



MALI

May 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY AND REPHASING OF ACCESS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT— PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR MALI

In the context of the Mali's Requests for Disbursement Under the Rapid Credit Facility and Rephasing of Access Under the Extended Credit Facility Arrangement, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on April 30, 2020 following discussions that ended on April 16, 2020 with the officials of Mali on economic developments and policies underpinning the IMF disbursement under Requests for Disbursement Under the Rapid Credit Facility and Rephasing of Access Under the Extended Credit Facility Arrangement. Based on information available at the time of these discussions, the staff report was completed on April 24, 2020.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the World Bank.
- A **Statement by the Executive Director** for Mali.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.



IMF Executive Board Approves a US\$200 Million Disbursement to Mali to Address the COVID-19 Pandemic

FOR IMMEDIATE RELEASE

- The IMF approved a disbursement of US\$200 million under the Rapid Credit Facility to help Mali meet urgent balance-of-payments and fiscal needs stemming from the COVID-19 pandemic.
- This assistance will help support urgent spending on health services and assistance to affected firms and households, while preserving overall social spending.
- The authorities responded quickly with measures to contain the spread of the virus and to mitigate its social and economic impact.

Washington, DC – April 30, 2020.

The Executive Board of the International Monetary Fund (IMF) approved a disbursement of SDR146.668 million (about US\$200.4 million, 78.6 percent of quota) under the [Rapid Credit Facility \(RCF\)](#) to help address Mali's urgent balance-of-payments and fiscal needs amid rapidly evolving pandemic. This follows the [recent approval of debt service relief](#) to the IMF in the next 6 months under the Catastrophe Containment Relief Trust (CCRT) of about US\$10 million.

The COVID-19 shock hit the economy hard amid an already challenging social and security situation. The economic outlook has deteriorated significantly, and growth is expected to slow to below 1 percent, increasing already high unemployment and poverty. The authorities responded quickly with measures to contain the spread of the virus and to mitigate its social and economic impact. These emergency measures, along with the economic slowdown, will increase the fiscal deficit and the country's financing needs. If unaddressed, these financing needs will impinge on much needed developmental and social spending.

Following the Executive Board's discussion on Mali, Mr. Mitsuhiro Furusawa, Deputy Managing Director and Acting Chair, issued the following statement:

"The COVID-19 pandemic is having a large adverse impact on Mali's economic growth and public health, adding to the existing security challenges. The decline in economic activity, spillovers from global trade and financing shocks, along with fiscal measures to combat the crisis have created an urgent balance-of-payments and fiscal financing needs.

"The authorities have responded quickly to the pandemic with containment measures, stepped up healthcare response, and emergency measures to support households and business affected by the outbreak. The regional central bank responded with measures to support liquidity in the banking system.

"The crisis and the policy response will lead to a temporary widening of the fiscal deficit. The authorities are taking measures to limit fiscal pressures through reprioritization of spending

plans, but large additional financing will be needed to preserve macroeconomic stability and development gains.

“The emergency financing under the IMF’s Rapid Credit Facility, following the recent approval of debt service relief under the Fund’s CCRT, will support the authorities’ response to the crisis, but additional support from the international donor community will be needed to mitigate its social and economic effects. The authorities’ commitment to high standards of transparency and governance in the management of donors’ financial assistance is welcome.

“Once the crisis abates, a gradual return to the reform path under the ECF-supported program would be critical to preserving debt sustainability and achieving strong and inclusive growth.”

More information:

IMF Lending Tracker (emergency financing request approved by the IMF Executive Board)

<https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker>

IMF Executive Board calendar

<https://www.imf.org/external/NP/SEC/bc/eng/index.aspx>



MALI

April 24, 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY AND FOR REPHASING OF ACCESS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT

EXECUTIVE SUMMARY

Context. The COVID-19 pandemic has added to Mali's significant security and social challenges. The outbreak reached Mali relatively late, with first confirmed cases on March 24 and 293 cases (seventeen deaths) as of April 22, 2020. The authorities took early containment measures in March and announced a package of economic and social support measures in early April. Growth is expected to decelerate sharply in 2020 as a result of declines in travel, trade, FDI and remittances. Job losses, weak social safety nets amid high informality, food insecurity and a fragile health system will exacerbate social challenges. Lower economic activity and the policy response will exert significant pressures on the budget and the balance of payments, opening financing gaps of 2.9 and 3.1 percent of GDP, respectively.

Program performance. The first review under the ECF was completed on January 8, 2020. Discussions under the second review (to assess end-2019 performance and recalibrate the program) are infeasible under current pandemic-related restrictions, severity of the shock and uncertainty around the outlook, and will be resumed when possible. Preliminary data suggest that the end-2019 performance criteria have been met and that progress was made under structural reforms to strengthen revenue administration and public financial management.

Request for Fund support. To help cover the immediate financing gaps arising from the shock and protect priority spending, the authorities are seeking assistance under Rapid Credit Facility (RCF) in the amount of SDR146,667,600 (78.6 percent of quota), along with the rephasing of access under the ECF arrangement. They are requesting that the RCF be disbursed as direct budget support. Given the urgent balance of payment need caused by the COVID-19 pandemic and the infeasibility of completing a review under the ECF arrangement, staff supports these requests and welcomes commitments to safeguard transparency and accountability in the use of emergency funds. The RCF will cover about forty percent of the financing gap in 2020 and is expected to play a catalytic role. The authorities are actively engaged with other donors, including the World Bank, to cover the remaining financing needs.

Approved By
Annalisa Fedelino
(AFR) and Maria
Gonzalez (SPR)

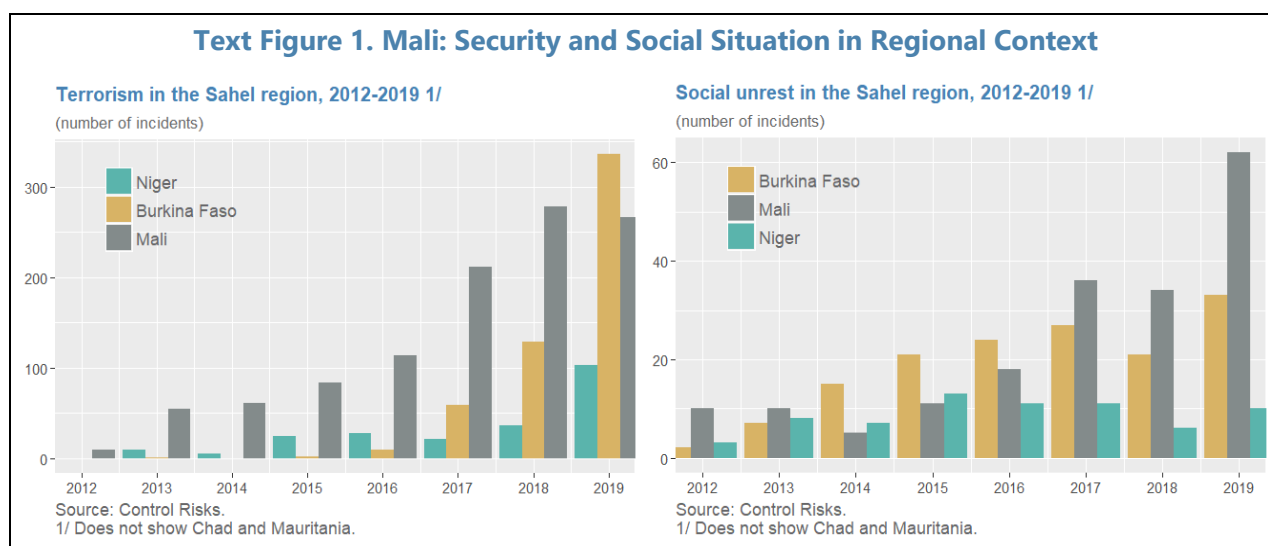
Team members: Aliona Cebotari (head), Irena Jankulov Suljagic and Asel Isakova (all AFR), David Bartolini (FAD), Modeste Some (SPR), René Tapsoba (resident representative) and Bakary Traore (local economist). The team was ably assisted by Edna Mensah (research analyst) and Jacques Treilly (administrative assistant). Discussions with the authorities were held on April 16, 2020. Oumar Diakite (OED) and the World Bank participated in the discussions.

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CONTEXT

1. The COVID-19 outbreak hit at a time when the country is facing a challenging security and social situation. Incidence of terrorist attacks in the northern and central regions remains high, causing significant population displacement and constraining policymaking (Text Figure 1). Social tensions are adding to the difficult security environment, with mass street protests for decisive action to defeat terrorism and wage-related teacher union strikes paralyzing the education sector for weeks. Timid signs of easing tensions emerged from the December 2019 national inclusive dialogue between political and social partners, which instilled a renewed momentum to the implementation of the 2015 Peace Agreement and enabled the holding of the twice-postponed legislative elections on March 29 and April 19, 2020.



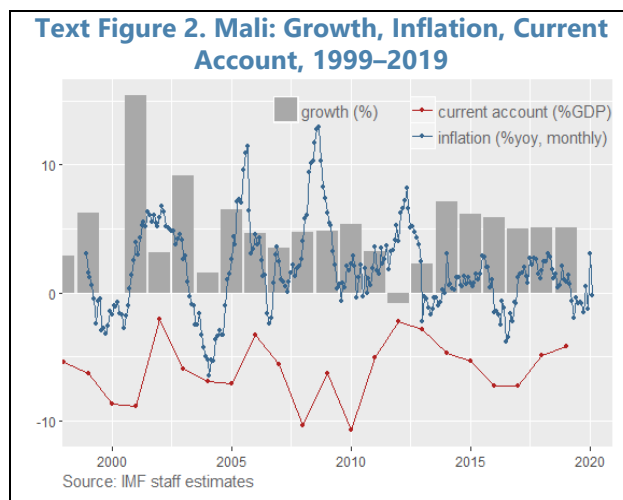
2. The authorities have been implementing a reform program supported by the IMF's Extended Credit Facility (ECF). The main objective of the program is to support strong and inclusive growth, create fiscal space to safeguard social and infrastructure spending in the face of mounting security expenditures, and support reforms to improve governance. The [first review under the ECF arrangement](#) was completed on January 8, 2020.¹ Discussions under the second review—to assess the end-2019 fiscal outcomes and recalibrate the program going forward—are infeasible in light of the existing pandemic-related restrictions, the magnitude of the shock, and the uncertainty around the macroeconomic outlook, and will resume when circumstances allow. Preliminary data suggest that the 2019 quantitative performance criteria have been met. Importantly, revenue administration efforts helped tax collections recover from the 2018 shortfall. Structural reforms continue to advance, including in customs administration and public financial management.

¹ The equivalent of SDR 20 million was disbursed following completion of the review, bringing total disbursements under the arrangement to the equivalent of SDR 40 million (about US\$55.26 million, or 0.3 percent of 2019 GDP), out of a total access of SDR 139.95 million or 75 percent of quota.

