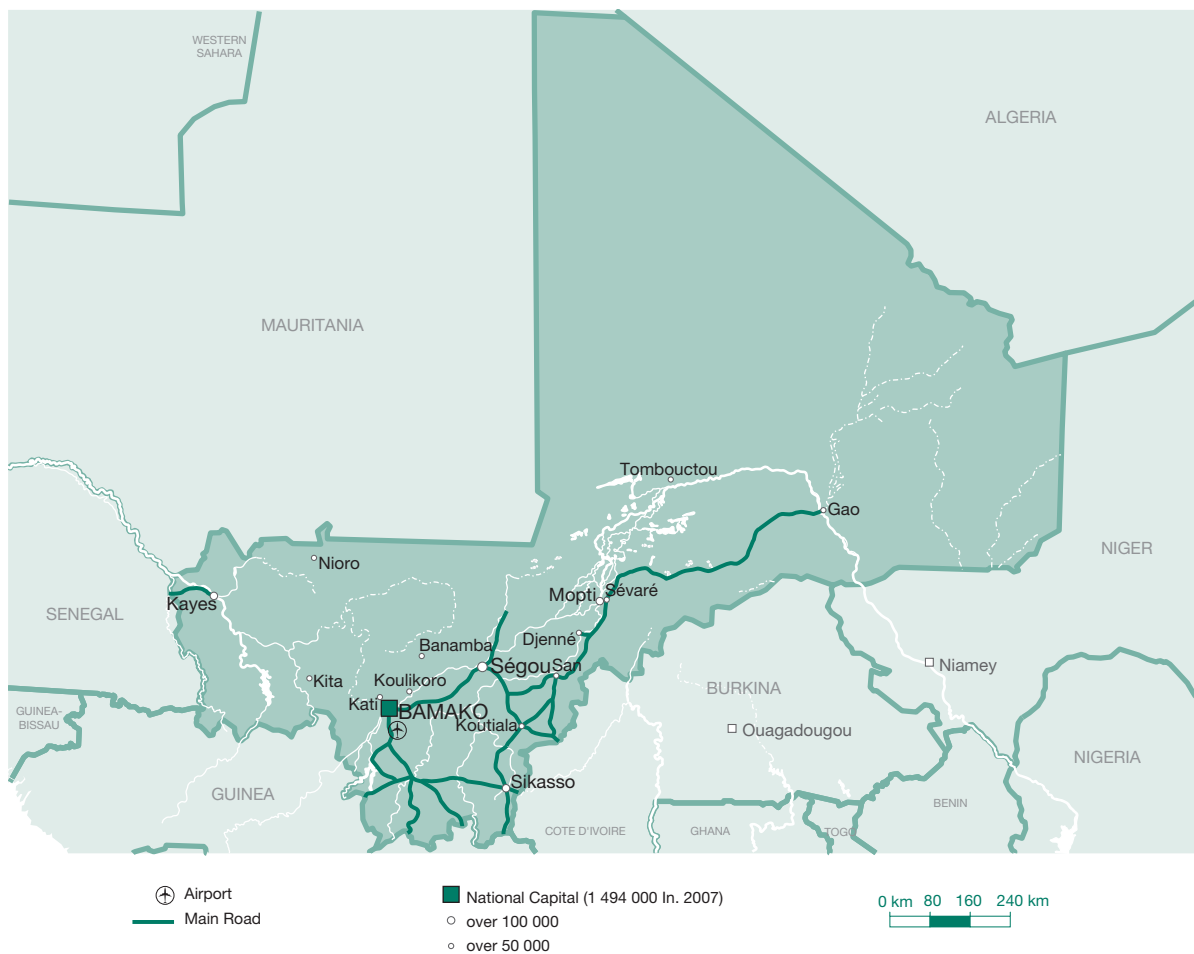


Mali
2011





This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map.

Mali

Overview

The structure of the economy, dominated by the primary and tertiary sectors (36% and 35.6% of GDP), did not change much in 2010 and should stay largely the same in 2011, with a small decline in the primary and tertiary sectors in favour of the secondary. Real GDP growth in 2010 (4.5%) was the same as in 2009, though lower than expected.

