key figures

- Land area, thousands of km² 1,240
- Population, thousands (2007) 12,337
- GDP per capita, USD at constant 2000 prices (2007) 322
- Life expectancy (2007) 54.5
- Illiteracy rate (2007) 68.9
**Economic Growth in Mali** was fairly strong — in the 4.2 per cent range — in 2007. This was nonetheless a fall from 2006, when growth had reached 5.3 per cent. It is expected to be somewhat higher in 2008 and 2009. The 2007 growth slowdown is explained by a decline in the production of cotton (the main engine of the economy) and gold. On the other hand, food production progressed well. Mali has just successfully concluded its three-year programme with the International Monetary Fund (IMF). The World Bank and the African Development Bank (AfDB) are considering adjusting their country strategy to align it with the Growth and Poverty Reduction Strategy Paper (GPRSP) for 2007-11. Despite these encouraging results, Mali needs to reinforce its implementation of structural reforms so as to consolidate revenues, control expenditures and accelerate economic growth. This will involve, amongst other measures, restraining tax exemptions, and privatising the Compagnie malienne pour le développement des textiles (CMDT) and Énergie du Mali (EDM).

The country must free itself from the twin shackles of cotton and gold.

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**Figure 1 - Real GDP Growth and Per Capita GDP**  
(USD at constant 2000 prices)

Source: IMF and local authorities’ data; estimates (e) and projections (p) based on authors’ calculations.

StatLink: [http://dx.doi.org/10.1787/316608051423](http://dx.doi.org/10.1787/316608051423)
Malí’s nominal GDP was estimated at XOF 3 344 billion (CFA Francs BCEAO) for 2007, up from XOF 3 132 billion in 2006. Growth continued to slow down in 2007: GDP growth rate settled at close to 4.2 per cent, against 5.3 per cent in 2006 and 6.1 per cent in 2005. GDP growth is driven mainly by the primary and tertiary sectors. In 2008 and 2009, growth is forecast to step up to an average annual rate of 4.8 per cent.

Despite a decline in cotton production, the primary sector, which accounted for nearly 37.5 per cent of GDP in 2006, recorded real growth of 4.3 per cent in 2007, against 4.4 per cent in 2006. With a 10.8 per cent growth in volume, food production was the engine of the primary sector. The good performance of cereal production is mainly explained by an increase in arable land in substitution for cotton plantations. It is also due to good rainfall, the continued implementation of the programme for the development of irrigated zones and the distribution of improved varieties of rice and maize. In 2007, groundnut production rose by more than 14 000 tonnes to settle at about 307 717 tonnes.

The problems in the cotton sector persisted in 2007. The reduction in the crop surfaces planted with cotton resulted in a decline in production of almost 27 per cent, to about 303 000 tonnes. Moreover, the purchase price to producers fell from XOF 165 per kilogram in 2006 to XOF 160 per kilogram in 2007.

The other branches in the primary sector rose significantly in 2007. Livestock progressed by nearly 4.5 per cent due to good availability of pastures. The implementation of a number of fish-farming projects brought about a slight upsurge in production in the fisheries sector (4.3 per cent growth in 2007, against 4.0 per cent in 2006).

In the primary sector, real-growth projections stand at 6.3 per cent for 2008 and 5 per cent for 2009, and predict a strong increase in food-crop production. If rainfall is good, food production should grow by more than 9 per cent in 2008. Production should also benefit from the favourable impact of the new, or continued, implementation of a number of projects: the agricultural services and producer organisations support programme (PASAOP); the rural development support programme in the Mopti region; the programme for agricultural competitiveness and diversification (PCDA); the rural community support project (PACR); the northern regions investment and rural development programme; and the Baguinéda irrigation scheme modernisation project.

In 2008, the other primary-sector branches should be favoured by the continued management of the main lakes of the inland Niger delta and by the implementation of the second phase of the agro-forestry-pastoral and livestock project in north-east Malí. They should also benefit from the implementation of the Liptako-Gourma livestock development project and from the continental-fishing development support project.

