22.8%. The multilateral debt portfolio is larger than the bilateral debt portfolio, given the number of creditors and Mali's position in the MDRI framework.

Figure 10: Distribution of Mali's external debt by holder in 2020 (CFAF billion)



Source: DGDP (April 2021)

The World Bank is the main creditor for the total external debt, accounting for 43.36% of the total amount of this debt and more than 56% of the multilateral debt. It is followed by the non-Paris Club countries, which contribute more than 20.54% of the external debt. The IMF's share is estimated at 6.45% of the external debt in 2019.

The strong contribution of the World Bank is explained by its intervention in several sectors of the Malian economy, notably health, education and agriculture, which are key sectors.

Table 38. Amount of debt by creditor in relation to total external debt and GDP respectively in 2019

Mali 2019	Total debt (expressed in value, CFAF billion)	Expressed as a % of total external debt	Expressed as a % of nominal GDP
Total external debt	**2 682**	**100.00**	**26.4**
Bilateral	**638**	**23.79**	**6.28**
Paris Club	87	3.24	0.86
Non-member of the Paris Club	551	20.54	5.42
Multilateral	**2 044**	**76.21**	**20.12**
IMF	173	6.45	1.70
World Bank/IDA	1 163	43.36	11.45
African Development Fund	410	15.29	4.04
Islamic Development Bank	98	3.65	0.96
BOAD (West African Development Bank)	122	4.55	1.20
Other	79	2.95	0.78

Source: IMF (2021)

9.3.2 External debt payment status in 2020

The total amount of external debt service paid in 2020 was CFAF 114.98 billion, of which CFAF 82.54 billion was principal repaid and CFAF 32.44 billion was interest.

Table 39. External debt payment status

Situation at the end of December 2020 (in billion CFAF)	Capital	Interest	Total
Remaining balance as of December 31, 2019	0	0	0
Service Due	82.54	32.44	114.98
Paid service	82.54	32.44	114.98
Remaining balance at December 31, 2020	0	0	0

Source: DGDP (2020)

9.3.3. Debt currencies

The breakdown of Mali's total debt by currency in 2020 shows that it is composed of:

- 2075.71 billion CFAF
- 1.26 billion in Special Drawing Rights (XDRs)
- 0.51 billion AfDB Unit of Account (UAA)
- 2.68 billion Chinese Yuan (CNY)
- 0.62 billion US dollars (USD)
- 0.64 billion Euro (EUR)
- 0.11 billion Islamic Dinar (IDS)
- 0.02 billion Kuwaiti Dinar (KWD)
- 0.00 billion Japanese Yen (JPY)
- 0.30 billion Saudi Riyal (SAR)