IMPACT OF THE PANDEMIC, OUTLOOK AND RISKS

A. Pre-COVID Developments

3. Prior to the COVID-19 shock, the economy was performing well despite persistent security challenges. Preliminary data suggest that growth remained at 5 percent in 2019, around its potential rate, as most economic activity is concentrated in southern areas that are not affected by the security crisis (Text Figure 2). Despite robust growth, inflation was negative through most of 2019 and in early 2020, reflecting supply effects of high food production and lower transportation prices, as well as low imported euro-area inflation. The current account deficit narrowed to 4.2 percent of GDP in 2019 on account of high gold exports, and together with stronger inflows of public sector financing contributed to an improved external position.



4. The fiscal position strengthened in 2019. On preliminary data, the overall deficit narrowed by 3.1 percentage points to 1.7 percent of GDP in 2019, compared with the 3 percent of GDP ceiling under the program. The bulk of the turnaround was due to a programmed recovery in taxes from their 2018 slump, supported by several IMF technical assistance missions to strengthen tax and customs administration. Tax revenue performance was slightly better than programmed, but the overperformance relative to the deficit targets was largely driven by a restraint in spending (1.2 percent of GDP) as a result of delayed budgetary support. Preliminary data suggest that all central government arrears were cleared by end-2019. Although some domestic arrears accumulated again in early 2020 due to continued cash management challenges, they will be cleared as part of the government's package of measures to support the economy. Public debt reached 40½ percent of GDP at end-2019, with external debt at 26.4 percent of GDP.¹

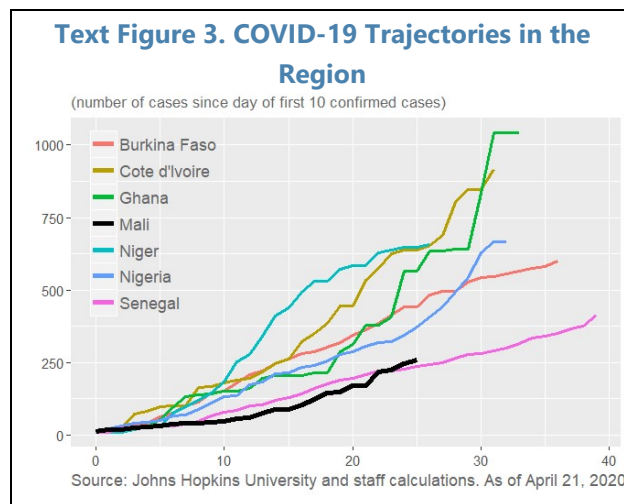
5. The economic outlook was also positive. Activity was projected to settle around its potential growth rate of 5 percent. The deflationary pressures of 2019 were expected to gradually ease, and inflation was projected to return to the regional WAEMU² target of 2 percent over the medium term. The current account deficit was expected to widen gradually from 4-5 percent of GDP with an anticipated decrease in gold exports. Fiscal policies targeted overall deficits of 3-3½ percent of GDP, with public debt remaining relatively low and sustainable (DSA Update Annex).

¹ Public debt at end-2019 was about two percentage points of GDP above first review program projections due to an earlier omission from the stocks of some domestic financing flows. The program's performance criteria, formulated based on flows, are not affected.

² The members of the West African Economic and Monetary Union (WAEMU) are Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

B. Initial Impact and Response

6. Mali has been materially affected by the COVID-19 outbreak. The first cases of COVID-19 were confirmed on March 24, later than in most countries, but the number of cases quickly escalated to 293 (seventeen deaths) by April 22. The government responded proactively to the global emergence of the pandemic. In mid-March, it introduced preventive containment measures, which included the suspension of commercial flights from affected countries (except cargo flights), the closure of land borders, the suspension of all public gatherings, the prohibition of social, sports, cultural and political gatherings of more than 50 people, and the closure of schools, night clubs and bars. In addition, the government has set up a crisis response unit and quarantine facilities. Following the emergence of COVID-19 cases in Mali, the government established a night curfew to strengthen the measures in place on preventing the spread of the virus. A lockdown in the capital, where most cases are concentrated is being considered, but has not been imposed yet. On April 10, the authorities announced a set of comprehensive measures to support the economy and the most vulnerable segments of the society (Box 1).



7. The external shocks and the needed containment measures have had a large adverse impact on the economy. The hospitality industries (hotels, restaurants, transport) are already affected, with the steep fall in activity forcing a downsizing in the workforce without the safety net of unemployment insurance. The external supply shocks are slowing imports of manufacturing inputs and production. The collapse in external demand will also dampen exports, especially of cotton (mainly exported to Asia). As these initial effects reverberate through the economy, household income and consumption will fall, business activity and investment will further retrench with the decline in demand and cash flow pressures, and unemployment will rise. Poor access to basic health services or amenities, high levels of informality and poverty, a fragile health system and shortages of medical supplies and facilities, all could exacerbate the economic and social fallout of the pandemic, especially for the most vulnerable.

C. Outlook and Risks

8. As a result of the COVID-19 outbreak, the 2020 outlook has deteriorated significantly:

- *Growth.* Overall, growth is expected to slow to below 1 percent in 2020, compared to 5.1 percent projected at the time of the first review of the ECF, reflecting the impact of the pandemic. The negative output gap will close gradually over the next three-four years, along with the recovery

of the world and domestic markets.

- *Inflation.* The outlook for inflation remains broadly unchanged. Potential upside pressures from supply disruptions and policy support will likely be offset by the large output gap and the fall in oil prices, which are expected to be gradually passed through to domestic prices.
- *External position.* Staff projects a deterioration in the overall balance of payment position in 2020, creating a BOP financing need of about 3.1 percent of GDP. The current account deficit will likely narrow to around 3.6 percent of GDP in 2020, driven notably by a large improvement in terms-of-trade (lower oil and higher gold prices). The contraction of imports due to a lower energy bill, trade disruptions and lower domestic demand is expected to be larger than the loss in earnings from exports (especially of cotton exports to Asia) and lower remittances from Europe, the US and the region. At the same time, a decline in FDI and other private inflows will weigh on the financial account, whose deterioration will more than offset the improvement in the current account.

Downside risks to the outlook dominate. These stem from the potentially larger-than-expected impact of the pandemic on the economy, especially if a lockdown or quarantines becomes necessary. A deeper and more drawn out impact of the pandemic will also pose downside risks to the recovery projected after 2020, particularly in light of the already precarious social and security situation. Rain-dependent agriculture remains vulnerable to the vagaries of the weather and to potential pandemic-related disruptions to its cycle. High dependence on gold and cotton exports leaves Mali's external position vulnerable to the global demand and prices of these goods. Other downside risks relate to the potential for a deterioration in the security situation and political instability. On the upside, growth may benefit from good agricultural production if this can remain relatively insulated from the containment measures, and from the possible improvement in security conditions should the planned acceleration of the 2015 peace agreement take place.

Text Table 1. Mali: Selected Economic Indicators 2016–21^{1/}

	2016	2017	2018	2019		2020		2021	
				Prog.	Est.	Prog.	Proj.	Prog.	Proj.
Real GDP growth (percent)	5.9	5.0	5.2	5.0	5.1	5.0	0.9	5.0	4.0
Consumer price growth (average, percent)	-1.8	1.8	1.7	0.4	-0.6	0.6	0.6	1.5	1.5
Public debt (central government, percent of GDP)	36.0	36.0	37.7	38.3	40.4	39.0	44.6	39.5	45.0
Overall balance (central government, percent of GDP)	-3.9	-2.9	-4.8	-2.9	-1.7	-3.5	-6.2	-3.3	-3.0
Tax revenue	14.9	15.2	11.9	14.5	14.7	15.5	13.3	15.7	13.8
Other revenues and grants	3.4	4.9	3.7	7.8	6.7	7.4	7.6	7.0	7.6
Expenditure	22.2	22.9	20.4	25.2	23.1	26.4	27.1	25.9	24.4
Current account (percent of GDP)	-7.2	-7.3	-4.9	-5.6	-4.2	-4.4	-3.6	-4.6	-3.8

Sources: Malian authorities; and IMF staff estimates and projections.

¹ Program refers to First Review under the ECF (IMF Country Report No. 20/8). Fiscal variables refer to central government.

POLICY ISSUES AND DISCUSSIONS

The authorities' near-term priority is to contain the humanitarian and economic fallout from the pandemic, while maintaining macroeconomic stability. The related measures will inevitably have a significant impact on the economic outlook and will open a large but temporary fiscal and balance of payments financing gap, which is expected to be filled by support from the developmental partners and existing resources in the domestic market. The authorities remain committed to the objectives of the ECF arrangement and to an early return to the program targets once crisis-related priorities subside.

A. Fiscal Policies

9. The fiscal deficit will widen to accommodate measures to deal with the COVID-19 pandemic crisis. Staff projects the 2020 fiscal deficit to widen from the 3.5 percent of GDP targeted at the first review of the program to 6.2 percent of GDP (Text Table 2).⁴ In particular:

- Tax revenues are expected to decline to 13.3 percent of GDP in 2020, 2.2 percentage points below program projections. This reflects, among other things: (i) a decline in the share of trade-linked revenues due to disruptions in international trade and a lower oil import bill; (ii) pandemic-related difficulties in compliance by firms and households, and in tax collections by the government in the absence of fully developed internet-based services; (iii) the absence of one-off collection of tax arrears, which boosted revenues in 2019; and (iv) recent measures to combat the crisis (Box 1).
- Non-tax revenues are also expected to fall short of projections, especially on account of likely delays in the sale of a telecommunication license in the current economic environment (0.5 percent of GDP).
- The decline in revenue is expected to be partially offset by higher grants (additional 0.5 percent of GDP), with some crisis-related support already approved by international institutions.⁵

Text Table 2. Mali: Financing Needs, 2020
(Percent of GDP)

	Prog.	Proj.	Diff.
Revenue	16.8	14.1	-2.7
Tax revenue	15.5	13.3	-2.2
Non-tax revenue	1.3	0.8	-0.5
Grants	2.5	3.0	0.5
Budgetary expenditures	22.9	23.4	0.5
Current	13.6	15.6	2.0
Capital	9.3	7.8	-1.5
Overall balance (accrual)	-3.5	-6.2	2.7
Cash adj.	-0.1	0.1	-0.2
Financing	3.6	6.1	2.5
External	1.2	1.3	0.1
Domestic	2.4	1.9	-0.5
Financing gap	0.0	-2.9	-2.9
Financing sources (preliminary)			
RCF (IMF)		1.1	
World Bank Group		0.3	
BOAD (West African Dev. Bank)		0.1	
G20 financing		0.4	
Residual financing gap		-1.0	
<i>Memorandum item:</i>			
Nominal GDP (CFAF billion)	10,895	10,427	
Sources: Malian authorities; and IMF staff estimates.			

⁴ Staff encourages the authorities to reach understanding with the WAEMU authorities on a temporary deviation from the fiscal deficit convergence criterion.

⁵ The IMF approved a grant for debt service relief under the Catastrophe Containment and Relief Trust in an amount of CFAF 6 billion (0.1 percent of GDP), and the World Bank provided CFAF 10.7 billion (0.1 percent of GDP) in grants to strengthen public health preparedness. Additional grant assistance is expected from the African Development Bank and France.