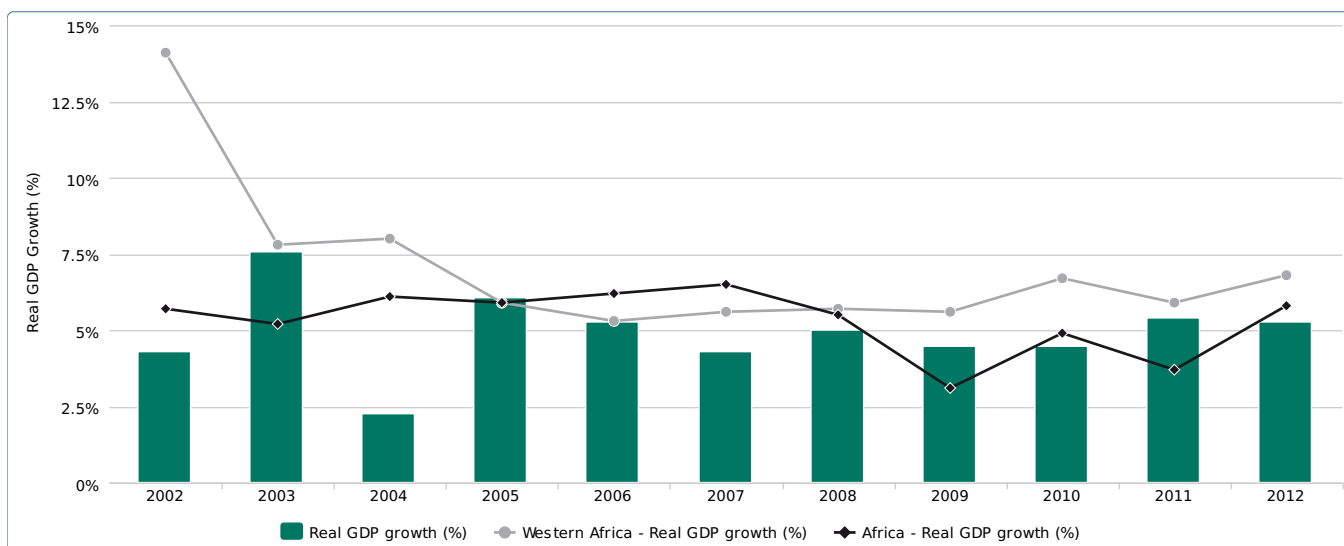
Growth was driven by subsistence farming, transport and telecommunications, which together contributed a third of real GDP growth, and by livestock and commerce. Export crops, including cotton, expanded strongly (up 11.4%) but still made only a marginal contribution to overall growth because of their small share of GDP (2.6%). Mining, especially gold, slumped 16.2% and subtracted 1.1 percentage points from overall GDP growth.

Final consumption (85.1% of GDP) contributed 3.5 percentage points to GDP growth and gross investment (22% of GDP) 1.3 points, while external demand subtracted 0.3 points.

The post-election crisis in Côte d'Ivoire that began in December 2010 slowed Mali's economy, stoked inflation and will undermine prospects until 2012 if it continues. Taking this into account, 2011 growth is forecast as 5.4% if the harvest is good and gold output revives, along with world prices for gold and cotton.

The country strengthened its links with emerging partners, especially China, which was involved in nearly all aspects of economic, social and cultural life. India, Russia, Brazil, Venezuela, Malaysia and Libya also increased their economic and trade ties with Mali, especially in agro-industry, chemicals and construction. Emerging-partner countries' interests are the same as those of traditional partners: they seek access to local and West African regional markets and to natural resources. They are barely active for the moment in the mining sector. The government finds them faster and less formal than traditional partners in carrying out projects, but they are not always in tune with the country's debt policy or anti-poverty programme, the Strategic Framework for Growth and Poverty Reduction (SFGPR).

Figure 1: Real GDP growth (W)



Source: IMF and local authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink <http://dx.doi.org/10.1787/888932404313>

Table 1: Macroeconomic indicators

	2009	2010	2011	2012
Real GDP growth	4.5	4.5	5.4	5.3
CPI inflation	2.2	1.4	4.1	2.5
Budget balance % GDP	-4.2	-4.1	-4.1	-3.9
Current account % GDP	-7.5	-8.8	-9.6	-10.9

Source: National authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932406669>

Recent Economic Developments and Prospects

Table 2: GDP by sector (in percentage)

	2005	2009
Agriculture, forestry, fishing & hunting	37.6	40.3
Agriculture, livestock, fishery, forestry and logging	-	-
of which agriculture	-	-
of which food crops	-	-
Mining and quarrying	7.7	6.3
Mining, manufacturing and utilities	-	-
of which oil	-	-
Manufacturing	9.9	5.7
of which hydrocarbon	-	-
Electricity, gas and water	1.9	2.2
Electricity, water and sewerage	-	-
Construction	4.7	5.8
Wholesale and retail trade, hotels and restaurants	13.7	16.1
of which hotels and restaurants	-	-
Transport, storage and communication	4.9	6
Transport and storage, information and communication	-	-
Finance, real estate and business services	0.4	0.4
Financial intermediation, real estate services, business and other service activities	-	-
General government services	7.6	7.3
Public administration & defence; social security, education, health & social work	-	-
Public administration, education, health	-	-
Public administration, education, health & other social & personal services	-	-
Public administration, education, health & social work, community, social & personal services	-	-
Public administration, education, health & social work, community, social services	-	-
Other community, social & personal service activities	-	-
Other services	11.6	9.8
Gross domestic product at basic prices / factor cost	100	100

Source: National Bureau of Statistics.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932407638>

The structure of the economy, dominated by the primary and tertiary sectors (36% and 35.6% of GDP), did not

change much in 2010. The primary sector consists mainly of subsistence farming (20.6% of GDP) and livestock (8.1%). Commerce (14.4% of GDP), non-traded services (8.7%) and transports and telecommunications (5.4%) were the main tertiary (service) sector activities, while mining (5.6% of GDP) and construction (5.2%) accounted for most of the secondary sector. This picture should remain stable in 2011, with a small decline in the primary and tertiary sectors in favour of the secondary, owing to a pick-up in mining.

Real GDP growth in 2010 (4.5%) was the same as 2009, though less than expected. It was driven by the primary and tertiary sectors but pulled down by weak secondary sector performance.