**Figure 2 - GDP by Sector in 2006 (percentage)**

![Graph showing GDP by sector in 2006](http://dx.doi.org/10.1787/317837533163)

**Source:** Authors’ estimates based on National Directorate of Statistics and Data Processing (DNSI) data.
The secondary sector, which represented nearly 17.4 per cent of GDP in 2006, declined slightly in 2007, due mainly to a slowdown in cotton ginning and a decline in mining. After recording real growth of 8.2 per cent in 2006, mining activity fell by 3.2 per cent in 2007. In the mining industries sector, gold production contracted by 11.5 per cent in 2007. All mines recorded falls in production except the Tabakoto mine, which extracted close to 1.1 tonnes more, reaching a total production of 2.5 tonnes. Taken as a whole, mining industries declined by nearly 4 per cent in 2007.

Manufacturing production fell slightly, by 1 per cent. This evolution can be attributed mainly to the slowdown in ginning activity, which in turn is due to the decline in the cotton production of the previous season. Investments made in application of the implementation of the programme for the extension of electricity coverage led to a 10 per cent increase of energy production in 2007 in terms of real value. As for the construction sector, it recorded 7 per cent real growth due, in particular, to the completion of a number of public works (construction of the administrative district, social housing in Bamako and the road from Diéma to Didieni). The Markala sugar project includes plans to develop the cultivation of sugar cane in the Ségou region and to construct a processing plant. Also, the public-private enterprise Sukala is planning to set up a new sugar production plant that is to go into service in 2008. This is a public-private partnership (PPP) project for which the final impact studies are being completed. The project is expected to go into operation during the second semester of 2008.

The secondary sector should experience some recovery: growth projections stand at 4.6 per cent for 2008 and 5.7 per cent for 2009. This trend should result from a recovery in mining activity thanks to stepped-up production in the smaller mines, notably Kodiéran (5 tonnes in 2008, against none in 2007), Tabakoto (3.5 tonnes in 2008, against 2.5 tonnes in 2007) and Syama (3.5 tonnes in 2008, against none in 2007). A decline in production is expected in the large mines. The depression in the manufacturing sector, especially in cotton ginning, is expected to continue in 2008 and 2009 as a consequence of the continued decline in cotton production.

Investments are planned in the energy sector in order to increase the country’s electricity coverage. Mali suffers from a huge energy deficit, which has negative consequences for production. The government intends to absorb this deficit through investments and the implementation or pursuit of several projects in 2008, including the interconnection between Mali and Côte d’Ivoire and the start of electricity production activities by the private enterprise Société de promotion du matériel (SOPAM). SOPAM is to install a heavy-fuel-oil thermal power station (five 11.2-megawatt units) at a cost of XOF 15 billion. These investments will have a positive impact on production in the energy sector in 2008 and 2009.

The construction sector is expected to record a 7 per cent growth rate in 2008 as a consequence of the continued construction of the road from Kayes to Bafoulabé, the rehabilitation of the roads from Gao to Labezanga and from Bougouni to Sikasso (7.3 billion in 2008), and the maintenance works on the road from Sévaré to Gao.

The tertiary sector, which represented 38.5 per cent of GDP in 2006, recorded a 6.3 per cent growth rate in 2007. All the branches in this sector grew in 2007: the most dynamic were transport and communications, owing to the extension of geographical coverage achieved by cellular-telephony companies and to the implementation of the transport-corridor improvement project.

In 2008 and 2009, growth in this sector is forecast to slow down to 4.8 and 3.7 per cent, respectively. Growth will depend on the continued extension of the cellular-telephony network and on the promotion of new telecommunications products (Multimedia Messaging Service [MMS]) and Internet services. Also, the airline company Compagnie aérienne du Mali (CAM) and the railway enterprise Transrail SA should both increase their traffic, due to the fact that they will have acquired new equipment. Finally, in the financial sector, there should be an increase in the activity of the
Banque pour le commerce et l’industrie du Mali in 2008, which will be the institution’s first year of full activity.

On the demand side, public consumption in 2007 rose more than private consumption. In addition to infrastructure works, hiring — mainly in the education, health and security sectors — could explain the rise in public demand. Total final consumption achieved real growth of 2.5 per cent in 2007. In nominal terms, final consumption is forecast to increase by nearly XOF 90 billion in 2008, owing to both private and public consumption. An increase in the latter would essentially be due to continued hiring in the civil service.

According to IMF data, the investment rate, i.e. the investment/GDP ratio, rose from 20.4 per cent in 2006 to 22.9 per cent in 2007. The rate of public-investment stagnated at around 7.6 per cent in 2006. As for total investment, its real growth increased by more than 16.4 per cent between 2006 and 2007. Private investment is expected to progress by 12 per cent in 2008, due in particular to investments planned for the establishment of a number of industrial units (a cement plant, a sugar plant, a chemical-fertiliser factory) and to continued public-investment efforts in basic infrastructure.