- Emergency budget spending to contain the outbreak and mitigate its economic and social impact is estimated at 2.2 percent of GDP for 2020, accompanied by accelerated payments to the private sector. Announced measures focus on strengthening medical care capacity and income support for the most affected households and firms (Box 1).
- To offset the revenue losses and the higher spending needs, non-essential spending will be reprioritized. A supplementary budget containing the crisis measures and a revised revenue outlook will be proposed at end-April, 2020.

10. The larger fiscal deficit will open a financing gap estimated at 2.9 percent of GDP in 2020 (Text Table 2). To finance the gap, the authorities are seeking assistance under the Rapid Credit Facility (RCF), which would cover about forty percent of the gap. The remaining gap is expected to be covered in part by assistance from the World Bank (an additional 0.3 percent of GDP in budgetary support relative to earlier commitments) and the West African Development Bank's (BOAD) recently approved support for WAEMU countries, consisting of a concessional loan of CFAF 15 billion to Mali (about 0.1 percent of GDP) and debt service relief for part of 2020. The authorities also intend to request the debt service suspension from official bilateral creditors and are actively engaged with other international donors in obtaining grants and concessional financing to close the remaining gap of around 1 percent of GDP.

11. Under the baseline fiscal outlook, Mali's public debt remains sustainable. The RCF disbursement will not have a material impact on Mali's debt sustainability and capacity to repay the Fund. Based on an update of the DSA that includes the macroeconomic impact of the COVID-19, Mali's external and overall risk of public debt distress remain moderate. Overall debt dynamics remain sustainable, with some space to absorb shocks. All public and publicly guaranteed external debt and total public debt ratios remain below their corresponding thresholds under the baseline scenario (see the DSA Update Annex).

12. The fiscal outlook for 2020-21, however, remains highly uncertain. The current projections assume that the pandemic outbreak will be resolved during the second half of 2020. A longer and deeper impact of the pandemic, requiring more extensive fiscal measures to address the crisis, will result in a further deterioration of the fiscal outlook, with a delayed or partial recovery of the tax base. Furthermore, potential realization of the contingent liabilities related to state-owned enterprises (especially electricity and water) represent a downside risk for the fiscal outlook. To minimize risks, establishing a clear temporal horizon for the crisis measures and preparing contingency plans in case the crisis is deeper than expected would help.⁶ Risks surrounding the financing of the remaining gap are also high – if additional financing (through grants or concessional loans) is not identified, the investment plans will not be executed as projected in the baseline.

13. The authorities are committed to returning to the ECF program fiscal objectives when the pandemic's effects have abated. They are confident that the extra resources from international

⁶ Historically, Malian authorities have considered postponement of capital spending as contingency measures.

donors will preserve the economic fabric of the country and allow for a quick recovery, a significant reduction of the fiscal deficit in 2021 and a steady increase of the tax-to-GDP ratio. Instrumental to achieving these goals is the authorities' commitment to the program's governance and fiscal transparency objectives. In this vein, the authorities recognize the importance of safeguarding donors' financial assistance towards this crisis to ensure it is used for its intended purpose and, toward that end, have committed to undertaking and publishing an independent and robust third-party audit of this spending in about a year's time; report quarterly on the spending of the emergency funds; and publish regularly on its website documentation on large public procurement projects, together with ex-post validation of delivery along with the name of awarded companies and the name of their beneficial owner(s).

Box 1. Measures Announced by the Malian Government to Combat COVID-19

The government responded to the pandemic with preventive containment measures in early March, followed by a package of supportive measures to vulnerable households and ailing firms announced on April 10.

- As preventive containment measures**, the government imposed the suspension of commercial flights (except cargo flights), the closure of land borders, a night curfew, the suspension of all public gatherings, the prohibition of social, sports, cultural and political gatherings of more than 50 people, the closure of schools, night clubs and bars. Working hours have also been reorganized to end earlier to protect civil servants. Retail markets remain open (at reduced schedule) to prevent disruptions in the supply of population with basic goods, while 20 million masks are expected to be distributed shortly. The government has also set up a crisis response unit and is stepping up sensitization campaigns.
- To support the healthcare response**, the government is strengthening testing capacities, expanding quarantine and hospitalization facilities, and improving medical care capacities through a planned support to the health sector (including bonuses to health workers).
- Social measures in support of poorest households.** These measures include the setup of a special fund to provide targeted income support to the poorest households, a mass distribution of grains and food for livestock to poorest households, the supply of electricity and water free of charge to the poorest consumers for the months of April and May 2020 (which will increase subsidies to state-owned suppliers), a 3-month exemption from VAT on electricity and water tariffs, and a 3-month exemption from customs duties on the import of basic food (rice and milk).
- Support to firms hit by the economic slowdown from the preventive containment measures.** These measures include an SMEs-support guarantee fund of 0.2 percent of GDP; support to the public electricity and water utilities; clearing budget arrears accumulated during this year; and granting tax deferral and relief to ease liquidity constraints on the hardest-hit companies, especially in the hospitality sector (hotels, restaurants, transportation). In addition, the government urged commercial banks to restructure ailing firms' debt, building on the framework set up by the regional central bank (BCEAO) to support firms with repayment difficulties.

Mali: Policy Measures to Combat Crisis (preliminary estimation)		
	CFAF bn	Percent of GDP
Revenue	15	0.1
VAT relief on electricity for 3 months	9	
Tariff relief on imports of rice and milk	7	
Expenditure	230	2.2
<i>Medical support</i>	56	0.5
Medical supplies and other costs	40	
World Bank project	16	
<i>Support to the economy</i>	52	0.5
EDM (electricity) support	17	
SOMAGEP (water) support	15	
Support to private firms	20	
<i>Household income support</i>	122	1.2
Special fund for vulnerable households	100	
Food distribution	15	
Utility bill support (social tranche)	7	

Sources: Malian authorities.

B. Providing Liquidity and Safeguarding Financial Stability

14. While the financial system appears broadly stable, pockets of vulnerability could emerge if the disruption caused by the COVID-19 is significant. The banking sector appears to be adequately capitalized with an overall capital adequacy of 13½ percent in 2019. Banks are profitable, but non-performing loans remain relatively high at 10½ percent at the end-2019, of which about half are provisioned. Given the concentration of bank lending in manufacturing, real estate, hospitality, and wholesale and retail trade sectors—sectors that are experiencing supply chain and business disruptions—earnings and asset quality could be notably affected, especially in banks with elevated credit concentration risk.

15. The regional central bank (BCEAO) adopted a number of measures to preserve financial stability and provide additional liquidity. On March 21, 2020, the BCEAO announced (i) increasing the total liquidity made available to banks by weekly and monthly auctions; (ii) extending the collateral framework to access central bank refinancing; (iii) setting-up a framework with the banking system to support firms with COVID-19 repayment difficulties; (iv) allocating CFAF 25 billion to the trust fund of the West African Development Bank (BOAD) to increase the amount of concessional loans to eligible countries to finance urgent investment and equipment expenses; (v) communicating on the special program for refinancing bank credits granted to SMEs; (vi) initiating negotiations with firms issuing electronic money to encourage its usage; and (vii) ensuring adequate provision of banknotes for satisfactory ATM operation. On March 23 the BCEAO raised the liquidity made available to banks at its weekly and monthly auctions allowing average refinancing rates to remain relatively close to the floor of the 2.5 to 4 percent monetary policy corridor. Finally, on March 27 the BCEAO announced a full allotment strategy at a fixed 2.5 percent interest rate thereby allowing banks to satisfy their liquidity fully at a lower cost. Discussions on monetary, macro-prudential and financial sector issues are conducted with the authorities at the regional (WAEMU) level.

ACCESS AND CAPACITY TO REPAY

A. Access Level and Modalities

16. The authorities are requesting a disbursement in an amount equivalent to 78.6 percent of quota (SDR 146,667,600) under RCF following the COVID-19 pandemic shock, along with the rephasing of the ECF arrangement (Annex I). Based on the urgent balance of payments and fiscal needs caused by the sudden COVID-19 pandemic shock, Mali qualifies for a disbursement under the exogenous shock window. Emergency policy responses should focus on immediate measures to mitigate the severe short-term socio-economic impact caused by the pandemic. While Mali successfully completed the first review of its Fund-supported ECF arrangement, the second review cannot be concluded immediately as travel and other COVID-19 related restrictions, as well as the uncertainty around the outlook, make discussions infeasible at this point. To address the immediate crisis needs, it is proposed that the ECF outstanding purchase under the second review of SDR 20 million (10.7 percent of quota) be made available on August 31, 2020, and the outstanding

purchase under the third review in the same amount be made available on January 11, 2021 (Table 8).

17. It is expected that the entire disbursement under the RCFs will be made to the authorities' budget to support the emergency policy response. The disbursement would provide timely support to address the urgent fiscal needs emerging from efforts to address the impact of the pandemic and will also provide additional foreign exchange to avoid a sharp drop in international reserves of the BCEAO. It is expected that the RCF will play a catalytic role in securing additional support from other donors to help fill the remaining financing gap.

B. Capacity to Repay and Safeguards Assessment

18. Mali's capacity to repay its obligations to the Fund is adequate. Including the RCF disbursement, the total amount of outstanding credit from the Fund would amount to SDR 398 million or 213.3 percent of quota.⁷ Risks associated with Mali's capacity to service its debt owed to the Fund are mitigated by the country's low indebtedness, the availability of concessional financing from other creditors, and the authorities' continued commitment to the objectives of the ECF arrangement. Based on existing and prospective drawings, Mali's total debt service to the Fund is expected to peak in 2027 at SDR 80.7 million (3.1 percent of government revenue). Mali has a good track record in servicing debt to the Fund.

19. The BCEAO has only one recommendation outstanding from the 2018 safeguards assessment. The outstanding recommendation relates to the strengthening of the risk management function, which is in process. The assessment found that overall the central bank has maintained a strong control culture.

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20. Mali has been severely hit by the COVID-19 pandemic, at a time when it faces important security and social challenges. Growth is expected to decline to below 1 percent in 2020, compared to about 5 percent expected prior to the crisis, as the global slowdown, trade disruptions and necessary containment measures take a toll. The slowdown in economic activity will reduce revenue collection, while the measures to combat the pandemic and protect the poor will add to public spending, widening the fiscal deficit by about 2.7 percentage points of GDP to an estimated 6.2 percent of GDP.

21. Staff welcomes the authorities' pro-active response to contain and mitigate the impact of the pandemic. In addition to the preventive containment measures, policy actions are being developed to support the healthcare system, boost food programs and other social assistance to the most vulnerable and support private sector businesses. Staff encourages the authorities to ensure

⁷ In addition to the requested 78.6 percent of quota under the RCF, Mali has an outstanding credit equivalent to 7.6 percent of quota under RCF arrangements and 127.1 percent of quota under ECF arrangements.

that the measures taken are temporary and aimed at addressing the crisis, in order to safeguard the integrity of the tax base and the medium-term stability of the public finances. Staff welcomes the authorities' commitment to ensure the transparent and effective use of financing from developmental partners, including through enhanced publication of related expenditures and through their post-crisis audit.

22. Support from developmental partners will be critical in addressing the urgent fiscal and external financing needs. The widening of the deficit to confront the crisis will create large fiscal and external financing needs, estimated at around 2.9 percent and 3.1 percent of GDP, respectively.