The post-election crisis in Côte d'Ivoire that started in December 2010 slowed Mali's economy, increased inflation and will undermine prospects if it continues. Taking this into account, 2011 growth is forecast as 5.4%, if the harvest is good and gold output revives, along with world prices for gold and cotton.

The primary sector grew 7.7% in 2010 (up from 5.6% in 2009), contributing 2.8 percentage points to overall real GDP growth. Most of this contribution was due to subsistence farming (1.9 percentage points), which was helped by ample rainfall, the Rice Initiative and good preparations for the farming season, including fertiliser subsidies.

Export crops, including cotton, expanded strongly (11.4%) but were still only marginal to growth because of their small share of GDP (2.6%). Cotton did well, increasing both output and export volumes and benefiting from higher world prices. This should continue in 2011, with good international prospects and government incentives to revive production and speed up privatisation of the state cotton firm *Compagnie malienne de développement textile* (CMDT).

The secondary sector shrank 2.1% in 2010, after growing 3.5% in 2009, and subtracted 0.4 of a percentage point from real GDP growth. It began to recover in 2009 from the 2008 world financial crisis but was hit by a 16.2% drop in gold production in 2010 because of delays in opening a new mine. Construction expanded 7%, however, thanks to rural electrification investment, the continuing affordable housing programme and work on a third bridge in Bamako and a multiple highway interchange in the government's administrative quarter.

The tertiary sector advanced 4.5% and contributed 1.7 percentage points to GDP growth due to growth of transport and telecommunications (+5.5%), commerce (5%) and non-traded services (3%). These sub-sectors were all helped by firm domestic demand, especially private consumption (68.4% of GDP).

On the demand side, final consumption, mostly private, amounted to 85.1% of real GDP in 2010, and its 3.8% growth contributed 3.5 percentage points of GDP growth. Gross investment contributed 22% of GDP, while net external demand is estimated at -7.1% of GDP.

Gross investment rose 6.4% in 2010 and gross capital formation increased to 22% of GDP (from 20% in 2009), due to higher public investment, including modernisation of Bamako's airport, building a third bridge in Bamako, university and vocational training infrastructure, community clinics, the Mali Hospital in Bamako and a regional hospital in Sikasso. Private investment was also boosted by improved infrastructure and a better business climate. The contraction in net external demand subtracted 0.3 percentage points from GDP growth.

Table 3: Demand composition

	Percentage of GDP (current price)		Percentage changes, volume			Contribution to real GDP growth		
	2002	2009	2010	2011	2012	2010	2011	2012
Gross capital formation	16	20	6.4	2.7	5	1.3	0.6	1
Public	7.8	7	4.5	4	5	0.3	0.3	0.4
Private	8.3	13	7.4	2	5	1	0.3	0.7
Consumption	85.7	88	3.8	5.1	6	3.5	4.7	5.5
Public	16.6	17.3	2.7	2	2.7	0.5	0.3	0.4
Private	69.1	70.7	4	5.8	6.7	3	4.4	5
External sector	-1.7	-8	-	-	-	-0.3	0.1	-1.2
Exports	32.8	26.6	4.4	18	3.7	1.1	4.3	1
Imports	-34.5	-34.6	3.7	11.4	5.6	-1.4	-4.2	-2.2
Real GDP growth rate	-	-	-	-	-	4.5	5.4	5.3

Source: Data from National Bureau of Statistics; estimates (e) and projections (p) based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932408607>

Macroeconomic Policy

The government wants to increase support for growing sectors, focus on careful management of public finances and expand institutional reforms to achieve the goals of the SFGPR.

Macroeconomic policy implementation was satisfactory in 2010, and the government scored well under the WAEMU convergence criteria, meeting the four first-rank criteria and the second-rank ones concerning the wage bill and domestically financed investment. It also performed well under the reform programme backed by the IMF's 2008-10 ECF: following the fourth and fifth IMF reviews (June 2010 and January 2011), the IMF board prolonged the programme until the end of 2011.

Fiscal Policy

The 2010 budget is based on the assumptions of 6.4% nominal GDP growth, 1.9% inflation and a base budget deficit (total revenue excluding grants and privatisation proceeds, minus total spending and net loans excluding donor and foreign lender-funded capital and spending related to the Heavily Indebted Poor Countries [HIPC] Initiative) of 1.1% of GDP.

Adjustments were later made to the budget, strengthening agricultural policy (especially cotton and farm inputs), including projects to be funded by the privatisation of Sotelma and incorporating new items with sectoral budget support. All of these adjustments were in line with ECF commitments.

Budget execution was generally satisfactory. The government managed to raise more revenue domestically, control spending and reduce internal debt arrears. Budget revenue increased 8.5% to 709 billion CFA francs BCEAO (XOF) from 653.2 billion in 2009, although its share of GDP fell from 21.7% to 20.6%. Tax revenue, which accounted for 95.6% of the total, was up 8.5%, helped by continued modernisation of tax collection, more energetic anti-evasion measures, abolition of exemptions granted during the food and energy crisis, and better management of VAT credits. The tax burden increased slightly to 14.8% (14.7% in 2009) but was still below the WAEMU area average of 15.9% and the 17% target set under the zone's convergence criteria. Non-tax revenue rose to XOF 31.9 billion (28.9 billion in 2009), while grants fell to XOF 170.6 billion (193.9 billion in 2009) as budget and project grants declined.