Macroeconomic Policies

**Fiscal Policy**

Total revenue has maintained the upward trend observed in the past few years and increased by 3 per cent in 2007 to reach XOF 581.9 billion, against XOF 554.2 billion in 2006. This positive result is mainly due to an almost XOF 20 billion increase in tax revenues. In 2007, direct and indirect taxes, and taxes on oil products were raised by 14 per cent, 8.3 per cent and 25 percent, respectively. Repayments of VAT (value-added tax) went up from XOF 21.4 billion in 2006 to XOF 27 billion in 2007. The mediocre performance in revenues is explained by the various tax exemptions, in particular those granted as exceptions and for oil products. The tax burden remained stable in 2007, at a low 15.4 per cent, an indication of the efforts that remain to be made in the area of revenue collection. The tax-burden ratio is lower than the 17 per cent minimum set by the West-African Economic and Monetary Union (WAEMU). This is one of the few Community criteria not complied with by Mali.

In 2006, Mali’s debt was cancelled through grants, which rose from XOF 244 billion in 2006 to XOF 181 billion in 2007. Total grants to Mali in 2007 matched the general trend of those that the country
Mali usually receives, 2006 having been an exceptional year. If the XOF 1 085.2 billion in grants provided in 2006 under the Multilateral Debt Relief Initiative (MDRI) are subtracted from total grants in 2006, the latter amounted to XOF 159.3 billion. So grants, excluding MDRI, increased by 12.6 per cent in 2007.

Hence, total revenues and grants decreased from XOF 1 798.7 billion in 2006 to XOF 763.1 billion in 2007. If MDRI grants are excluded from the calculations, total revenues and grants increased by 6.9 per cent in 2007.

Projections for total revenues in 2008 are estimated at XOF 649.4 billion. Tax revenues are expected to reach 574.2 billion, a 15.5 per cent increase from 2007. These estimates are based on assumptions of: continued implementation of the government plan to improve and modernise the management of public finances (PAGAM/GFP); better supervision of the mining sector; intensification of the fight against fraud; and control over exemptions.

Total expenditure and net lending on a commitment basis rose from XOF 796.3 billion in 2006 to XOF 886.3 billion in 2007, which represents 11 per cent growth. Current expenditure reached XOF 459 billion in 2007, an 11.5 per cent increase from the previous year. Current expenditure thus amounted to 14.5 per cent of GDP. Staff expenditure (salaries), which increased by nearly XOF 13 billion in 2007, stood at 4.6 per cent of GDP. This rise in salaries is due to continued hiring in the education sector and to the payment of statutory increases for civil servants. Capital expenditure rose by 26 per cent, from XOF 340.8 billion in 2006 to XOF 429.6 billion in 2007. External financing of capital expenditure amounted to 62.5 per cent of investment financing in 2007, against 67.5 per cent in 2006.

Total expenditure and net lending are expected to stand at XOF 1 033.7 billion in 2008. Staff expenditure should continue to increase as a result of civil servants’ statutory increases, hiring in several sectors (education, health, armed forces and security, justice, and general administration), and the implementation of a schedule of increases in civil servants’ salaries, aimed at obtaining improved performance. The wage bill is thus projected to reach XOF 190.6 billion in 2008, against XOF 160.3 billion in 2007.

On the basis of scheduled expenditure and excluding grants, the deficit in public finances stood at XOF 304.4 billion in 2007, against XOF 242.1 billion in 2006. In 2007, public revenues (including grants) and total public expenditure (including loans) represented 22.7 per cent and 23.7 per cent of GDP, respectively. The public deficit thus amounted to 6.3 per cent of GDP (excluding grants) in 2007, against 7.6 per cent in 2006. This considerable
deficit is linked to the growth in capital expenditure, mostly financed by the government. It should be observed that in 2006, Mali received grants amounting to XOF 1 085 billion for debt relief under the MDRI: this is the reason for the large surplus in 2006. According to the IMF, total grants excluding MDRI amounted to XOF 159 billion in 2006, against XOF 115 billion in 2005 and XOF 181 billion in 2007. In 2008, the budget deficit on a commitment basis, excluding grants, is predicted to stand at XOF 384.3 billion, or 8.6 per cent of GDP.