- Staff therefore supports the authorities' request for financial assistance under the Rapid Credit Facility in the amount of SDR146,667,600 (78.6 percent of quota or 1.1 percent of GDP) and the rephasing of ECF access, to supplement the recent debt service relief approved under the Catastrophe Containment and Relief Trust. The support is predicated on the exogenous nature of the shock, the priority of containing the fallout from the pandemic to protect public health and maintain macroeconomic stability, and the authorities' commitment to revert to program implementation after the crisis.
- Staff also underscores the importance of support from other international financing institutions and bilateral partners for additional grants and concessional financing to fill the remaining gap and minimize pressures on the public finances.

23. The authorities remain committed to the objectives of the ECF program. While the crisis would set back authorities' efforts to contain the fiscal deficit to regional WAEMU limits and implement structural reforms within the agreed timeframe, they remain fully committed to reverting to these objectives once near-term priorities to combat the crisis have been resolved. Discussions on the second review of the program are expected to resume at that point.

Table 1. Mali: Selected Economic and Financial Indicators, 2017–25

	2017	2018	2019		2020		2021		2022	2023	2024	2025
			1st Review ¹	Est.	1st Review ¹	Proj.	1st Review ¹	Proj.				
National income and prices												
	(Annual percentage change)											
Real GDP	5.0	5.2	5.1	5.1	5.0	0.9	5.0	4.0	6.0	5.0	5.0	5.0
Real non-agriculture GDP	5.0	4.8	5.1	5.1	...	...	...	...	...	...	...	...
GDP deflator	2.1	0.4	2.5	2.5	1.8	1.8	2.3	1.7	2.0	2.0	2.0	2.0
Consumer price inflation (average)	1.8	1.7	-0.4	-0.6	0.6	0.6	2.0	1.5	2.0	2.0	2.0	2.0
Consumer price inflation (end of period)	1.1	1.0	-0.8	-1.3	1.7	1.5	2.3	1.7	2.0	2.0	2.0	2.0
External sector												
Terms of trade (deterioration -)	-25.3	-0.2	2.2	16.7	4.8	24.6	0.2	-6.7	-5.7	-4.5	-4.7	-4.1
Real effective exchange rate (depreciation -)	0.6	2.6	...	...	...	...	...	...	...	...	...	...
Money and credit												
Credit to the government	55.7	64.1	27.7	-36.6	20.2	48.1	...	...	...	...	...	...
Credit to the economy	5.4	4.8	6.1	2.2	6.0	2.7	...	...	...	...	...	...
Broad money (M2)	4.3	14.2	10.0	9.0	11.2	3.3	...	...	...	...	...	...
Central government finance												
	(Percent of GDP, unless otherwise indicated)											
Revenue	18.4	14.4	19.5	19.5	20.5	17.9	20.7	19.4	18.5	18.7	18.8	18.9
of which: Tax revenue	15.2	11.9	14.6	14.7	15.5	13.3	15.7	13.8	14.0	14.1	14.2	14.3
Grants	1.6	1.2	2.4	1.9	2.5	3.0	2.0	2.0	2.1	2.0	2.0	1.9
Total expenditure and net lending	22.9	20.4	24.8	23.1	26.4	27.1	25.9	24.4	23.6	23.6	23.8	23.7
Overall balance (commitment basis, including grants)	-2.9	-4.8	-2.9	-1.7	-3.5	-6.2	-3.3	-3.0	-3.0	-3.0	-3.0	-3.0
Overall balance (cash basis, including grants)	-2.6	-3.9	-3.6	-2.6	-3.6	-6.1	-3.2	-2.9	-2.9	-2.9	-2.9	-2.9
External sector												
Current account balance, including official transfers	-7.3	-4.9	-4.8	-4.2	-4.4	-3.6	-4.6	-3.8	-5.4	-6.5	-6.7	-7.2
Current account balance, excluding official transfers	-12.1	-9.3	-9.4	-9.0	-8.5	-7.1	-8.5	-8.0	-9.4	-10.1	-10.5	-10.8
Exports of goods and services	22.5	24.7	23.6	24.6	24.0	24.4	23.0	25.4	24.5	24.2	23.9	23.6
Imports of goods and services	36.2	35.8	34.6	35.2	34.0	31.5	32.9	33.1	33.3	33.1	32.8	32.4
Overall balance of payments	-0.5	1.1	-0.3	-0.5	0.1	-3.7	-0.2	0.2	-2.3	-2.8	-2.8	-3.4
Public debt (end period)												
External and Domestic public debt	36.0	37.7	38.3	40.4	39.0	44.6	39.5	45.0	44.8	44.7	44.8	44.7
External public debt	25.0	24.9	26.3	26.4	26.1	30.1	25.7	29.7	28.1	26.6	25.3	24.4
Domestic public debt ²	11.0	12.8	12.0	14.0	12.9	14.5	13.8	15.3	16.7	18.1	19.5	20.3
External debt service to exports of goods and services ratio	4.4	3.8	4.0	5.2	4.6	6.6	4.7	6.9	7.2	6.9	6.7	5.3
Debt service	6.3	5.2	4.8	5.1	5.6	7.2	5.9	7.4	8.6	8.7	9.6	9.4
Memorandum items:												
Nominal GDP (CFAF billions)	8,922	9,426	10,214	10,154	10,917	10,427	11,732	11,030	11,929	12,776	13,683	14,654
Nominal GDP (US\$ billions)	16.1	16.4	...	...	...	...	...	...	...	...	...	...
Overall balance of payments (US\$ millions)	-71.1	189.0	...	...	...	...	...	...	...	...	...	...
US\$ exchange rate (end of period)	554.2	576.2	...	...	...	...	...	...	...	...	...	...
Gold Price (US\$/fine ounce London fix)	1257	1269	1400	1392	1531	1640	1558	1667	1684	1703	1721	1739
Gold Price (CFAF billion/ton)	21.1	20.8	20.9	20.9	23.0	23.0	23.2	23.2	23.3	23.5	23.7	24.7
Petroleum price (crude spot)(US\$/bbl)	53	68	62	61	58	36	55	38	41	43	45	46

Sources: Ministry of Economy and Finance; and IMF staff estimates and projections.

¹ IMF Country Report No. 20/8, Mali : First Review Under the Extended Credit Facility Arrangement.² Includes BCEAO statutory advances, government bonds, treasury bills, and other debts.

Table 2a. Mali: Consolidated Fiscal Transactions of the Government, 2017–25
(Billions of CFAF)

	2017	2018	2019		2020		2021		2022	2023	2024	2025
			1st Review ¹	Est.	1st Review ¹	Proj.	1st Review ¹	Proj.					Projections
Revenue and grants	1,790	1,476	2,235	2,173	2,501	2,182	2,660	2,356	2,458	2,636	2,843	3,035
Total revenue	1,646	1,359	1,994	1,982	2,234	1,869	2,424	2,138	2,211	2,385	2,567	2,763
Budgetary revenue	1,480	1,182	1,598	1,571	1,837	1,472	1,997	1,718	1,758	1,899	2,046	2,206
Tax revenue	1,354	1,126	1,494	1,496	1,694	1,389	1,840	1,521	1,668	1,802	1,941	2,092
Direct taxes	419	340	454	472	525	444	581	476	521	564	611	662
Indirect taxes	934	786	1,040	1,024	1,169	945	1,259	1,045	1,147	1,238	1,330	1,430
VAT	524	415	605	551	663	488	718	543	598	648	698	752
Excises on petroleum products	85	88	74	53	65	43	66	50	57	62	68	74
Import duties	180	150	164	190	205	180	220	205	227	245	262	281
Other indirect taxes	235	198	269	300	314	311	339	329	354	378	404	433
Tax refund	-89	-65	-72	-68	-78	-78	-83	-82	-89	-95	-102	-109
Nontax revenue	126	56	103	75	143	83	157	197	90	97	105	114
Special funds and annexed budgets	166	177	397	411	397	397	426	420	454	486	521	558
Grants	144	117	241	191	267	314	236	219	246	250	276	272
Projects grants	81	68	147	79	156	163	120	80	105	114	124	114
Budgetary support	63	49	94	112	111	150	116	139	141	136	152	158
Of which: General	49	43	83	104	103	139	107	130	131	126	141	147
Of which: Sectoral	14	6	11	8	9	11	9	9	10	11	11	11
Total expenditure and net lending²	2,045	1,926	2,531	2,344	2,883	2,829	3,041	2,687	2,815	3,019	3,253	3,475
Budgetary expenditure	1,890	1,755	2,144	1,939	2,492	2,438	2,615	2,268	2,362	2,533	2,732	2,917
Current expenditure	1,105	1,141	1,318	1,281	1,479	1,629	1,586	1,519	1,657	1,786	1,918	2,054
Wages and salaries	433	471	576	517	636	641	684	648	701	751	804	861
Goods and services	298	272	300	293	361	394	388	368	398	426	456	489
Transfers and subsidies	300	313	342	366	361	473	388	360	389	417	446	478
Interest	74	84	101	104	120	120	126	143	169	192	212	227
Capital expenditure	785	615	826	658	1,013	809	1,029	749	705	747	814	863
Externally financed	253	147	247	192	359	369	338	279	278	299	320	325
Domestically financed	531	468	579	466	655	440	691	469	428	449	494	538
Special funds and annexed budgets	166	177	397	411	397	397	426	420	454	486	521	558
Net lending	-10	-7	-10	-6	-6	-6	0	0	0	0	0	0
Overall fiscal balance (excl. grants)	-399	-567	-537	-362	-649	-960	-618	-550	-604	-634	-686	-712
Overall fiscal balance (incl. grants)	-255	-450	-296	-171	-382	-646	-381	-331	-358	-383	-410	-440
Adjustment to cash basis	23	81	-71	-90	-14	12	10	8	11	11	11	12
Overall balance (cash basis, incl. grants)	-232	-368	-367	-261	-396	-634	-372	-323	-347	-373	-399	-428
Financing	232	368	367	261	396	634	372	323	347	373	399	428
External financing (net)	155	44	283	304	135	139	169	182	49	59	68	120
Loans	206	97	364	377	248	252	259	272	212	224	236	253
Project loans	157	74	89	105	194	194	209	150	162	174	186	199
Budgetary loans	50	23	275	271	54	58	50	122	50	50	50	54
Amortization	-70	-72	-99	-91	-122	-122	-99	-99	-163	-164	-168	-133
Debt relief	18	19	18	18	9	9	9	9	0	0	0	0
Variation of External Arrears (Principal)	0	0	0	0	0	0	0	0	0	0	0	0
Domestic financing (net)	78	324	84	-43	261	198	203	142	298	313	331	308
Banking system	161	184	140	-194	137	162	179	115	263	275	285	257
Central bank	57	42	-25	-224	70	120	20	20	25	-6	-5	-34
Of which: IMF (net)	9	58	-14	0	20	25	20	20	25	-6	-5	-34
Commercial banks	29	211	172	30	67	42	159	96	238	282	289	291
Adjustment ³	-60	69	7	0	0	0	0	0	0	0	0	0
Privatization receipts	-10	-8	-20	-14	30	30	0	0	0	0	0	0
Other financing	-73	149	-36	165	95	6	24	26	35	38	46	50
Financing gap	0	0	0	0	0	-298	0	0	0	0	0	0
Memorandum items:												
Nominal GDP	8,922	9,426	10,214	10,154	10,895	10,427	11,732	11,030	11,929	12,776	13,683	14,654

Sources: Ministry of Economy and Finance; and IMF staff estimates and projections.