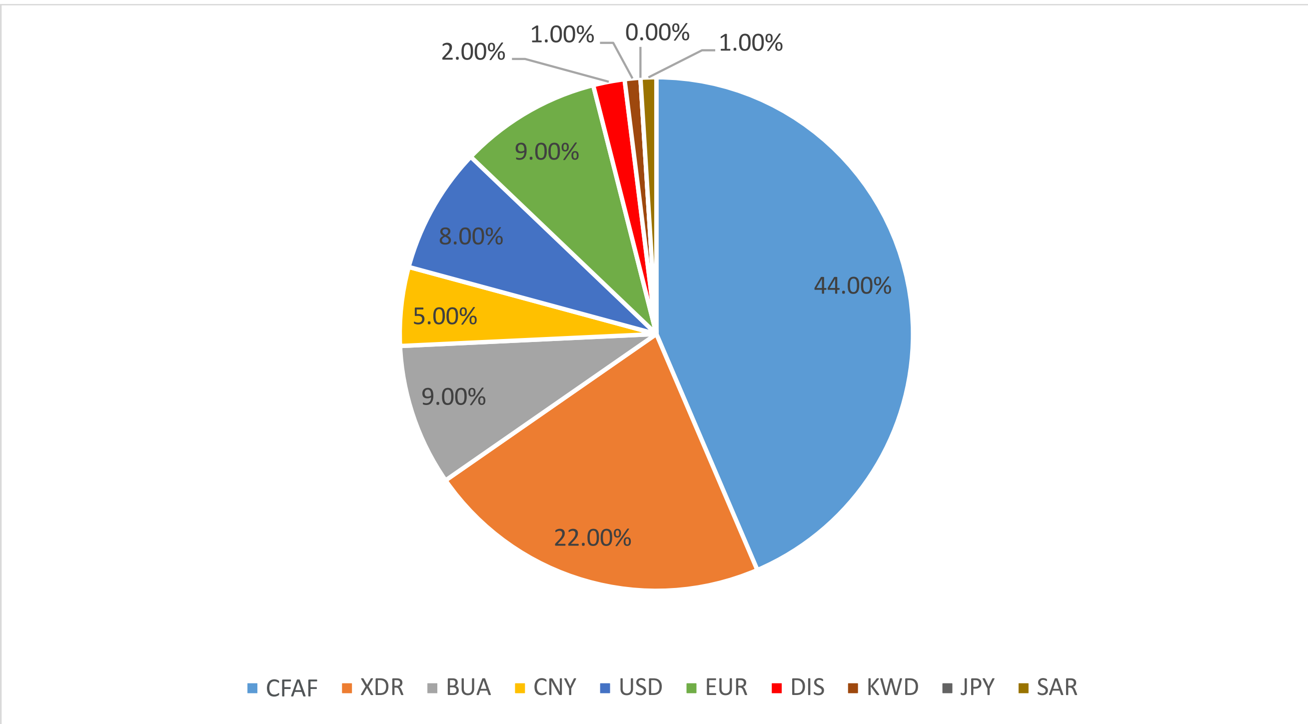
Table 40. Debt by Currency and Amount

Currency	Total debt originally denominated in this currency in thousands	CFAF exchange rate at 31 December 2020	Total debt expressed in billions of CFA francs	Exchange rates in EUR at 31 December 2020	Total debt expressed in millions of EUR	Debt distribution by currency (%)
CFAF	2 075 714 960.0	1.0	2 075.7	656.0	3 164.4	44.0
XDR	1 260 514.8	823.4	1 037.9	656.0	1 582.2	22.0
BUA	515 665.2	823.4	424.6	656.0	647.3	9.0
CNY	2 681 331.1	88.0	235.9	656.0	359.6	5.0
USD	628 857.8	600.1	377.4	656.0	575.4	8.0
EUR	647 265.1	656.0	424.6	656.0	647.3	9.0
DIS	114 592.3	823.4	94.4	656.0	143.8	2.0
KWD	24 424.2	1 931.5	47.2	656.0	71.9	1.0
JPY	0.0	5.5	0.0	656.0	0.0	0.0
SAR	304 298.1	155.0	47.2	656.0	71.9	1.0
Total	**-**	**-**	**4 764.7**	**-**	**7 264.0**	**100.0**

Source: DGDP (2020)

As at 31 December 2020, 56% of the public debt would be in foreign currencies and 44% in local currency (CFAF). The debt portfolio is thus exposed to exchange rate risk. However, this risk would be somewhat mitigated by the proportion of debt denominated in Euros (9%) that has a fixed parity with the CFA franc. 22% of the debt is denominated in Special Drawing Rights (XDR) and 9% in ADB units of account (BDU). The three currencies (CFAF, XDR and BDU) alone represent 75% of the debt.

Figure 11: Debt burden in 2020 by currency



Source: DGDP (2020)

9.4.1 Presentation of the situation as at 31 December 2020

The domestic debt in 2020 was made up of short and medium-term public securities, of which 93.25% were bonds and 6.75% were Treasury bills.

This breakdown shows that bonds were estimated at CFAF 1 644.36 billion against CFAF 118.98 billion for Treasury bills. This is due to the fact that bonds are medium-term instruments that Mali is targeting in its 2018-2020 debt strategy.