**Monetary Policy**

Monetary and credit policies are conducted regionally by the Central Bank of West African states (CBWAS), the main objectives being to preserve the parity between the CFA franc and the euro, and to control inflation. Therefore, like that of the European Central Bank (ECB), monetary policy in the zone is rigorous, and is backed by an appropriate level of international reserves. The only difference lies in the fact that the CBWAS takes the economic situation of its member countries into account when setting its monetary policy. The outstanding money supply was estimated at XOF 1 006.5 billion in 2007, representing an 8 per cent increase from its 2006 level. The money supply is expected to grow by 8.3 per cent in 2008 to stand at XOF 1 090 billion. Net external assets rose from XOF 524 billion in 2006 to XOF 564 billion in 2007. The XOF 40-billion increase came essentially from CBWAS assets. In 2008, external assets are expected to grow by XOF 40 billion. The stock of domestic credit amounted to XOF 443.5 billion in 2007, against XOF 407 billion in 2006, representing an increase of XOF 35.5 billion. This is explained by the increase in lending to the economy. Domestic credit is projected to stand at XOF 486.7 billion in 2008, an increase of XOF 44.2 billion, owing to the rise in both net government borrowing and lending to the economy.

The average inflation rate reached 2 per cent in 2007, against 1.5 per cent in 2006. This rise was essentially due to increases in the prices of milk, edible oils, other fats, beef, fresh vegetables and long-distance transport. The rise in the world-market price of milk powder resulted in a reduction of supply on the local market. The effect of these different increases, however, was offset by a lowering of the prices of unprocessed cereals and sugar. These lower cereal prices were made possible by good production and an increase in community and family stocks built up during the previous season. Moreover, in 2007, in order to offset the effects of the crisis created by the early arrival of the lean period, the government put out a joint ministerial order suspending food exports (of rice, dry cereals, milk, sugar, edible oils and wheat flour).

Average inflation is expected to be 2.5 per cent in 2008. Mali complies with the Community convergence criterion for inflation, which is, that it should be lower than 3 per cent.

**External Position**

In 2007, external trade was characterised by a slowdown in soaring oil prices, a drop in the US-dollar exchange rate, a continued rise in the price of gold and a slight increase in the international price of cotton. The combination of these factors resulted in a deterioration of Mali’s trade balance. In 2008 and 2009, the prices of gold, oil and cotton are expected to continue on the same trend.

The IMF set projections for goods exports at XOF 724 billion for 2007, down 10.3 per cent from 2006. This slowdown in exports is due to the poor performance in gold and cotton lint production. In 2007, gold exports by value took a 10.3 per cent drop despite the rise in international prices, because lower quantities of gold were exported (about 55 tonnes less than in 2006). The average selling price of gold had nevertheless settled at about XOF 9 699.9 per gram, up 2.4 per cent from 2006. The drop in production can be explained by a slowdown in the activity of most existing mines, and by delays in commissioning the new Kodiéran and Syam a mines, where production was to begin in 2007 but has been postponed to 2008.

The significant 23.2 per cent drop in cotton lint exports observed in 2007 was the combined result of
a simultaneous fall in production and, to a lesser extent, in prices. Hence, exports fell in volume by almost 104,000 tonnes. In 2006, the volumes exported had already contracted by 27.2 per cent. These considerable drops in cotton exports illustrate the crisis that the sector is going through. Not only have export volumes fallen, but the selling price of cotton has also dropped. The average selling price obtained by the CMDT in 2007 was XOF 618.8 per kilogram, which is nearly 1.8 per cent less than in 2006. Exports should improve slightly in 2008 and 2009: the total value of exports is expected to reach XOF 769.0 billion in 2008 and XOF 826 billion in 2009.

Cottonseed production for the 2007/08 season is predicted to reach 303,600 tonnes, which is 26.8 per cent less than that of the previous season, a mediocre performance explained by low rainfall and the reduction of land surfaces planted; added to this is a 0.5 per cent fall in the export price.