¹ IMF Country Report No. 20/8, Mali : First Review Under the Extended Credit Facility Arrangement.

² Commitment basis

³ Adjustment to account for the difference between the definitions of the government in the fiscal table and the monetary situation.

Table 2b. Mali: Consolidated Fiscal Transactions of the Government, 2017–25
(Percent of GDP)

	2017	2018	2019		2020		2021		2022	2023	2024	2025
			1st Review ¹	Est.	1st Review ¹	Proj.	1st Review ¹	Proj.					Projections
Revenue and grants	20.1	15.7	21.9	21.4	23.0	20.9	22.7	21.4	20.6	20.6	20.8	20.7
Total revenue	18.4	14.4	19.5	19.5	20.5	17.9	20.7	19.4	18.5	18.7	18.8	18.9
Budgetary revenue	16.6	12.5	15.6	15.5	16.9	14.1	17.0	15.6	14.7	14.9	15.0	15.1
Tax revenue	15.2	11.9	14.6	14.7	15.5	13.3	15.7	13.8	14.0	14.1	14.2	14.3
Direct taxes	4.7	3.6	4.4	4.6	4.8	4.3	4.9	4.3	4.4	4.4	4.5	4.5
Indirect taxes	10.5	8.3	10.2	10.1	10.7	9.1	10.7	9.5	9.6	9.7	9.7	9.8
VAT	5.9	4.4	5.9	5.4	6.1	4.7	6.1	4.9	5.0	5.1	5.1	5.1
Excises on petroleum products	0.9	0.9	0.7	0.5	0.6	0.4	0.6	0.4	0.5	0.5	0.5	0.5
Import duties	2.0	1.6	1.6	1.9	1.9	1.7	1.9	1.9	1.9	1.9	1.9	1.9
Other indirect taxes	2.6	2.1	2.6	2.9	2.9	3.0	2.9	3.0	3.0	3.0	3.0	3.0
Tax refund	-1.0	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7
Nontax revenue	1.4	0.6	1.0	0.7	1.3	0.8	1.3	1.8	0.8	0.8	0.8	0.8
Special funds and annexed budgets	1.9	1.9	3.9	4.0	3.6	3.8	3.6	3.8	3.8	3.8	3.8	3.8
Grants	1.6	1.2	2.4	1.9	2.5	3.0	2.0	2.0	2.1	2.0	2.0	1.9
Projects grants	0.9	0.7	1.4	0.8	1.4	1.6	1.0	0.7	0.9	0.9	0.9	0.8
Budgetary support	0.7	0.5	0.9	1.1	1.0	1.4	1.0	1.3	1.2	1.1	1.1	1.1
Of which: General	0.5	0.5	0.8	1.0	0.9	1.3	0.9	1.2	1.1	1.0	1.0	1.0
Of which: Sectoral	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total expenditure and net lending²	22.9	20.4	24.8	23.1	26.5	27.1	25.9	24.4	23.6	23.6	23.8	23.7
Budgetary expenditure	21.2	18.6	21.0	19.1	22.9	23.4	22.3	20.6	19.8	19.8	20.0	19.9
Current expenditure	12.4	12.1	12.9	12.6	13.6	15.6	13.5	13.8	13.9	14.0	14.0	14.0
Wages and salaries	4.8	5.0	5.6	5.1	5.8	6.2	5.8	5.9	5.9	5.9	5.9	5.9
Goods and services	3.3	2.9	2.9	2.9	3.3	3.8	3.3	3.3	3.3	3.3	3.3	3.3
Transfers and subsidies	3.4	3.3	3.3	3.6	3.3	4.5	3.3	3.3	3.3	3.3	3.3	3.3
Interest	0.8	0.9	1.0	1.0	1.1	1.2	1.1	1.3	1.4	1.5	1.5	1.5
Capital expenditure	8.8	6.5	8.1	6.5	9.3	7.8	8.8	6.8	5.9	5.9	6.0	5.9
Externally financed	2.8	1.6	2.4	1.9	3.3	3.5	2.9	2.5	2.3	2.3	2.3	2.2
Domestically financed	6.0	5.0	5.7	4.6	6.0	4.2	5.9	4.3	3.6	3.5	3.6	3.7
Special funds and annexed budgets	1.9	1.9	3.9	4.0	3.6	3.8	3.6	3.8	3.8	3.8	3.8	3.8
Net lending	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
Overall fiscal balance (excl. grants)	-4.5	-6.0	-5.3	-3.6	-6.0	-9.2	-5.3	-5.0	-5.1	-5.0	-5.0	-4.9
Overall fiscal balance (incl. grants)	-2.9	-4.8	-2.9	-1.7	-3.5	-6.2	-3.3	-3.0	-3.0	-3.0	-3.0	-3.0
Adjustment to cash basis	0.3	0.9	-0.7	-0.9	-0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Overall balance (cash basis, incl. grants)	-2.6	-3.9	-3.6	-2.6	-3.6	-6.1	-3.2	-2.9	-2.9	-2.9	-2.9	-2.9
Financing	2.6	3.9	3.6	2.6	3.6	6.1	3.2	2.9	2.9	2.9	2.9	2.9
External financing (net)	1.7	0.5	2.8	3.0	1.2	1.3	1.4	1.6	0.4	0.5	0.5	0.8
Loans	2.3	1.0	3.6	3.7	2.3	2.4	2.2	2.5	1.8	1.8	1.7	1.7
Project loans	1.8	0.8	0.9	1.0	1.8	1.9	1.8	1.4	1.4	1.4	1.4	1.4
Budgetary loans	0.6	0.2	2.7	2.7	0.5	0.6	0.4	1.1	0.4	0.4	0.4	0.4
Amortization	-0.8	-0.8	-1.0	-0.9	-1.1	-1.2	-0.8	-0.9	-1.4	-1.3	-1.2	-0.9
Debt relief	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Variation of External Arrears (Principal)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic financing (net)	0.9	3.4	0.8	-0.4	2.4	1.9	1.7	1.3	2.5	2.5	2.4	2.1
Banking system	1.8	2.0	1.4	-1.9	1.3	1.6	1.5	1.0	2.2	2.2	2.1	1.8
Central bank	0.6	0.4	-0.2	-2.2	0.6	1.2	0.2	0.2	0.2	0.0	0.0	-0.2
Of which: IMF (net)	0.1	0.6	-0.1	0.0	0.2	0.2	0.2	0.2	0.2	0.0	0.0	-0.2
Commercial banks	0.3	2.2	1.7	0.3	0.6	0.4	1.4	0.9	2.0	2.2	2.1	2.0
Adjustment ³	-0.7	0.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts	-0.1	-0.1	-0.2	-0.1	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Other financing	-0.8	1.6	-0.4	1.6	0.9	0.1	0.2	0.2	0.3	0.3	0.3	0.3
Financing gap	0.0	0.0	0.0	0.0	0.0	-2.9	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:												
Nominal GDP (CFAF billions)	8,922	9,426	10,214	10,154	10,895	10,427	11,732	11,030	11,929	12,776	13,683	14,654

Sources: Ministry of Economy and Finance; and IMF staff estimates and projections.

¹ IMF Country Report No. 20/8, Mali : First Review Under the Extended Credit Facility Arrangement.

² Commitment basis

³ Adjustment to account for the difference between the definitions of the government in the fiscal table and the monetary situation.

Table 3a. Mali: Balance of Payments, 2017–25
(Billions of CFAF)

	2017	2018	2019		2020		2021		2022	2023	2024	2025
			1st Review ¹	Proj.	1st Review ¹	Proj.	1st Review ¹	Proj.					Projections
Current account balance												
Excluding official transfers	-1079	-879	-958	-916	-930	-744	-994	-881	-1125	-1287	-1433	-1588
Including official transfers	-650	-465	-490	-426	-484	-376	-544	-416	-648	-827	-920	-1055
Trade balance	-415	-213	-256	-207	-204	136	-268	100	-1	-25	-17	-17
Exports, f.o.b.	1686	1991	2073	2159	2258	2252	2316	2480	2591	2738	2901	3065
Cotton fiber	223	271	231	223	251	151	271	218	255	280	307	334
Gold	1176	1388	1492	1651	1637	1868	1649	1993	2016	2079	2144	2209
Other	287	332	349	284	371	234	395	268	320	380	450	522
Imports, f.o.b.	-2101	-2204	-2329	-2366	-2463	-2116	-2584	-2379	-2592	-2763	-2918	-3082
Petroleum products	-552	-659	-626	-650	-618	-405	-613	-459	-518	-561	-601	-644
Foodstuffs	-349	-323	-350	-314	-375	-334	-395	-351	-379	-404	-430	-458
Other	-1201	-1223	-1353	-1402	-1469	-1378	-1575	-1570	-1696	-1798	-1886	-1979
Services (net)	-808	-840	-864	-871	-889	-878	-901	-948	-1041	-1119	-1198	-1282
Credit	319	334	339	339	359	295	379	319	333	350	369	387
Debit	-1127	-1174	-1204	-1210	-1249	-1173	-1280	-1267	-1374	-1469	-1567	-1669
<i>Of which: freight and insurance</i>	-387	-407	-430	-437	-469	-403	-492	-453	-494	-526	-556	-587
Income (net)	-291	-283	-309	-309	-314	-327	-319	-344	-372	-398	-426	-433
<i>Of which: interest due on public debt</i>	-28	-29	-34	-34	-38	-38	-28	-46	-48	-49	-50	-54
Transfers (net)	864	871	940	961	925	693	943	775	765	715	721	676
Private transfers (net)	435	457	472	472	478	325	493	311	289	255	207	143
Official transfers (net) ²	429	414	468	490	446	367	450	465	476	460	513	533
<i>Of which: budgetary grants</i>	49	43	94	112	111	150	116	139	141	136	152	158
Capital and financial account	698	544	512	637	490	-12	520	437	371	474	532	557
Capital account (net)	150	133	221	150	204	219	173	138	159	171	185	180
<i>Of which: debt forgiveness</i>	18	19	18	18	0	9	0	9	0	0	0	0
<i>Of which: project grants</i>	96	75	158	87	156	163	120	80	105	114	124	114
Financial account	548	411	292	487	286	-231	347	299	212	303	347	377
Private (net)	395	266	-15	48	116	-157	140	27	56	128	156	126
Direct investment (net)	318	259	181	181	268	90	304	191	207	221	237	254
Portfolio investment private (net)	1	-1	-1	-1	0	0	0	0	0	0	0	0
Other private capital flows	76	8	-195	-132	-152	-247	-164	-164	-151	-93	-81	-128
Official (net)	153	144	307	439	170	-74	207	272	156	174	191	251
Portfolio investment public (net)	16	119	41	153	44	94	48	99	107	115	123	132
Disbursements	206	97	364	377	248	252	259	272	212	224	236	253
Budgetary	50	23	275	271	54	58	50	122	50	50	50	54
Project related	157	74	89	105	194	194	209	150	162	174	186	199
Central government fiscal gap						-298		0				
Amortization due on public debt	-70	-72	-99	-91	-122	-122	-99	-99	-163	-164	-168	-133
Errors and omissions	-90	26	115	53	0	0	0	0	0	0	0	0
Overall balance	-41	105	-138	264	-6	-388	-24	21	-277	-353	-388	-498
Financing	41	-105	138	-264	38	66	-8	-21	277	353	388	498
Foreign assets (net)	23	-115	-172	-181	-47	57	-17	-30	277	331	358	470
<i>Of which: IMF based on existing drawing (net)</i>	16	65	5	5	20	53	20	20	20	-22	-29	-28
HIPC initiative			18	18	9	9	9	9				
Financing gap	0	0	0	0	0	322	33	0	0	0	0	0
<i>Proposed RCF-supported arrangement</i>						117						
<i>Prospective financing from CCRT³</i>						6		13	1			
<i>Additional donors' financing</i>						199						
External trade							(Annual percentage change)					
Export volume index	11.1	-0.6	2.3	-5.5	3.9	-8.6	2.4	15.8	8.3	8.4	8.9	7.8
Import volume index	-14.2	-12.1	5.9	9.3	5.7	-2.3	5.0	10.3	6.4	4.4	3.4	3.4
Export unit value	-9.4	19.1	1.9	14.7	4.9	14.1	0.1	-4.9	-3.5	-2.5	-2.7	-2.0
Import unit value	21.3	19.3	-0.3	-1.7	0.1	-8.4	-0.1	1.9	2.4	2.1	2.1	2.2
Terms of trade	-25.3	-0.2	2.2	16.7	4.8	24.6	0.2	-6.7	-5.7	-4.5	-4.7	-4.1