Table 41. Debt situation in Mali as at 31 December 2020

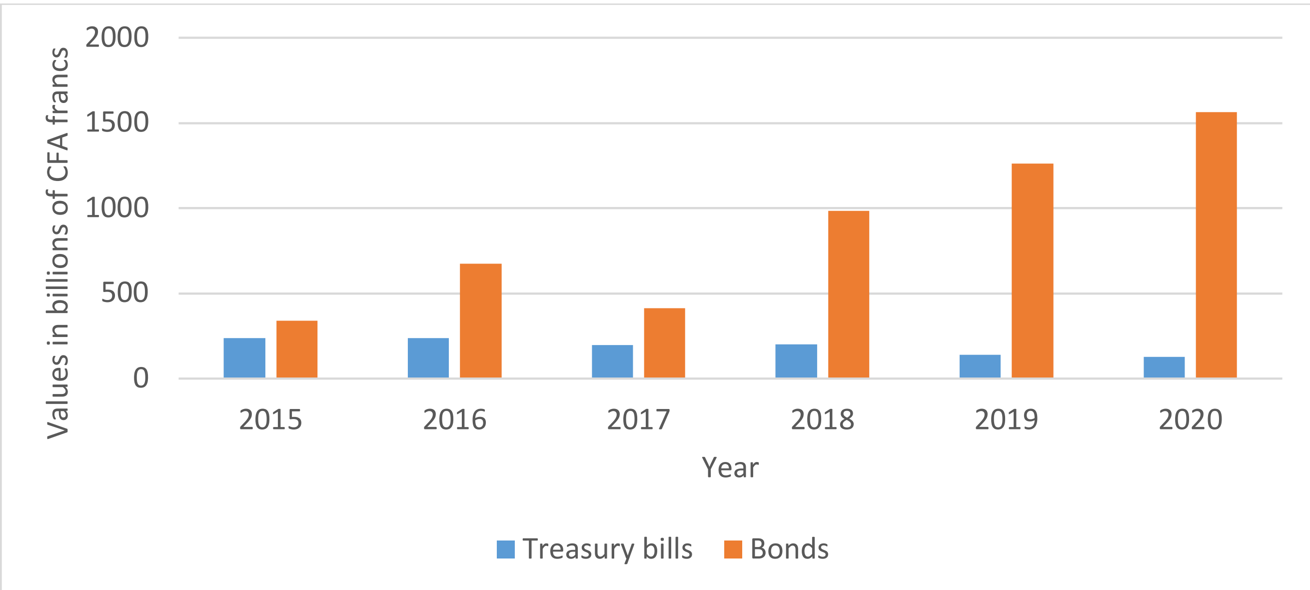
	Domestic debt expressed in value (billions of CFAF)	Domestic debt expressed as a % of the total domestic debt	Domestic debt expressed as a % of GDP nominal
Total Domestic Debt	1 763, 34	100.0	17.61
Public securities			
Treasury bills	118. 98	6.75	1.19
Bonds	1 644. 36	93.25	16.42

Source: DGDP (April 2021)

9.4.2 Evolution of the composition of the domestic debt over the last 5 years

During the period from 2015 to 2020, Mali's domestic debt stock increased by an average of 23.8 percent each year. It increased from CFAF 622.0 billion in 2015 to CFAF 1,763.3 billion in 2020, an overall increase of 183.5 percent. This increase is mainly due to a continuous increase in Treasury bonds during the period. The share of bonds increased from 54.3 percent in 2015 to 93.3 percent in 2020.

Figure 12: Domestic debt between 2015 and 2020



Source: DGDP (April 2021)

9.4.3 Domestic debt payments

The total amount of external debt service paid in 2020 was CFAF 676.75 billion, of which CFAF 586.54 billion was principal repaid and CFAF 90.21 billion was interest.