Table 3 - Current Account (percentage of GDP)

<table>
<thead>
<tr>
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<th>1999</th>
<th>2004</th>
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<th>2006</th>
<th>2007(e)</th>
<th>2008(p)</th>
<th>2009(p)</th>
</tr>
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<tbody>
<tr>
<td>Trade balance</td>
<td>-1.2</td>
<td>-2.4</td>
<td>-2.7</td>
<td>2.5</td>
<td>1.4</td>
<td>-0.3</td>
<td>-0.5</td>
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<tr>
<td>Exports of goods (f.o.b.)</td>
<td>19.4</td>
<td>19.6</td>
<td>20.0</td>
<td>25.2</td>
<td>24.4</td>
<td>24.1</td>
<td>23.8</td>
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<tr>
<td>Imports of goods (f.o.b.)</td>
<td>20.6</td>
<td>22.0</td>
<td>22.7</td>
<td>22.7</td>
<td>23.1</td>
<td>24.4</td>
<td>24.3</td>
</tr>
<tr>
<td>Services</td>
<td>-8.9</td>
<td>-5.9</td>
<td>-4.7</td>
<td>-5.3</td>
<td>-4.8</td>
<td>-4.1</td>
<td>-3.9</td>
</tr>
<tr>
<td>Factor income</td>
<td>-2.4</td>
<td>-3.9</td>
<td>-4.0</td>
<td>-4.8</td>
<td>-5.6</td>
<td>-5.0</td>
<td>-4.8</td>
</tr>
<tr>
<td>Current transfers</td>
<td>3.9</td>
<td>3.9</td>
<td>4.1</td>
<td>3.4</td>
<td>3.3</td>
<td>2.3</td>
<td>2.2</td>
</tr>
<tr>
<td>Current account balance</td>
<td>-8.6</td>
<td>-8.2</td>
<td>-7.3</td>
<td>-4.2</td>
<td>-5.8</td>
<td>-7.1</td>
<td>-7.1</td>
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</tbody>
</table>

Source: IMF data; estimates (e) and projections (p) based on authors’ calculations.

Starting in 2008, the commissioning of the Kódiéran and Syama mines should result in a rise in the value of exports of non-monetary gold. In 2008, gold production is expected to reach 58.1 tonnes, for a total value of XOF 572.2 billion, provided that gold continues to command high prices on the markets. In 2008, exports of other products should increase by XOF 4 billion, including XOF 2.2 billion for livestock on the hoof.

For 2007, imports are estimated at XOF 762 billion (4.8 per cent more than in 2006). This increase is the result of growth of over 10 per cent in capital-goods imports, due in turn to simultaneous increases in prices and volumes of imported machines and vehicles. Consumer-goods imports also increased as an effect of growth in household consumption. Conversely, oil-product imports decreased slightly in 2007 (XOF 2 billion less than in 2006) because of the decline in the average price of imports (by about 4.8 per cent) resulting from a depreciation of the US dollar against the euro that was not offset by increases in the world price of oil. Imports of food products fell by nearly 3.7 per cent in 2007 thanks to the good results of the 2006/07 agricultural season. In 2008 and 2009, the growth of total imports is expected to be weak, about XOF 799 billion and XOF 835 billion, respectively. These projections are made on the assumption of a rise in local agricultural production due to good seasonal yields. The value of imports of oil products should stand at XOF 172 billion in 2008 and XOF 178 billion in 2009. Imported volumes should continue to rise at the pace of economic growth.

In 2007, the deficit in the services balance declined by XOF 3 billion to stand at XOF 172 billion, thanks to a dynamic tourism sector. The same trend is expected to continue in 2008 and 2009.

Overall, external trade shows an increase in the current external deficit, excluding official transfers: 5.8 per cent in 2007, against 4.2 per cent in 2006. The increased deficit is due to the decline in exports. In 2008 and 2009, the external deficit is expected to stand at an average of about 7.1 per cent.

The deficit in the revenue balance contracted in 2007: XOF 127 billion, against XOF 176 billion in
2006. This improvement is the result of the effect of the decline in gold exports on the investment incomes of mining enterprises (i.e. a decline in the incomes of foreign investors). The revenue balance is expected to improve by XOF 12 billion in 2008 and XOF 20 billion in 2009 (i.e. by 7 per cent and 12.5 per cent, respectively).

In 2007, the current-transfers balance showed a surplus of 123 billion, or 6 billion less than in 2006, owing to the contraction in budget aid, which had been expected. Implementation of the Poverty Reduction and Growth Facility (PRGF) signed in 2004 with the IMF for the 2004-07 period has been judged satisfactory, even though efforts remain to be finalised in the area of structural reforms. The Country Assistance Strategy (CAS) for Mali adopted by the World Bank for the 2004-06 period has also reached its term. The World Bank is considering a new country strategy for Mali starting in 2008, and the AfDB has begun the mid-term review of its country strategy.