Sources: Malian authorities; and IMF staff estimates and projections.

¹ IMF Country Report No. 20/8, Mali: First Review Under the Extended Credit Facility Arrangement.

² Includes financing by the international community for imports of security services in relation to the foreign military intervention in the country.

³ The grant for the debt service falling due in the 18 months from October 14, 2020 is subject to the availability of resources under the CCRT.

Table 3b. Mali: Balance of Payments, 2017–25
(Percent of GDP)

	2017	2018	2019		2020		2021		2022	2023	2024	2025
			1st Review ¹	Proj.	1st Review ¹	Proj.	1st Review ¹	Proj.				
Current account balance												
Excluding official transfers	-12.1	-9.3	-9.4	-9.0	-8.5	-7.1	-8.5	-8.0	-9.4	-10.1	-10.5	-10.8
Including official transfers	-7.3	-4.9	-4.8	-4.2	-4.4	-3.6	-4.6	-3.8	-5.4	-6.5	-6.7	-7.2
Trade balance	-4.7	-2.3	-2.5	-2.0	-1.9	1.3	-2.3	0.9	0.0	-0.2	-0.1	-0.1
Exports, f.o.b.	18.9	21.1	20.3	21.3	20.7	21.6	19.7	22.5	21.7	21.4	21.2	20.9
Cotton fiber	2.5	2.9	2.3	2.2	2.3	1.4	2.3	2.0	2.1	2.2	2.2	2.3
Gold	13.2	14.7	14.6	16.3	15.0	17.9	14.1	18.1	16.9	16.3	15.7	15.1
Other	3.2	3.5	3.4	2.8	3.4	2.2	3.4	2.4	2.7	3.0	3.3	3.6
Imports, f.o.b.	-23.6	-23.4	-22.8	-23.3	-22.6	-20.3	-22.0	-21.6	-21.7	-21.6	-21.3	-21.0
Petroleum products	-6.2	-7.0	-6.1	-6.4	-5.7	-3.9	-5.2	-4.2	-4.3	-4.4	-4.4	-4.4
Foodstuffs	-3.9	-3.4	-3.4	-3.1	-3.4	-3.2	-3.4	-3.2	-3.2	-3.2	-3.1	-3.1
Other	-13.5	-13.0	-13.2	-13.8	-13.5	-13.2	-13.4	-14.2	-14.2	-14.1	-13.8	-13.5
Services (net)	-9.1	-8.9	-8.5	-8.6	-8.1	-8.4	-7.7	-8.6	-8.7	-8.8	-8.8	-8.7
Credit	3.6	3.5	3.3	3.3	3.3	2.8	3.2	2.9	2.8	2.7	2.7	2.6
Debit	-12.6	-12.5	-11.8	-11.9	-11.4	-11.2	-10.9	-11.5	-11.5	-11.5	-11.4	-11.4
<i>Of which: freight and insurance</i>	-4.3	-4.3	-4.2	-4.3	-4.3	-3.9	-4.2	-4.1	-4.1	-4.1	-4.1	-4.0
Income (net)	-3.3	-3.0	-3.0	-3.0	-2.9	-3.1	-2.7	-3.1	-3.1	-3.1	-3.1	-3.0
<i>Of which: interest due on public debt</i>	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	-0.2	-0.4	-0.4	-0.4	-0.4	-0.4
Transfers (net)	9.7	9.2	9.2	9.5	8.5	6.6	8.0	7.0	6.4	5.6	5.3	4.6
Private transfers (net)	4.9	4.9	4.6	4.6	4.4	3.1	4.2	2.8	2.4	2.0	1.5	1.0
Official transfers (net) ²	4.8	4.4	4.6	4.8	4.1	3.5	3.8	4.2	4.0	3.6	3.8	3.6
<i>Of which: budgetary grants</i>	0.5	0.5	0.9	1.1	1.0	1.4	1.0	1.3	1.2	1.1	1.1	1.1
Capital and financial account	7.8	5.8	5.0	6.3	4.5	-0.1	4.4	4.0	3.1	3.7	3.9	3.8
Capital account (net)	1.7	1.4	2.2	1.5	1.9	2.1	1.5	1.3	1.3	1.3	1.4	1.2
<i>Of which: debt forgiveness</i>	0.2	0.2	0.2	0.2	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
<i>Of which: project grants</i>	1.1	0.8	1.5	0.9	1.4	1.6	1.0	0.7	0.9	0.9	0.9	0.8
Financial account	6.1	4.4	2.9	4.8	2.6	-2.2	3.0	2.7	1.8	2.4	2.5	2.6
Private (net)	4.4	2.8	-0.1	0.5	1.1	-1.5	1.2	0.2	0.5	1.0	1.1	0.9
Direct investment (net)	3.6	2.8	1.8	1.8	2.5	0.9	2.6	1.7	1.7	1.7	1.7	1.7
Portfolio investment private (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other private capital flows	0.9	0.1	-1.9	-1.3	-1.4	-2.4	-1.4	-1.5	-1.3	-0.7	-0.6	-0.9
Official (net)	1.7	1.5	3.0	4.3	1.6	-0.7	1.8	2.5	1.3	1.4	1.4	1.7
Portfolio investment public (net)	0.2	1.3	0.4	1.5	0.4	0.9	0.4	0.9	0.9	0.9	0.9	0.9
Disbursements	2.3	1.0	3.6	3.7	2.3	2.4	2.2	2.5	1.8	1.8	1.7	1.7
Budgetary	0.6	0.2	2.7	2.7	0.5	0.6	0.4	1.1	0.4	0.4	0.4	0.4
Project related	1.8	0.8	0.9	1.0	1.8	1.9	1.8	1.4	1.4	1.4	1.4	1.4
Central government fiscal gap						-2.9						
Amortization due on public debt	-0.8	-0.8	-1.0	-0.9	-1.1	-1.2	-0.8	-0.9	-1.4	-1.3	-1.2	-0.9
Errors and omissions	-1.0	0.3	1.1	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-0.5	1.1	1.3	2.6	0.1	-3.7	-0.2	0.2	-2.3	-2.8	-2.8	-3.4
Financing	0.5	-1.1	-1.3	-2.6	-0.4	0.6	-0.1	-0.2	2.3	2.8	2.8	3.4
Foreign assets (net)	0.3	-1.2	-1.7	-1.8	-0.4	0.5	-0.1	-0.3	2.3	2.6	2.6	3.2
<i>Of which: IMF based on existing drawing (net)</i>	0.2	0.7	0.0	0.0	-0.1	0.5	-0.1	0.2	0.2	-0.2	-0.2	-0.2
HIPC initiative assistance			0.2	0.2	0.1	0.1	0.1	0.1				
Financing gap					0.1	3.1	0.1	0.0				
Proposed RCF-supported arrangement						1.1						
Prospective financing from CCRT ³						0.1		0.1	0.0			
Additional donors' financing						1.9						
External trade												
					(Annual percentage change)							
Export volume index	11.1	-0.6	2.3	-5.5	3.9	-8.6	2.4	15.8	8.3	8.4	8.9	7.8
Import volume index	-14.2	-12.1	5.9	9.3	5.7	-2.3	5.0	10.3	6.4	4.4	3.4	3.4
Export unit value	-9.4	19.1	1.9	14.7	4.9	14.1	0.1	-4.9	-3.5	-2.5	-2.7	-2.0
Import unit value	21.3	19.3	-0.3	-1.7	0.1	-8.4	-0.1	1.9	2.4	2.1	2.1	2.2
Terms of trade	-25.3	-0.2	2.2	16.7	4.8	24.6	0.2	-6.7	-5.7	-4.5	-4.7	-4.1

Sources: Malian authorities; and IMF staff estimates and projections.

¹ IMF Country Report No. 20/8, Mali: First Review Under the Extended Credit Facility Arrangement.

² Includes financing by the international community for imports of security services in relation to the foreign military intervention in the country.

³ The grant for the debt service falling due in the 18 months from October 14, 2020 is subject to the availability of resources under the CCRT.

Table 4. Mali: Monetary Survey, 2016–20

	2016	2017	2018	2019		2020		
				1st	Proj.	1st	Proj.	
				Review ¹		Review ¹		
				(CFAF billion)				
Net Foreign Assets	243	214	311	486	578	533	508	
BCEAO	-85	-3	104	279	288	327	218	
Commercial Banks	329	217	207	207	290	207	290	
Net Domestic Assets	1858	1998	2242	2541	2221	2831	2591	
Credit to the government (net)	208	323	530	677	337	814	498	
BCEAO	36	93	135	110	-89	180	31	
Commercial banks, net	-247	-170	122	330	77	302	113	
Other	418	400	273	237	348	332	354	
Credit to the economy	2197	2315	2426	2574	2480	2728	2547	
Other items (net)	-344	-377	-380	-376	-307	-376	-165	
Money supply (M2)	2311	2410	2752	3026	3000	3364	3099	
Currency outside banks	451	466	517	569	641	633	662	
Bank deposits	1859	1944	2235	2457	2359	2732	2437	
Memorandum item:								
Base Money (M0)	763	714	845	906	992	982	1016	
Contribution to growth of broad money		(In percent of beginning of period broad money)						
Money supply (M2)	10.7	4.3	14.2	10.0	9.0	11.2	3.3	
Net foreign assets	-15.8	-1.3	4.0	6.2	9.7	1.6	-2.3	
BCEAO	-14.7	3.6	4.4	6.2	6.7	1.6	-2.3	
Commercial banks	-1.2	-4.8	-0.4	0.0	3.0	0.0	0.0	
Net domestic assets	25.0	6.1	10.1	10.7	-0.8	9.6	12.4	
Credit to the central government	11.3	5.0	8.6	5.3	-7.0	4.5	5.4	
Credit to the economy	12.5	5.1	4.6	5.4	2.0	5.1	2.2	
Other items net	1.9	-1.4	-0.1	0.0	2.7	0.0	4.7	
Memorandum items:		(Annual percent growth rate)						
Money supply (M2)	10.7	4.3	14.2	10.0	9.0	11.2	3.3	
Base money (M0)	0.5	-6.4	18.5	7.2	17.4	8.4	2.4	
Credit to the economy	13.4	5.4	4.8	6.1	2.2	6.0	2.7	
Velocity (GDP/M2)	3.6	3.7	3.4	3.4	3.4	3.2	3.4	
Money Multiplier (M2/M0)	3.0	3.4	3.3	3.3	3.0	3.4	3.1	
Currency outside banks / M2	19.5	19.3	18.8	18.8	21.4	18.8	21.4	

Sources: BCEAO; and Fund staff estimates and projections.