Table 42. Domestic debt service

Situation at the end of December 2020 (in billion CFAF)	Capital	Interest	Total
Remaining balance as of December 31, 2019	0	0	0
Service Due	586.54	90.21	676.75
Paid service	586.54	90.21	676.75
Remaining balance at December 31, 2020	0	0	0

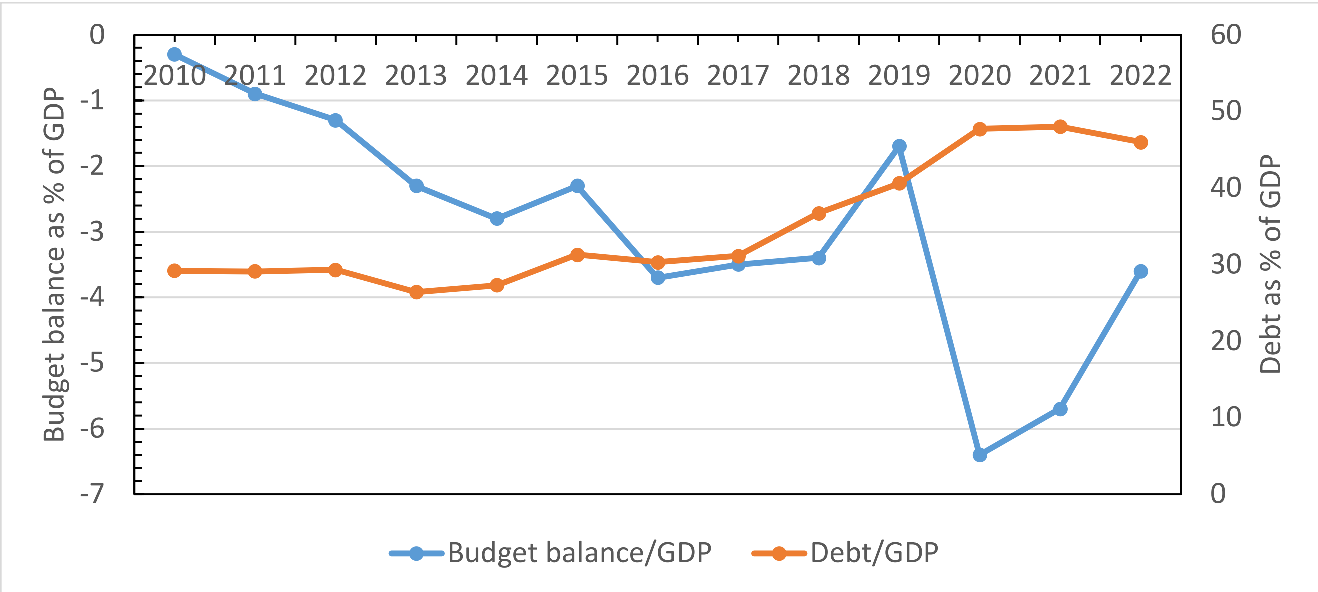
Source: DGDP (April 2021)

9.5 Viability and Sustainability

The budget balance-to-GDP ratio has widened over time from -0.8% in 2012 to -1.7% in 2019. The ratio is projected to be above the EU norm between 2020 and 2022. The analysis shows a positive relationship between the budget deficit and the level of debt in Mali. Indeed, during the period, the pace of indebtedness accelerated from 24.8 percent in 2012 to 40.6 percent in 2019. According to projections, this debt trend will continue until 2022 when the ratio would be 46.0 percent, but still below the community standard of 70 percent.

In sum, Mali's debt level remains on the whole viable and sustainable if efforts to reduce the budget deficit are maintained until 2022.