Total expenditure and net lending grew slightly (1.4%) to XOF 1 113.3 billion (1 097.8 billion in 2009), though the nominal GDP share fell from 25.9% to 24.3%. This included an 11.4% rise in current spending (to 15.2% of nominal GDP) due to a heavier wage bill after revaluation of the salary index for civil servants and new hiring in various sectors. Investment spending fell 4.6% (to 10.4% of nominal GDP) owing to a sharp decline (17.8%) in external funding, which was less than forecast because of disbursement delays.

Budget execution thus led to smaller deficits than expected, since revenue increased faster than spending. The overall deficit (including grants) narrowed slightly, to 4.1% (4.2% in 2009), as did the base budget shortfall, which shrank to 3.6% of nominal GDP (3.9% in 2009).

The government's funding needs in 2010 were XOF 235.4 billion, taking account of scheduled depreciation of the external debt, repayment of debt to the banking system and of non-bank loans, and reduction of internal and external arrears. This was met by domestic funding, loans from major development partners and funds freed up by external debt relief.

Increased budget revenue and government spending curbs are the keys to maintaining medium-term viability of public finances. They depend on implementation of the government's action plan to upgrade and modernise public finance management (Pagam/GFP), which involves continuing to enlarge the tax base, improve collection, combat evasion, organise the flow of goods through customs, strengthen the national land survey department and continue introducing a land database. To curb spending, ministries will have to draft medium-term expenditure frameworks (MTEFs), strengthen the institutional and regulatory handling of public procurement and improve spending control by decentralising inspection.

The government's external debt fell substantially from 103% of GDP in 2000 to 19% in 2006 due to relief under the HIPC Initiative in 2002 and the Multilateral Debt Relief Initiative (MDRI) in 2006. It increased again, to 21%, at the end of 2009, because of new loans from the International Development Association (IDA), the African Development Bank (AfDB), the Islamic Development Bank (IDB) and the IMF. Public domestic debt remains small (3% of GDP in 2009), though it has risen since 2007 because of treasury and other bond issues on the WAEMU regional market and loans from commercial banks to repay VAT credits to mining companies.

Debt viability analysis, done as part of the 5th ECF review, concluded that Mali's risk of excessive debt had moved from low in 2009 to moderate in 2010 due to higher export unpredictability. All ratios of public debt and debt service should normally continue to be sustainable over the forecast period, but the 2010 analysis, unlike

that of 2009, showed that public debt viability has become vulnerable to export shocks and also more sensitive to overall growth shocks. A loss of three-quarters of a percentage point of growth would thus increase the net present value (NPV) of the public debt from 20% of GDP to 39% in 2030. Thus, debt viability will depend on continued caution in fiscal policy.

Table 4: Public finances (percentage of GDP)

	2002	2007	2008	2009	2010	2011	2012
Total revenue and grants	19	19.5	19	21.7	22.1	22.4	22.5
Tax revenue	13.8	14.2	15	16.4	15.6	17	17.3
Oil revenue	-	-	-	-	-	-	-
Grants	3.9	4.6	3.4	4.6	5.9	4.7	4.5
Other revenues	-	-	-	-	-	-	-
Total expenditure and net lending (a)	24.3	24.7	21.2	25.9	26.2	26.5	26.4
Current expenditure	15.4	14.5	13.4	14.7	15.2	15.4	15.3
Excluding interest	14.6	14.1	13.1	14.3	14.7	15.1	14.9
Wages and salaries	4.2	4.8	4.8	5	5.1	4.9	4.8
Goods and services	4.9	4.7	4.2	4.5	4.8	5.2	5.2
Interest	0.8	0.4	0.4	0.4	0.5	0.4	0.4
Capital expenditure	9.1	11.6	7.5	10.8	10.4	11.1	11.2
Primary balance	-4.5	-4.8	-1.9	-3.9	-3.6	-3.7	-3.6
Overall balance	-5.3	-5.2	-2.2	-4.2	-4.1	-4.1	-3.9

a. Only major items are reported.

Source: Data from domestic authorities; estimates (e) and projections (p) based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932409576>

Monetary Policy

Mali belongs to WAEMU, and its monetary policy is conducted by the Central Bank of West African States (CBWAS). Inflation fell to a modest 1.4% in 2010 (from 2.2% in 2009) because of moderate increases in prices for food and imported oil products that were in step with rising world oil prices, especially in the first quarter. The dip in inflation was also due to cheaper telecommunications and transport and a slight rise in the US dollar against the euro, to which Mali's CFA franc is pegged.

In this context of moderate inflation, the aim of monetary policy has been to assist growth, and the CBWAS has continued its flexible loan policy to help economic recovery in member countries. Its intervention rates were unchanged in 2010, with a discount rate of 6.25% and repurchase (repo) rate of 4.25%. The average monthly rate of weekly injections of liquidity into the money market increased from 3.27% in December 2009 to 3.36% in September 2010. The base lending rate for Mali's banks and other financial institutions was much the same as in 2009, fluctuating between 7.5% and 15% with an average of 10.35%. The average maximum lending rate rose slightly, from 14.63% in 2009 to 14.69% in 2010 and stayed within a 10-18% range. Real interest rates declined in 2010, following lower inflation and fairly stable nominal interest rate conditions.