¹ IMF Country Report No. 20/8, Mali : First Review Under the Extended Credit Facility Arrangement.

Table 5. Mali: Financial Soundness Indicators for the Banking Sector, 2007–19
(Percent)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		2017		2018 ²		2019 ²		
										Jun.	Dec.	Jun.	Dec.	Jun.	Dec.	Jun.	Dec.	
Capital																		
Capital to risk-weighted assets	10.8	9.8	7.7	13.7	11.7	11.4	12.9	14.5	14.8	14.7	13.6	14.7	12.5	12.5	13.5	...	...
Tier 1 capital to risk-weighted assets	9.9	9.0	7.2	12.7	10.8	10.0	12.2	13.1	13.4	13.2	12.3	13.4	11.6	11.6	12.6	...	...
Capital (net worth) in percent of assets	5.6	6.2	4.6	7.5	8.3	7.7	7.9	7.1	7.4	7.3	7.2	7.1	8.3	8.5	9.2	...	...
Sectoral distribution of credit to the economy																		
Agriculture and fishing	7.7	12.8	7.9	1.6	11.7	10.9	6.5	5.5	4.3	3.8	2.2	3.6	3.4	4.1	3.0	3.2	3.2	
Minining sector	1.0	0.2	0.2	0.1	0.1	3.8	4.7	3.4	2.6	2.2	2.4	2.1	2.1	3.3	2.5	2.4	2.4	
Manufacturing	7.6	7.4	5.9	7.3	8.0	9.6	11.1	12.7	12.1	13.2	13.9	13.6	15.0	14.5	14.8	15.4	15.4	
Electricity, gas, and water	5.0	3.9	4.3	11.1	10.0	6.4	9.6	11.9	9.6	7.5	7.8	6.8	6.1	5.2	6.8	5.2	5.2	
Building and construction	2.0	1.6	1.6	4.3	4.4	5.0	3.8	4.9	7.0	6.8	7.4	6.9	6.9	6.6	7.4	7.0	7.0	
Wholesale and retail trade, hotels and restaurants	43.6	38.7	37.4	44.4	43.3	44.6	45.2	40.9	45.5	43.2	42.1	41.6	41.9	42.6	39.7	39.8	39.8	
Transportation, warehouses, communications	15.0	14.1	11.3	8.8	7.1	5.6	9.3	10.1	8.8	9.6	10.3	11.9	11.9	11.8	12.4	11.5	11.5	
Insurance, real estate, and services for enterprises	6.4	14.1	18.8	14.9	9.8	8.2	5.7	6.9	6.3	7.8	8.3	7.7	7.2	6.4	8.6	9.2	9.2	
Other activities	8.9	0.0	-1.9	0.0	0.0	0.0	0.0	0.1	3.9	6.0	5.7	5.7	5.5	5.6	5.0	4.6	4.6	
Asset quality																		
Non-performing loans to total loans	25.1	23.1	25.4	22.1	18.0	21.0	19.3	15.9	16.1	16.4	17.3	18.2	16.4	13.5	11.6	10.5	10.5	
Non-performing loans to total loans (net of provisioning)	10.7	9.5	11.6	8.5	6.5	8.7	8.3	5.6	6.3	7.7	8.2	8.9	7.5	7.2	6.4	5.1	5.1	
Provisions to gross non-performing loans	65.5	66.9	59.5	64.0	69.3	65.0	62.0	68.6	65.0	70.1	57.0	56.0	58.8	50.5	49.3	54.0	54.0	
Non-performing loans net of provisions to Tier I capital	109.4	91.5	113.1	55.3	46.9	60.7	72.7	43.1	44.2	60.9	65.9	64.9	49.4	51.3	41.8	...	...
Earnings and profitability																		
Return on assets (ROA)	-0.8	0.8	0.6	1.4	1.7	1.3	1.2	1.1	1.1	1.1	...	1.0	...	1.4	...	...	...
Return on equity (ROE)	-14.0	10.4	6.8	8.6	14.9	12.5	14.1	16.0	14.9	14.8	...	14.6	...	15.2	...	...	...
Liquidity																		
Liquid assets to total assets	40.7	37.9	33.8	32.7	36.7	34.8	34.4	51.8	51.7	50.9	51.5	45.6	62.0	63.8	64.7	63.8	63.8	
Liquid assets to short-term deposits	81.5	84.0	61.2	92.9	89.4	90.0	98.0	95.6	87.9	86.9	69.0	82.6	95.6	98.4	101.9	99.7	99.7	
Ratio of deposits to liabilities	81.4	73.6	73.0	75.4	70.7	86.8	71.7	63.0	63.0	58.1	60.9	59.4	61.1	60.2	62.8	62.6	62.6	
Ratio of loans to deposits	83.7	77.5	72.2	82.6	88.0	88.5	89.7	87.8	83.1	95.5	95.4	99.6	99.4	95.8	97.1	96.5	96.5	
Memorandum items¹																		
Deposit rate	4.8	1.9	1.9	1.9	1.8	1.9	1.8	1.8	1.8	2.2	...	2.7	...	2.5	...	...	...
Lending rate	10.0	9.8	9.7	9.4	9.3	8.9	9.5	8.2	7.8	7.5	...	8.0	...	7.7	...	...	...

Source: BCEAO

¹ Average² New prudential framework (Basel II/III)

Table 6. Mali: Indicators of Capacity to Repay the Fund, 2020–33¹

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Fund obligations based on existing credit														
Principal (SDR millions)	5.5	15.4	17.0	26.9	36.1	40.1	39.0	33.3	20.7	8.0	2.0	0.0	0.0	0.0
Charges and interest (SDR millions)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fund obligations based on existing and prospective credit 2/														
Principal (SDR millions)	4.5	11.0	12.6	24.7	36.1	40.1	47.0	51.3	40.7	28.0	22.0	12.0	2.0	0.0
Charges and interest (SDR millions)	1.0	4.4	4.4	2.2	0.0	14.7	29.3	29.3	29.3	29.3	14.7	0.0	0.0	0.0
Total obligations based on existing and prospective credit														
In millions of SDRs	5.5	15.4	17.0	26.9	36.1	54.8	76.4	80.7	70.0	57.3	36.7	12.0	2.0	0.0
In billions of CFA francs	4.5	12.4	13.7	33.3	44.7	67.0	94.4	99.7	86.5	70.8	45.3	14.8	2.5	0.0
In percent of government revenue	0.2	0.6	0.6	1.4	1.7	2.4	3.2	3.1	2.5	1.9	1.1	0.3	0.1	0.0
In percent of exports of goods and services	0.2	0.4	0.5	1.1	1.4	1.9	2.6	2.7	2.3	1.8	1.1	0.3	0.1	0.0
In percent of debt service	1.8	5.1	4.1	9.3	11.8	18.6	24.5	24.1	19.6	15.0	8.9	2.7	0.4	0.0
In percent of GDP	0.0	0.1	0.1	0.3	0.3	0.5	0.6	0.6	0.5	0.4	0.2	0.1	0.0	0.0
In percent of quota	2.9	8.3	9.1	14.4	19.4	29.4	40.9	43.2	37.5	30.7	19.6	6.4	1.1	0.0
Outstanding Fund credit 1/														
In millions of SDRs	449.8	452.7	425.9	389.7	335.0	258.6	178.0	108.0	50.6	14.0	2.0	0.0	0.0	0.0
In billions of CFA francs	365.6	365.9	343.8	314.6	270.6	211.4	144.0	87.4	41.0	11.3	1.6	0.0	0.0	0.0
In percent of government revenue	19.6	17.1	15.5	13.2	10.5	7.6	4.8	2.7	1.2	0.3	0.0	0.0	0.0	0.0
In percent of exports of goods and services	14.4	13.1	11.8	10.2	8.3	6.1	4.0	2.4	1.1	0.3	0.0	0.0	0.0	0.0
In percent of debt service	150.7	150.9	103.6	88.2	71.2	58.7	37.4	21.2	9.3	2.4	0.3	0.0	0.0	0.0
In percent of GDP	3.5	3.3	2.9	2.5	2.0	1.4	0.9	0.5	0.2	0.1	0.0	0.0	0.0	0.0
In percent of quota 3/	241.0	242.6	228.2	208.9	179.5	138.6	95.4	57.9	27.1	7.5	1.1	0.0	0.0	0.0
Disbursements and Repurchases														
Disbursements (SDR millions)	44.6	3.0	-26.9	-36.1	-54.8	-76.4	-80.7	-70.0	-57.3	-36.7	-12.0	-2.0	0.0	0.0
Repurchases (SDR millions)	60.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repurchases and Repurchases (SDR millions)	15.4	17.0	26.9	36.1	54.8	76.4	80.7	70.0	57.3	36.7	12.0	2.0	0.0	0.0
Memorandum items:														
Nominal GDP	10,427.2	11,029.6	11,928.6	12,775.5	13,682.6	14,654.0	15,694.5	16,808.8	18,002.2	19,280.4	20,649.3	22,115.4	23,685.6	25,367.2
Exports of goods and services	2,547.4	2,799.2	2,924.5	3,088.4	3,269.6	3,452.6	3,564.2	3,689.0	3,823.7	3,969.3	4,126.9	4,297.7	4,483.1	4,684.6
Government revenue	1,868.6	2,137.7	2,211.5	2,385.5	2,567.0	2,763.3	2,983.1	3,224.6	3,485.0	3,767.0	4,088.2	4,437.4	4,817.0	5,229.8
Debt service	242.6	242.5	331.9	356.7	379.9	359.9	385.4	412.8	442.1	473.5	507.1	543.1	581.7	623.0
Quota (SDR millions)	186.6	186.6	186.6	186.6	186.6	186.6	186.6	186.6	186.6	186.6	186.6	186.6	186.6	186.6

Sources: IMF staff estimates and projections.