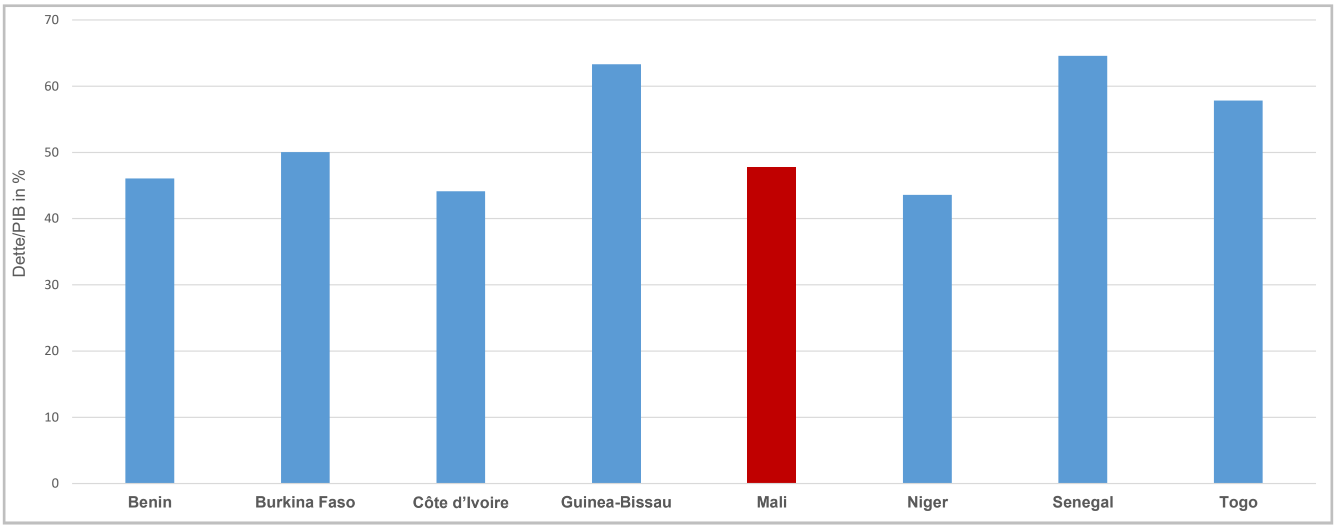
Figure 13: Deficit and debt trends as % of GDP



Source: WAEMU commission

In 2020, all WAEMU countries have a debt ratio below the 70% standard. Mali has the lowest debt level (47.7%) in the community after Niger (43.6%), Côte d'Ivoire (44.1%) and Benin (46.1%). Mali still has room for improvement in its debt strategy. However, efforts must be made to reduce and stabilize the budget deficit ratio below the 3% norm.

Figure 14: Government debt ratio of WAEMU countries in 2019



Source: WAEMU Commission, Semi-annual report on the implementation of multilateral surveillance - December 2020