Mali was admitted into the Heavily Indebted Poor Countries (HIPC) Initiative of the World Bank and the IMF in September 2000, and has begun to benefit from debt relief. Hence, the debt-service ratio fell from 12.8 per cent in 2000 to 6.8 per cent in 2002. After the implementation of additional structural measures in agreement with the Bretton Woods institutions, the country reached the completion point in March 2003, leading to a 29 per cent reduction in its total external debt. In addition, Mali was one of the 19 countries selected to benefit from the MDRI set up by the G8 to enable the complete cancellation of all loans contracted with multilateral agencies before 1 January 2005. In the case of Mali, 68.5 per cent of its external debt was contracted with multilateral creditors. The resources freed up under the HIPC and MDRI Initiatives are being used primarily for expenditure on education, health and rural-development.

This cancellation brought Mali’s debt down to only 20 per cent of GDP in 2006 (against 48.8 per cent in

![Figure 3 - Stock of Total External Debt (percentage of GDP) and Debt Service (percentage of exports of goods and services)](http://dx.doi.org/10.1787/320012161838)
2005) and debt servicing shrank to only 3.7 per cent of GDP. In 2007, the public debt ratio stood at 22.6 per cent of GDP, and debt servicing at 3.4 per cent.

**Structural Issues**

**Recent Developments**

In the public sector, structural reforms are being continued in order to bring about improvements in the area of good governance, to which the government gives its full support. In the domain of public finances, there is a general auditor in charge of supervising the legality and genuineness of public revenue and expenditure. Discussion is in progress between the government and development partners with a view to setting up a government-independent audit office for the impartial authentication of public finances. Civil society is becoming more organised, and a variety of organisations have been formed, to contribute to the fight against corruption and financial delinquency.

A Public Expenditure and Financial Accountability (PEFA) analysis was completed in January 2007. The report provides recommendations for reforms in the country’s public-finance management system. In 2007, the government began implementing its reform plan based on the recommendations of the PEFA, and it will continue to do so in 2008. Reform of the public-finance system in fact began with the plan for integrating the expenditure chain and the plan to create a common database for the budget and Treasury departments. The authorities have also adjusted their action plan to address the problems related to the monthly follow-up of budget execution, public information on revenue and expenditure, and payment delays. For the 2006-08 period, the government has made a commitment to its partners to reinforce audit-and-control in the awarding of contracts, and accountability in regional expenditure.

The provisional actuarial survey of the Caisse des retraités du Mali (CRM), the civil-service pension fund, showed that failing reform, the fund’s operational deficit will increase and reach unsustainable levels.

Although the draft of a Finance Act for 2008 includes the reform of the CRM, the corresponding bill has not yet been submitted to the National Assembly because negotiations with the unions were not completed until early October 2007. The authorities intend to submit the bill before November 2008, and believe that they will be able to obtain the corresponding budgetary savings starting in 2008, as planned. If this were to prove impossible, the authorities would make savings of just over 0.1 per cent of GDP on expenditures of lesser priority, in the areas of transfers, goods and services, and staff; this would offset entirely the revenue foregone while leaving overall expenditure unaltered.

In the financial sector, the survival of the housing bank, the Banque de l’Habitat du Mali (BHM) depends on the recovery of unproductive loans granted to a few large real-estate promoters. A bill aiming to reinforce the legal foundation of the BHM to allow it to collect its debt claims was submitted to the National Assembly in 2007. As for deposit withdrawals, the situation has returned to normal, which has allowed the BHM to maintain its liquidity ratio distinctly above the minimum level of 25 per cent (the permanent structural benchmark) and to resume its lending activities on a small scale. As the delay in the reform project has not had a negative impact on its operations, the viability of the BHM henceforth depends on its capacity to collect its non-productive debt claims and to develop its lending operations.