Inflation should increase to 4.1% in 2011 because of the Côte d'Ivoire crisis, higher prices for oil and imported food, a fairly good harvest and controlled inflation in the euro zone, which is Mali's main trade partner.

External Position

Despite a small improvement in the trade deficit, the current account deficit worsened to 8.8% of GDP (7.5% in 2009), largely as a result of increased services and factor income deficits and a smaller current transfers surplus.

The capital and financial operations surplus shrank 35.79% to XOF 338.5 billion (7.39% of GDP) from XOF 527.2 billion (12.45% of GDP) in 2009, because capital transfers and FDI were both down after the exceptional rise in 2009, which was partly due to the privatisation of Sotelma, as well as to disbursements of budgetary and project aid.

The balance of payments thus moved from a surplus of XOF 210.8 billion (4.98% of GDP) in 2009 to a 52.8 billion deficit (1.15% of GDP), reducing the government's external reserves to the equivalent of 5.1 months of imports (from 6.9 months in 2009). Higher gold exports in 2011 should improve the trade and payments balances as well as rebuilding the reserves held by CBWAS.

Mali participates in regional integration initiatives as a member of ECOWAS and WAEMU and continues efforts to bring its trade and customs policies into line with regional agreements. Negotiations for an EPA with the EU are led by ECOWAS with help from WAEMU. Mali wants to avoid making a temporary bilateral agreement of its own and will continue trade liberalisation, especially under a future EPA. The government hopes the economy will become more competitive but knows this could also mean loss of revenue. As a result, the Malian authorities, along with the rest of the region, are calling for assistance, financial and otherwise, to offset the effects of liberalisation before an EPA is signed.

Mali's access to foreign markets is also hampered by sub-regional political conflicts and poor transport links to neighbouring countries.

Most of the external debt is public, mainly owed to multilateral bodies such as the IDA, AfDB, IsDB and IMF. External debt amounted to 21% of GDP at the end of 2009. Domestic debt is small, so the changes in total public debt mirror external debt fluctuations. Tests show that if export growth temporarily slowed and then fell 30% permanently, the ratio of external debt to exports in NPV would become unsustainable in 2017. The limit would also be exceeded if funding conditions were less favourable, so foreign financing should be restricted to grants and soft loans if the debt is to remain sustainable in a context where gold exports are forecast to fall in the medium term and exports are hard to diversify.

Official development assistance (ODA) was about 10% of GDP in 2009 (about 45% of the national budget), and the government and its technical and financial partners (TFPs) drafted (and signed on 7 December 2009) a joint strategic aid paper to support the 2007-11 SFGPR. The TFPs introduced general co-ordination by agency and mission heads, led by current, outgoing and incoming TFP managers and assisted by a joint technical team, and also sectoral and specialist co-ordination by 10 specialist groups and three bridging groups. The specialist groups are the basis for sector dialogue with the government. The TFP-government policy dialogue is conducted through a joint committee meeting every six months.

Implementation in 2010 of the Paris Declaration on Aid Effectiveness brought progress, with the opening of an office to harmonise aid, the updating of the framework agreement (signed by 11 TFPs) to align budgetary aid with the SFGPR, extension of budgetary aid to new sectors with two TFPs signing the Niger Office arrangement for this, and implementation of the common fund created by five TFPs to boost the capacity of civil society organisations. Resource to national systems is also increasingly common, with their utilisation rate rising from 29% in 2005 to 40% in 2009.

Table 5: Current account (percentage of GDP)

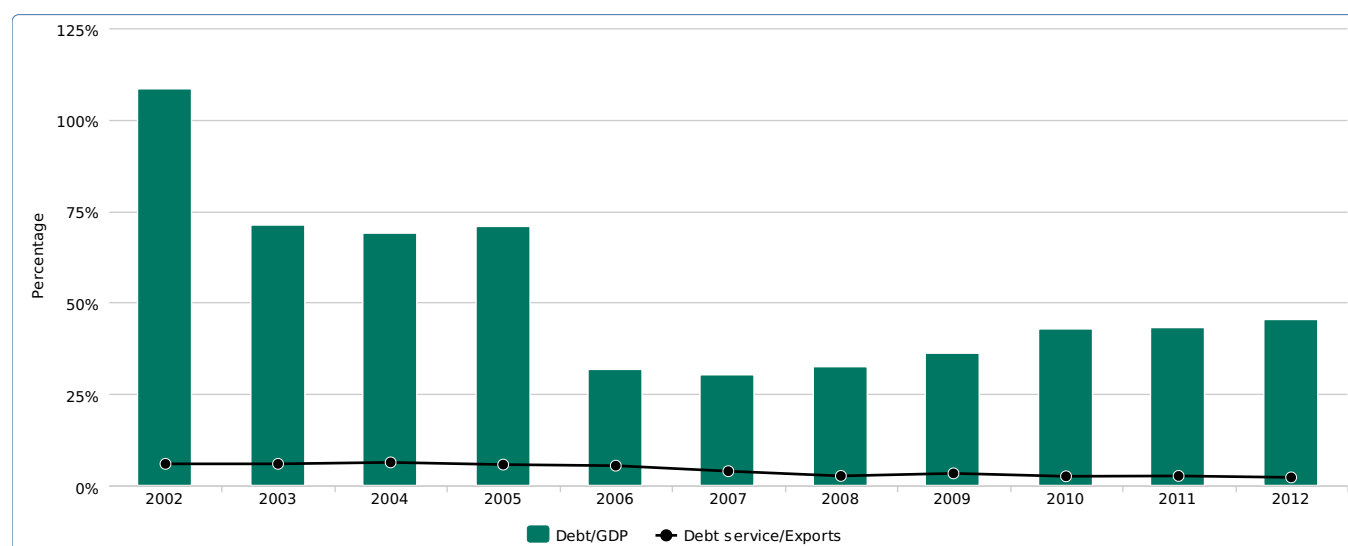
	2002	2007	2008	2009	2010	2011	2012
Trade balance	5.1	-4.1	-7.8	-3	-1.4	-8.6	-10.1
Exports of goods (f.o.b.)	27.4	21.8	23.5	22.1	25.1	20	19.4
Imports of goods (f.o.b.)	22.3	25.8	31.3	25.1	26.4	28.6	29.4
Services	-6.8	-5.6	-6.5	-5	-5.7	-2.1	-2.1
Factor income	-7.5	-4.1	-3.6	-4	-5	-4	-3.5
Current transfers	4.6	3.9	5.2	4.6	3.2	5	4.7
Current account balance	-4.7	-9.8	-12.7	-7.5	-8.8	-9.6	-10.9