Table 43. Details ofsecurities outstanding at the end of 2020

Instruments	ISIN	Maturity (in years)	Maturity date	Outstanding (in billions of CFAF)
ML - 6.2% - 7 years - 19 Aug 23	ML0000000579	7	19/08/2023	52.5
ML - 6.1% - 3 years - 12.11.23	ML0000001528	3	12/11/2023	52.5
ML - 6.15% - 3 years - 28 Feb 22	ML0000001114	3	28/02/2022	41.9
ML - 6.1% - 3 years - 20 Feb 23	ML0000001296	3	20/02/2023	33.0
ML -BT - 12 months - 11 Aug 21	ML0000001486	1	11/08/2021	33.0
ML -BT - 12 months - 26 May 21	ML0000001395	1	26/05/2021	31.0
ML - 6.25% - 7 years - 21.04.23	ML0000000546	7	21/04/2023	29.7
ML - 6.4% - 5 years - 28 Feb 24	ML0000001106	5	28/02/2024	29.6
ML - 6.4% - 5 years - 21.06.23	ML0000000942	5	21/06/2023	28.6
ML - 6.15% - 3 years - 29 Aug 22	ML0000001205	3	29/08/2022	27.5
ML - 6.1% - 3 years - 06.feb.23	ML0000001288	3	06/02/2023	27.5
ML -BT - 12 months - 13 Jan 21	ML0000001270	1	13/01/2021	27.5
ML - 6.1% - 3 years - 25.06.23	ML0000001437	3	25/06/2023	27.5
ML -BT - 12 months - 13 Oct 21	ML0000001494	1	13/10/2021	27.5
ML - 6.1% - 3 years - 30 Oct 23	ML0000001502	3	30/10/2023	27.5
ML - 6.15% - 5 years - 07.09.22	ML0000000793	5	07/09/2022	27.2
ML - 6.1% - 3 years - 09.07.23	ML0000001452	3	09/07/2023	26.9
ML - 6.15% - 3 years - 21.06.21	ML0000000959	3	21/06/2021	26.4
ML - 6.15% - 3 years - 08.11.21	ML0000001049	3	08/11/2021	24.6
ML - 6.25% - 5 years - November 12, 25	ML0000001536	5	12/11/2025	24.5
ML - 6.25% - 7 years - 01 Mar 25	ML0000000884	7	01/03/2025	24.3
ML - 6.15% - 3 years - 28 Mar 22	ML0000001122	3	28/03/2022	22.0
ML - 6.4% - 5 years - 31 May 24	ML0000001155	5	31/05/2024	22.0
ML - 6.15% - 3 years - 19 July 21	ML0000000975	3	19/07/2021	22.0
ML - 6.4% - 5 years - 03.08.23	ML0000000983	5	03/08/2023	22.0
ML - 6.15% - 3 years - 11 April 22	ML0000001130	3	11/04/2022	22.0
ML - 6.15% - 3 years - 26.09.22	ML0000001213	3	26/09/2022	22.0
ML - 6.4% - 5 years - 12.09.24	ML0000001221	5	12/09/2024	22.0
ML - 6.15% - 3 years - 22.11.22	ML0000001254	3	22/11/2022	22.0
ML - 6.15% - 3 years - 01 Aug 22	ML0000001171	3	01/08/2022	22.0
ML - 6.2% - 3 years - 12 Apr 21	ML0000000918	3	12/04/2021	21.3
ML - 6.25% - 5 years - July 23, 25	ML0000001460	5	23/07/2025	21.1
ML - 6.1% - 3 years - April 30, 23	ML0000001353	3	30/04/2023	21.0
ML -ESP - 6% - 7 years - 28.12.24	ML0000000850	7	28/12/2024	20.0
ML - 6.1% - 3 years - 11 June 23	ML0000001403	3	11/06/2023	17.4
ML - 6.4% - 5 years - 16 Aug 24	ML0000001189	5	16/08/2024	16.7
ML - 6.25% - 5 years - 14 May 25	ML0000001387	5	14/05/2025	16.7
ML - 6.4% - 5 years - 24.10.24	ML0000001247	5	24/10/2024	16.5
ML - 6.1% - 3 years - 14 May 23	ML0000001379	3	14/05/2023	16.3
ML - 6.25% - 5 years - April 16, 25	ML0000001320	5	16/04/2025	15.1
ML - 6% - 5 years - 09.09.21	ML0000000587	5	09/09/2021	15.0
ML - 6.15% - 3 years - 31 Jan 22	ML0000001080	3	31/01/2022	14.7
ML - 6.15% - 5 years - 07.08.22	ML0000000777	5	07/08/2022	14.1

ML - 6.1% - 3 years - 16 Apr 23	ML0000001338	3	16/04/2023	11.1
ML - 5.75% - 5 years - February 02, 22	ML0000000629	5	02/02/2022	10.5
ML - 6% - 5 years - 25 Mar 21	ML0000000538	5	25/03/2021	9.6
ML - 6.25% - 5 years - 11 June 25	ML0000001411	5	11/06/2025	8.3
ML - 6.4% - 7 years - 11 June 27	ML0000001429	7	11/06/2027	6.2

Source: UMOA-Titres

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

Amortization or Maturity: the period between the disbursement of a loan and its final repayment, consisting of the grace period and the repayment period.

Public offering: an invitation to tender on the financial market for public securities through a brokerage firm. It is open to all savers.

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

Government borrowing requirement: the overall amount needed to cover the primary budget deficit and the interest and amortization charges associated with the debt.