Improvement in the business climate is a government priority. However, the World Bank’s *Doing Business 2008* report ranks Mali 158th out of 178 countries in the Ease of Doing Business category. To improve the business climate, reactivate the privatisation programme, and develop infrastructure and human capital, the government intends, through its Presidential Investment Council, to remove the obstacles to starting up a business, to reduce the rigidities of the labour market and to improve access to financial services. The authorities have made a commitment to follow the audit-report recommendations scrupulously and to reinforce the judicial system. For public enterprises, the priority is to solve management problems in order to increase productivity and protect public finances.
With the difficulties faced by the cotton sector and the huge deficits of the CMDT, the latter’s privatisation is more than ever on the agenda. The state has made some progress on this with its selection, in March 2007, of a consultant responsible for preparing this privatisation. The goal is to finish this operation in 2008. On the other hand, regarding the Banque internationale pour le Mali (BIM-SA), the authorities have not yet issued the final call for tender for the disposal of the state’s shares, but they intend to do so in 2008. They have reiterated their intention both to privatisise the BIM-SA and to launch the privatisation process of the BHM in 2008. The year 2008 should also be marked by the start of the privatisation of the CMDT and the completion of that of the Société des télécommunications du Mali (SOTELMA).

To improve the efficiency and viability of the financial sector while stimulating growth, the government has outlined a new development strategy for the financial sector; this was finalised in October, in collaboration with IMF and World Bank services. The priorities in this area are to strengthen the balance sheets of public institutions, increase private-sector participation and widen access to credit in the banking sector. The IMF has encouraged the authorities to carry out their plan to dispose of the state’s shares in the BIM-SA and in the Banque de développement du Mali (BDM-SA), and to co-ordinate this operation with the sale of the shares owned by the CBWAS. The strategy for the financial sector will be reviewed after completion of the evaluation programme for the regional financial sector (planned for late 2007) and of Mali’s Financial Sector Assessment Programme (FSAP), which is to succeed it.

Mali’s strategic framework for growth and poverty reduction (CSCR) 2007-11 understandably placed the accent on the development of the private sector to drive growth. Considering the trends and the current reform projects, real growth of GDP is estimated to stand around 5 per cent, which is beneath the 7 per cent goal set in the CSCR 2007-11. Two conditions seem essential for accelerating growth: improving the business climate through legal and regulatory reforms; and refocusing the state on its sovereign functions while reinforcing governance by promoting more responsible and more transparent public-finance management.

In July 2007, the authorities signed a loan and leasing agreement with the Islamic Development Bank (IDB) with a much lower level of concessionality than the minimum set by the electricity programme, to finance an increase in electricity production capacities. The authorities decided to acquire a high-output 60-megawatt production unit, operating on heavy fuel oil and not on diesel oil, as is currently the case for a number of relatively weak, old and inefficient generators. This investment was judged to be indispensable and urgent, in order to avoid electricity shortages. The World Bank is helping the government to seek means of reducing the financing costs for the energy sector.

Technical and Vocational Skills Development

A national directorate for technical and vocational education (DNETP) was set up in 2002. Its mission is to draw up the features of national policy for technical and vocational education. Its responsibility is to define and open up educational options to fit the needs of the economy, to promote public and private technical and vocational education, and to co-ordinate and ensure technical supervision of colleges offering technical and vocational education.

Technical and vocational education comprises two types of option: a short two-year curriculum leading to a vocational training certificate (CAP); and a four-year curriculum awarding a technician’s certificate when completed.

Between 1996/97 and 2003/04, the total number of enrolments in technical- and vocational-education institutions grew from 18 179 to 39 669. Enrolments in the public institutions more-or-less stagnated, whereas in the private institutions, they increased significantly. Consequently, private institutions, which accounted for 55 per cent of enrolments in this form of education (long or short curriculum) in 1996/97, had increased their share to 75 per cent by 2003/04.
The present structure of operating expenditure per education category seems to be consistent with the development objectives for the sector. The efficiency and equity of resource allocation for basic education have been greatly improved, considering the gains in terms of social return and contribution to reduction in inequality. Investment expenditure recorded strong progression at every level. The priority accorded to technical and vocational education is expressed in the figures: it drew nearly 15.6 per cent of investment expenditure in 2008, against 12.7 per cent in 2005.