Source: Data from domestic authorities; estimates (e) and projections (p) based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932410545>

Figure 2: Stock of total external debt (percentage of GDP) and debt service (percentage of exports of goods and services)



Source: IMF and local authorities' data; estimates and projections based on authors' calculations.

Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932404313>

Structural Issues

Private Sector Development

Mali moved up in 2010 from 155th to 153rd place out of 183 countries surveyed in the World Bank's *Doing Business* report. Its ratings improved for registering property (+10 places), closing a business (+10 points), starting a business (+4 points), dealing with construction permits (+4 points), trading across borders (+4 points) and enforcing contracts (+2 points). Reducing the number of start-up procedures to six (the sub-Saharan average is 8.9) and the time taken to eight days (sub-Saharan average 45.2) also helped business creation.

Further progress is needed, however, especially in making it easier to get loans and protecting investors, and the government is drafting a new investment law focusing more on investors' rights and obligations and less on incentives and tax breaks. SMEs/SMIs were also helped in 2010 with a joint funding arrangement, implementation of the second phase of a programme to support retail businesses and a guarantee fund for craft workers.

The private sector still faces obstacles, including lack of confidence in the legal system, flaws in the investment and mining laws, low worker productivity, a rather rigid labour law, under-developed physical infrastructure, expensive water and electricity, an undeveloped financial sector, problems getting medium- and long-term loans, and poor corporate governance. A law setting general policy for the private sector was passed in December 2010 to bring together the resources of all parties to ensure the sector's viability and help it to contribute more to economic growth.

Other Recent Developments

Financial system development

Financial institutions are under the prudential supervision of the West African Banking Commission, but the financial system is still fragile as banks are highly vulnerable to sector shocks, especially in cotton, and also because of the small number of borrowers. Prudential norms are insufficiently enforced: the bank sector is under-capitalised and portfolios mediocre, with more bad loans than the WAEMU area average. Financial intermediation is also very weak: domestic lending was up only 4% in 2010 (17% of GDP), while deposits grew 22% (14% of GDP).

Despite substantial progress in the sector in the past two years, access to financial services is still limited, with less than 5% of population having a bank account or taking out loans. Financial services and products are inadequate, usually restricted to short-term loans only, and banks have few branches. Things are worse in the countryside, with little financial infrastructure and no structured agro-industry chains apart from cotton, but the growth of payment facilities to receive remittances from relatives abroad is helping to bring rural areas into the financial system.

Banks focus on lending to a small number of big customers to the detriment of SMEs, which get about a quarter of all loans and advances, compared with 80% in Senegal. However, rapid growth of microfinance institutions (MFIs) in recent years (now used by more than 40% of households) has spurred some banks to offer joint services, thus strengthening the MFIs.

The non-bank financial system, mainly social security institutions, expanded in 2010 as the government set up insurance and health bodies (the *Caisse nationale d'assurance maladie* and the *Agence nationale d'assistance médicale*) and converted the national pension fund (*Caisse des retraites du Mali*) into the *Caisse nationale de sécurité sociale*. Mali has not been very active in the West African capital market, and the government has not used the bond market.

The government stepped up its plan to boost the financial sector (begun in 2009), and priorities for 2011 include reorganising the housing bank (*Banque de l'habitat du Mali*) in readiness for privatisation in 2012, increasing the minimum capital requirement for banks and other financial institutions in line with WAEMU rules (XOF 5 billion on 31 December 2010 and XOF 10 billion at a date to be decided), setting up a credit guarantee mechanism for SMEs (including a guarantee fund and a private sector investment fund), stimulating microfinance with new rules and a national expansion plan, and encouraging Malians abroad to send their remittances through the banking system.

Public sector

The government continued to reform the public sector in 2010 under its institutional development programme, the framework paper for national decentralisation policy, and the Pagam/GFP.