Treasury bill: short-term public 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) that meet in Paris to negotiate debt restructuring agreements with debtor countries experiencing debt service problems.

Bilateral creditors: governments, central banks, agencies and export credit 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, World Bank and regional development banks.

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

Domestic credit=Credit to the economy + Government net position (see NGP)

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

Budget deficit: difference between total revenue and total expenditure and net lending.

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

Primary deficit: negative difference between revenue and expenditure, excluding interest payments.

External debt: central government borrowing from non-residents.

Domestic government debt: central government borrowing from residents

Non-concessional debt: debt contracted on market terms

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

Donation element: difference between the nominal value (NV) and the present value (PV) of the debt service expressed as a percentage of the nominal value of the loan ((NV-VA)/VN).

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

Euro-bond (or Eurobond): a dollar bond on the London financial market.

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

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 (M0): the aggregate of the claims held by the rest of the economy on monetary institutions.

It covers monetary assets (cash in circulation + sight deposits) and quasi-monetary assets (savings accounts and term deposits).

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

Contingent liabilities: debts incurred by other public entities except central government (local authorities and quasi-public sector)

Net government position (NGP): the Treasury's net claims on or liabilities to the rest of the economy.

The Government's net position is the difference between the Treasury's debt and its claims on the Central Bank, banks and individuals and companies.

By convention, a crediting PNG is preceded by a (-) sign while a debiting PNG is preceded by a (+) sign.

Tax burden: the ratio of tax revenues to GDP

Refinancing risk: risk associated with 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 Government's debt portfolio and debt costs to high market interest rates at the point where maturing fixed- and floating-rate debt is repriced.

Foreign exchange risks: risks related to fluctuations in exchange rates.

Debt service: any payment to be made on account of the principal, interest and fees of a loan.

Primary balance: (see primary deficit)

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

Stock of Public Debt: amount at a given date of disbursements of debts not yet repaid.

Gross enrolment rate: The gross enrolment rate is the ratio of children in school to all children.

Net enrolment rate: The gross enrolment rate is the ratio of enrolled children to school-age children.

Exchange rate: price of one currency in terms of another.

Debt ratio: ratio of the stock of public debt to GDP.

Investment rate of a country's economy: a ratio that indicates the gross fixed capital formation of all economic agents (governments, firms, households) expressed as a percentage of GDP. For a country, GFCF is the sum of hardware and software investments made during one year in that country.

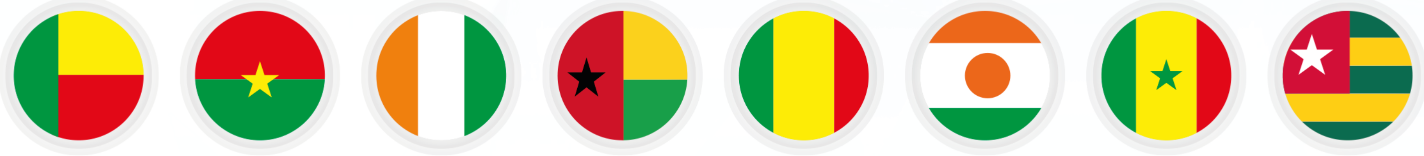
The terms of trade: express for a country the ratio between the price of exports and the price of imports. They are generally calculated from price indices and indicate a change with respect to a reference year (T= [export price index/import price index] x 100).

The terms of trade improve over time (T>100) if an economy exports a smaller quantity of goods to obtain the same quantity of imported goods (in other words, the same quantities exported make it possible to buy an increased quantity of imported goods): export earnings improve in this case. In the opposite case, the terms of trade deteriorate.

This price ratio thus translates developments in the purchasing power of exports into imports, for a given volume of trade (the trade structure is fixed): it reflects the price competitiveness of a country (independently of the quantity effect).

BUILDING A BENCHMARKED REGIONAL GOVERNMENT SECURITIES MARKET FOR THE DEVELOPMENT OF WAEMU STATES

Together, let's build the WAMU of tomorrow



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