**Political Context**

In the elections of April 2007, President Amadou T. Touré was re-elected on the first round for a second five-year term, with 68.3 per cent of the votes. He should therefore remain in power until 2012. The runner-up, Ibrahim Boubacar Keïta, who was President of the National Assembly when the elections were held, scored only 18.6 per cent of the votes. This election put the re-elected president in a stronger position, which meant that he was able to apply a number of somewhat controversial policies. His re-election energised the Alliance pour la démocratie et le progrès (ADP), a coalition of political parties in the presidential line, for the general elections. The ADP won 113 seats out of a total of 147, up from 97 seats in the previous legislature. The presidential line can also count on the support of so-called independent parties, which secured 15 seats. The president of the ADEMA (Alliance pour la démocratie), the largest party within the ADP, was elected president of the National Assembly on 3 September 2007.

Modibo Sidibé was named Prime Minister, and a 26-member government was formed. The Parti pour la renaissance nationale (PARENA), Solidarité africaine pour la démocratie et l’indépendance (SADI) and the Rassemblement pour le Mali (RPM) proclaimed themselves leaders of the opposition. Among the government’s priorities will be to reinforce security in the north of the country, and to carry out the ambitious poverty-reduction programme. To do so, it benefits from the support of the community of technical and financial partners.

The Algiers agreement, signed in July 2006 and currently being enacted, is meeting some opposition. Twareg rebels continued their attacks in 2007. In May, a dissident Twareg rebel, Ibrahim Ag Bahanga, attacked an army post in the north-eastern city of Tinzaoutene. In August, tension stepped up even more when 40 soldiers were kidnapped by Ibrahim Ag Bahanga’s rebels in the north of the country. To calm things down, the government asked Iyad Ag Ghaly, the leader of the Alliance démocratique du 23 mai 2006 pour le changement (the Twareg group formed by Colonel Fagaga, Iyad Ag Ghaly, Ahmed Ag Beiba and Ibrahim Ag Bahanga) to represent the Twareg movement in the implementation of the Algiers agreement. This solution failed to work, and the government asked Iyad Ag Ghaly to mediate in finding a solution to the crisis. Most Twareg rebels surrendered their weapons in March and are now regrouped in Kidal.

**Social Context and Human Resources Development**

The United Nations Population Fund (UNFPA) estimated Mali’s population to be about 12.3 million in 2007. The fertility rate is very high — nearly 6.5 children per woman — but so are the child-mortality and emigration rates. Nearly 3 million Malians live abroad, mainly in France and in Côte d’Ivoire.

According to national sources, life expectancy at birth was estimated to be 48.9 years in 2004 (49.7 years for women and 48.4 years for men). The infant-mortality rate (127 deaths per 1 000 live births in 2007) is one of the highest in the world. There is an average of eight practising physicians per 10 000 population, and 41 per cent of births are assisted by qualified medical personnel. These figures, however, conceal the huge disparities between the rural world and the urban world. Only 36 per cent of the population has access to health services within 5 kilometres from their home, and only 8 per cent have access to modern sanitary services.
Mali is amongst the countries featuring the greatest illiteracy rate. In 2007, according to the United Nations Educational, Scientific and Cultural Organization (UNESCO), nearly 70 per cent of the population could neither read nor write (79 per cent of women and 58.3 per cent of men).

Access to education improved significantly in the past decade, but considerable disparities between girls and boys remain. The GER (gross enrolment rate) in primary education grew by nearly 9.7 per cent, from 64.4 per cent in 2002/03 to almost 80 per cent in 2005/06. Both girls and boys have benefited from this evolution. Sociocultural tradition has however continued to weigh on the gender factor, and illiteracy remains much higher amongst girls than amongst boys. The PTR (pupil-teacher ratio) remained constant between 2002 and 2004 (57 pupils per teacher). In 2005, it went down to 54.4 pupils per teacher. This positive change is the result of considerable investments in school infrastructure and in the hiring of contract teachers.

Gender disparities in access to education vary depending on the region, and this trend has become more accentuated over time. The city of Bamako, along with four regions — Kayes, Koulikoro, Sikasso and Ségou — have gender gaps in access to education that are greater than 20 points in favour of boys.

Repetition rates are quite high in primary education, and they worsen with increasing years and education level. There is a 35 per cent average repetition rate in primary schools. The repetition rate in the first years of school has fallen substantially, but that of the later years has increased. This therefore raises the issue of the quality and effectiveness of education.

Only 55 per cent of pupils pass their entrance exams into junior secondary school, and 66 per cent of those obtain the junior secondary education certificate (BEPC). The number of teaching hours per year is distinctly lower than the minimum 780 hours recommended by UNESCO.