Decentralisation efforts have focused on boosting the capacity of local government and transferring resources and powers. The main decentralisation laws have been amended, including Law 93-008 (11/02/1993) on free administration of local government, Law 95-034 (12/04/1995) establishing a code for local government rules and Law 00-044 (07/07/2000) stipulating funding for towns, prefectures (*cercles*) and regions. A law on setting up, organising, running and supervising local public services has been passed. These measures should help to improve the local government institutional framework and financial governance and help transfer money and powers to local authorities.

The government continues to reform public finance management under the Pagam programme, which has made significant progress, strengthening the institutional and regulatory handling of public procurement, improving operation of the spending chain, executing the budget and enabling accounts to be presented in real time, streamlining budget forecasting and continuing to enlarge and monitor the tax base. A 2009 external review of Pagam/GFP still pointed to weaknesses, however, especially with internal and external monitoring. All parties involved (government, civil society and the TFPs) took account of this in drafting the second (2011-15) phase of Pagam/GFP, which was adopted by the government in July 2010.

Infrastructure

Mali's lack of a coastline is aggravated by the shortage of basic social and economic infrastructure, including transport, energy, telecommunications, water and sanitation, which continues to prevent the economy from being competitive and living standards from improving, despite good progress in recent years.

The road network is not very extensive, with 3 619 kilometres of paved roads in good condition, 5 772 kilometres of good unsurfaced roads and 719 kilometres of track roads. Upkeep of the network is the main problem for the road transport sector. The roads department pays for this chiefly with money from user tolls, which increased substantially, to XOF 12.1 billion in 2009 (XOF 4.7 billion in 2008).

Other forms of transport remain little developed, despite efforts to modernise airports, of which the country has six of international grade (Bamako, Gao, Kayes, Mopti, Sikasso and Tombouctou), in addition to twelve secondary and four private airfields. The government has extended its programme to open up remote areas and overcome its landlocked situation, notably including the second phase (2008-12) of its plan for investment in the transport sector (PST2).

The government's priority remains to provide as many people as possible with cheap and sustainable energy under its national energy programme, with a target in 2010 of 28.3% electricity coverage of the country (25.2% in 2009).

Access to safe water increased to 73.1% in 2009 (71.4% rural, 77.4% urban and semi-urban), but adequate sanitation was available to only 24% of the population. At the present rate, Mali could achieve MDG goal 7 on access to safe water, but it will have to make a great effort to provide access to adequate sanitation.

The government increased socio-economic infrastructure investment in connection with the 50th anniversary of independence celebrations in 2010 and also continued with the PST2 transport sector plan and WAEMU road programmes. The main construction projects were a multiple highway interchange, a third bridge in Bamako with two interchanges, improving road access to the capital, extending and modernising Bamako-Sénou airport, Sopam power stations in Sirakoro and Balingué, and the start of the Taoussa dam. Public investment rose from 7% in 2009 to 10.5% of GDP in 2010.

Natural resource management and environmental protection

The government has signed and ratified all international treaties about natural resource management and environmental protection, including the African Convention on the Conservation of Nature and Natural Resources, the Convention on Wetlands of International Importance especially as Waterfowl Habitat, the Ramsar Convention, the Convention on Biological Diversity, the UN Convention to Combat Desertification and the Framework Convention on Climate Change. Mali has also created a sustainable development office (*Agence pour le développement durable*) and drafted national programmes to protect the environment, manage national resources and combat desertification, as well as an investment strategy for sustainable land management (*Cadre stratégique d'investissement en matière de gestion durable des terres*).

Mali faces enormous environmental challenges: desertification, disappearing plant cover, silting up of the Niger River, water shortages, loss of biodiversity and deterioration of living conditions. It will have to take steps to meet them and ensure sustainable development, including improving the operation of environmental bodies, giving more weight to the environmental aspects of its strategies and policies (such as the new SFGPR and sectoral programmes), raising public awareness, especially about the international conventions signed by Mali, ensuring their implementation and finding the necessary funding.

As a mineral-rich country, Mali joined the Extractive Industries Transparency Initiative (EITI) in 2006 and is preparing its second report, which should make it eligible for entering the approval process as a country complying with EITI rules by 2012.

Agriculture

The government has made agriculture a priority in its 2008-12 accelerated growth strategy and wants to make the country a sub-regional agro-pastoral centre through the agricultural guidelines law, which governs the drafting and implementation of sector laws. Agricultural development policy and the national agricultural investment programme in turn ensure application of the guidelines law. These measures are fully in step with the detailed agricultural development programme of the New Partnership for Africa's Development. The government wants the country to be producing 10 million tonnes of cereals by 2012 and to improve 103 356 hectares of land, rendering 61 910 fit for cultivation.

Agriculture got 16% of the budget in 2010 (up from 11.5% in 2009). The Rice Initiative was expanded to other cereals (maize and wheat), and reform of the cotton sector continued. Other achievements in 2010 were improving 11 882 hectares of valley swamp-land and 965 hectares of flood plains, increasing subsidies for farm inputs (XOF 21.661 billion, from 13.861 billion in 2009) and raising support for the cotton sector (XOF 26.444 billion, from 10.344 billion in 2009). Privatisation of the state cotton firm CMDT should be complete by May 2011, in time for the start of the 2011/12 farming season.

Emerging Economic Partnerships

Emerging partners

Mali's chief emerging partners are China, India, Russia, Brazil, Venezuela, the United Arab Emirates, Pakistan, Turkey, Malaysia, South Korea and Indonesia. China is the biggest and is involved in nearly all aspects of the country's economic, social and cultural life. Venezuela, Brazil, India, Russia, Malaysia and Libya have increased their trade and economic ties in recent years, especially in agro-industry, chemicals and construction.

The interests of these new partners are the same as those of Mali's traditional partners: seeking access to local and West African regional markets and to natural resources. They are barely active for the moment in the mining sector. The government finds them quicker, more effective and less formal than traditional partners in carrying out projects.

This diversification of partners could help the economy to grow faster, supply a wider range of goods and services, create jobs and transfer technology and skills in the medium term. It could also boost regional integration and increase bargaining power with traditional partners. Drawbacks could be the arrival of poorer-quality goods and services on the local market, insufficient technology transfer, few jobs created (some partner countries bring their own nationals as labourers) and the decline or collapse of already fragile local industries due to competition from goods made in emerging-partner countries.

Unlike traditional partners, emerging-country partners go less through the government ministries concerned with aid (finance and foreign affairs) to negotiate and launch their projects and prefer direct contact with the country's highest officials, which means their projects are not always in tune with Mali's development, sectoral or debt policies.

The government nonetheless plans to increase its links with emerging-country partners, especially in agriculture, with the aim of becoming the sub-region's agro-pastoral centre. Two special economic zones, including in the Niger Office area, have been set up to attract emerging-country investment. China and Libya have already begun investing (in rice production) and Venezuela, Brazil and India have shown interest as well.

Political Context

The country's political scene is starting to change in the run-up to elections in 2012 for president (April) and parliament (July). President Amadou Toumani Touré is constitutionally barred from standing for re-election; moreover, he is not a member of a party but is supported by a party coalition, the *Alliance pour la démocratie* (ADP).

The three main rival groupings are the *Alliance pour la démocratie au Mali* (ADEMA), the *Rassemblement pour Mali* (RPM) and the *Union pour la République et la démocratie* (URD). ADEMA, the biggest party in the ruling ADP coalition, says it will put up a presidential candidate. New parties founded in 2010 could upset the current scene, including the *Parti pour le développement économique et social* (PDES), which has already attracted 17 members of parliament belonging to other parties and hopes to draw voters who agree with President Touré's non-partisan stance.

Meanwhile, impending reforms expected to strengthen the democratic system include creation of a senate, a government audit office, a single media monitoring council, a permanent elections office and a new code of conduct for political parties, all measures to be approved by referendum. Also planned is an administrative reorganisation of the country into 19 administrative regions and a capital district (Bamako) to replace the eight existing ones.

Security is still a problem in the north, where several Western hostages were seized in 2010 by rebels linked to the Al-Qaeda in the Islamic Maghreb (AQIM) extremist group. Most were kidnapped in neighbouring countries (Niger and Mauritania), then taken to northern Mali. The Malian army does not have sufficient means to chase AQIM out of the north, despite the support of France and the United States and help from Algeria, Libya, Mauritania and Niger.

The government is trying to tackle the delays in introducing sustainable development and the security and social challenges with a partner-backed peace and development plan, the *Programme spécial pour la paix, la sécurité et le développement dans le nord du Mali*. This plan is very important for national stability, and development programmes such as the new SFGPR (2012-17) will have to take it very much into account, as the government sees peace in the north as a key to growth and a development driver. The state has reaffirmed its presence there by reopening military bases and building schools and clinics. This new link between security and development is accompanied by aid for local people and encouragement to the local economy.

Social Context and Human Resource Development

The latest figures show that monetary poverty fell to 43.7% in 2009 from 47.4% in 2006 (in rural areas to 53.5% from 57.6%) as a result of major basic social and economic infrastructure investment by the government. Poverty declined slightly less in towns and cities, from 25.5% to 23.5%, because of persistent great inequality and the flight from the countryside. The high cost of poor public services (education, health, safe water and electricity) puts them out of reach for most people, and the MDG of cutting poverty by half by 2015 is unlikely to be achieved.

The government has shown a clear interest in fighting poverty over the past decade. Spending on health, education and other social sectors took up 32.65% of the 2010 budget, including external funding. Recurrent spending on health was 11.72% (11.09% in 2009), and state investment in the sector was XOF 30 billion, including construction of 38 community clinics, the Mali hospital in Bamako and a regional hospital in Sikasso.

Spending on education accounted for 33.42% of the recurrent budget. Objectives included more capacity, better quality teaching and faster decentralisation. The school year was disrupted by a strike of higher education teachers.

Progress was made in health, with DTCP3 vaccine coverage of children under one year of age at 101% in 2009. Health-care access expanded, and about 62% of the population in 2010 was within five kilometres of a health post. There are still severe problems, however. Maternal mortality is very high, at 464 per 100 000 births, although this figure fell for the first time in ten years. Infant and child mortality also remains very high but declined to 191 per 1 000 in 2009 (from 229 in 2001). The government wants to reduce it to 150 in 2011.

Incidence of HIV/AIDS is 1.3%, according to the demographic and health survey EDSM-IV. The government continues efforts to combat the disease by focusing on pregnant women and high-risk groups.

The country seems on the way to achieving the second MDG (universal primary education) by 2015, with gross primary enrolment rising to 82% in 2009 (from 75% in 2006) and the completion rate to 55.7%.