¹ Total debt service includes IMF repurchases and repayments.² Includes future disbursements proposed in Table 6.³ Using the new quota under the 14th General Review of Quotas (SDR 186.6 million).

Table 7. Mali: External Financing Requirements, 2019–23
(Billions of CFAF)

	2019	2020	2021	2022	2023
	Projections				
Financing need	913	976	904	1178	1266
Current account balance (excl. official transfers)	916	744	881	1125	1287
Private capital and financial flows	-93	110	-76	-110	-186
Amortization of public loans (excl. IMF)	91	122	99	163	164
Financing	960	654	904	1178	1266
Official loans	377	-46	272	212	224
Project loans	105	194	150	162	174
Budgetary loans	271	58	122	50	50
Official transfers	594	540	554	582	574
Project grants	87	163	80	105	114
Budget grants	112	150	139	141	136
Other ¹	395	226	335	335	324
Portfolio investment public, net	153	94	99	107	115
NFA central bank (excl. IMF)	-181	57	-30	259	375
HIPC Initiative assistance	18	9	9	0	0
IMF transactions	5	20	20	19	-22
Residual Gap		322	0	0	0
<i>Proposed RCF-supported arrangement</i>		117			
<i>Prospective financing from CCRT²</i>		6	13	1	
<i>Additional donors' financing</i>		199			

Sources: Malian authorities; IMF staff estimates and projections

¹ Financing by the international community for imports of security services in relation to the foreign military intervention in the country and debt forgiveness.

² The grant for the debt service falling due in the 18 months from October 14, 2020 is subject to the availability of resources under the CCRT.

Table 8. Mali: Schedule of Disbursements Under Three-year ECF Arrangement, 2019–22

Amount	In percent of quota¹	Availability date	Conditions for disbursement²
SDR 20 million	10.7	August 28, 2019	Executive Board Approval of a new arrangement under the Extended Credit Facility.
SDR 20 million	10.7	December 15, 2019	Observance of continuous and end-September 2019 performance criteria, and completion of the first review under the arrangement.
SDR 20 million	10.7	August 31, 2020	Observance of continuous and end-December 2019 performance criteria, and completion of the second review under the arrangement.
SDR 20 million	10.7	January 11, 2021	Observance of continuous and end-June 2020 performance criteria, and completion of the third review under the arrangement.
SDR 20 million	10.7	June 15, 2021	Observance of continuous and end-December 2020 performance criteria, and completion of the fourth review under the arrangement.
SDR 20 million	10.7	December 15, 2021	Observance of continuous and end-June 2021 performance criteria, and completion of the fifth review under the arrangement.
SDR 19.95 million	10.7	June 15, 2022	Observance of continuous and end-December 2021 performance criteria, and completion of the sixth review under the arrangement.
SDR 139.95 million	75.0	Total amount of the arrangement	

Sources: IMF staff estimates and projections.

¹ Using the new quota under the 14th General Review of Quotas (SDR 186.6 million)

² In addition to the generally applicable conditions under the Extended Credit Facility.

Appendix I. Letter of Intent

Bamako, April 24, 2020

Ms. Kristalina Georgieva,
Managing Director,
International Monetary Fund, (IMF)
Washington, D.C., 20431

Dear Ms. Georgieva:

The first two COVID-19 cases in Mali were confirmed on March 24, 2020, increasing to 293 (seventeen deaths) as of April 22, 2020. Prior to the outbreak in Mali, the government had responded pro-actively to the emerging global pandemic by putting in place containment measures. These included the suspension of commercial flights (except cargo flights), the closure of land borders, the establishment of a curfew, the suspension of all public gatherings, the prohibition of social, sports, cultural and political gatherings of more than 50 people, and the closure of schools, night clubs and bars. In addition, the government has prepared a comprehensive response plan to prevent the spread of COVID-19 and strengthen its medical care capacity, in close cooperation with the World Health Organization (WHO) and the World Bank.

These emergency containment measures together with the spillovers from the collapse of global demand and severe supply shocks are inevitably leading to a major reduction in economic activity. In particular, the suspension of commercial flights and border closures are disrupting the supply of goods, including key imported inputs to the manufacturing sector, with significant upward risks for the prices of basic goods. Hotels and restaurants are experiencing a major slowdown in activity, resulting in closures and temporary leave for the bulk of the workforce. Mining sector activity, a key contributor to our growth and tax revenue, is also at risk, with some mining companies already operating at reduced capacity or temporarily closing. As a result, we anticipate a significant slowdown in growth this year.

The adverse effects of the COVID-19 pandemic will weigh heavily on our public finances and the country's external position. While the much slower growth will depress tax revenue, government expenditure will inevitably increase as we respond to the crisis. This is mainly because of unanticipated expenditure (estimated at 2.2 percent of GDP) related to our health care response plan, support the most vulnerable segments of the population and expenditures to alleviate liquidity constraints in the private sector through accelerated clearance of domestic spending float within the year. We expect the fiscal deficit to deteriorate to 6.2 percent of GDP—compared to 3½ percent of GDP programmed before the crisis—with the financing gap for 2020 projected at about 2.9 percent of GDP for 2020. On the external account, while lower oil prices will help reduce the import bill, the decline in gold and cotton exports, remittances and foreign direct investment will open a balance of payment financing gap of 3.1 percent of GDP.

The COVID-19 pandemic has hit the economy at a time when the country is facing an unprecedented security crisis. The spiral of terrorist attacks and intercommunal clashes have given rise to significant loss of life and to a jump in the insecurity-afflicted populations in need of humanitarian assistance. In response, the government has been forced to allocate steadily increasing budget resources to military and security spending (including for the ongoing recruitment of 12,500 additional soldiers) at the expense, unfortunately, of social and development spending. We greatly appreciated the fiscal space exceptionally allowed under the first review of the Fund-supported Extended Credit Facility (ECF) program to safeguard the space for such priority spending. To find consensual solutions to the protracted security crisis, we have held a national inclusive dialogue in late December 2019. The dialogue involved most segments of the population, with far-reaching recommendations for bringing back sustainable peace and social cohesion and holding the twice-postponed legislative elections at end-March and mid-April for the first and second rounds, respectively.

Against this backdrop, the Government of the Republic of Mali is requesting immediate financial assistance from the IMF under the Rapid Credit Facility (RCF) and the rephrasing of access under the ECF to fend off the severe economic disruptions and strengthen our medical care capacity to deal with the coronavirus outbreak. The RCF assistance would be in the amount equivalent to SDR 146,667,600, which corresponds to about US\$200 million or 78.6 percent of Mali's quota with the Fund. This financial support from the IMF would help to ease the urgent balance of payment need and the pressure on our fiscal position, while providing the fiscal space necessary to fight the spread of the virus, support economic activity and meet the needs of the most vulnerable segments of the population (including through replenishing our food security stock). We would request that the funds be disbursed as direct budget support to our Treasury Single Account at the Central Bank (BCEAO). The BCEAO's latest safeguards assessments was finalized in 2018 and remains valid. The financial assistance under the RCF will cover only part of the projected financing gap, but we expect it to play a key catalytic role in obtaining resources from other donors to cover the remaining financing needs. We have already been proactively engaging with our developmental partners to mobilize such budget grants.

The macroeconomic outlook is undoubtedly challenging and may set back our efforts to reach the fiscal targets this year, but we remain committed to the objectives of the ongoing ECF program of maintaining macroeconomic stability, strengthening fiscal discipline, and fostering strong and inclusive growth. The current context has highlighted the importance of accelerating the digitalization and modernization of our tax and customs administration, to ensure business continuity in collections. We will also continue improving the supply of electricity to the population and will battle corruption and improve governance and the effectiveness of the AML/CFT framework, including by broadening the list of officials that are subject to the mandatory declaration of assets and ensuring the establishment of sound verification system in line with international best practices. We look forward to the resumption of technical assistance activity to support us in reforms to create fiscal space, including improving revenue administration and public financial management.

Meanwhile, as we implement the pandemic response plan, we will aim to safeguard the stability of the public finances, preserve the integrity of the tax base, and ensure that expenditure measures are temporary and aimed at answering the requirements of the crisis. We will incorporate all COVID-related spending into a supplementary 2020 budget in due time and will continue publishing information on revenue and expenditure performance. The Government has created a special fund to receive contributions from the private sector and citizens, which will be executed in line with budgetary and accounting procedures provided for this purpose under the law. In line with our commitment to strengthening institutions and promoting good governance, we are keen to ensure that the best possible use will be made of the funds provided by the developmental partners, the international finance institutions, the private sector and Malian citizens and, to that effect, we will enhance mechanisms of reporting and controls for the disbursement of funds. We commit to report quarterly on the spending of these funds and to commission an independent and robust third-party audit of this spending in about a year's time and publish its results. The Government will also publish regularly on its website documentation on large public procurement projects, together with ex-post validation of delivery along with the name of awarded companies and the name of their beneficial owner(s).

The Government believes that its COVID-19 broad-based response plan will help save lives, mitigate the economic impact of the crisis, ensure a rapid recovery, foster inclusive growth and reduce poverty. The government will continue to be guided by the ongoing reform agenda agreed under the Fund-supported ECF and look forward to having further discussions with the IMF staff on how best to safeguard the objectives of the program in light of Mali's current situation. In particular, we remain committed to taking any further measures that may prove necessary to this end and will consult with the IMF prior to the adoption of any such measures. We also commit not to introduce exchange and trade restrictions, and other measures or policies that would compound the country's balance of payments difficulties, beyond measures necessary to confront the COVID-related health, social and economic crisis.

The Malian Government will continue to maintain a constructive dialogue with the IMF and to respect the commitments made within the framework of this RCF. We will continue to provide Fund staff with all the data and information necessary to evaluate our policies, including those concerning the management of the funds secured to combat the COVID-19 pandemic and its associated economic and social disruptions. As in the past, the Government authorizes the IMF to publish this letter and the forthcoming staff report for the request for a disbursement under the RCF.

Sincerely,

/s/

Dr. Boubou Cissé
Prime Minister, Head of Government,
Minister of Economy and Finance



MALI

April 24, 2020

REQUESTS FOR DISBURSEMENT UNDER THE RAPID CREDIT FACILITY AND FOR REPHASING OF ACCESS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT —DEBT SUSTAINABILITY ANALYSIS

Approved By
**Annalisa Fedelino (AFR),
Maria Gonzalez (IMF) and
Marcello Estevão (IDA)**

Prepared by the staffs of the International Monetary Fund (IMF) and the International Development Association (IDA)

Mali	
Joint Bank-Fund Staff Debt Sustainability Analysis¹	
Risk of external debt distress	Moderate ²
Overall risk of debt distress	Moderate
Granularity in risk rating	Some space to absorb shocks
Application of judgement	Yes, a customized scenario was used to take account of security challenges and sensitivity to small changes in financing terms (see the previous DSA, September 2019)
Macroeconomic projections	Growth revised down by 4.2 percentage points from previous DSA
Financing strategy	External: IMF RCF/World Bank IDA/BAD BOAD/other donors Domestic: Bonds/Bills issuances
Realism tools flagged	Yes, pessimistic growth in 2020 despite massive fiscal stimulus
Mechanical risk rating under the external DSA	Low
Mechanical risk rating under the public DSA	Low

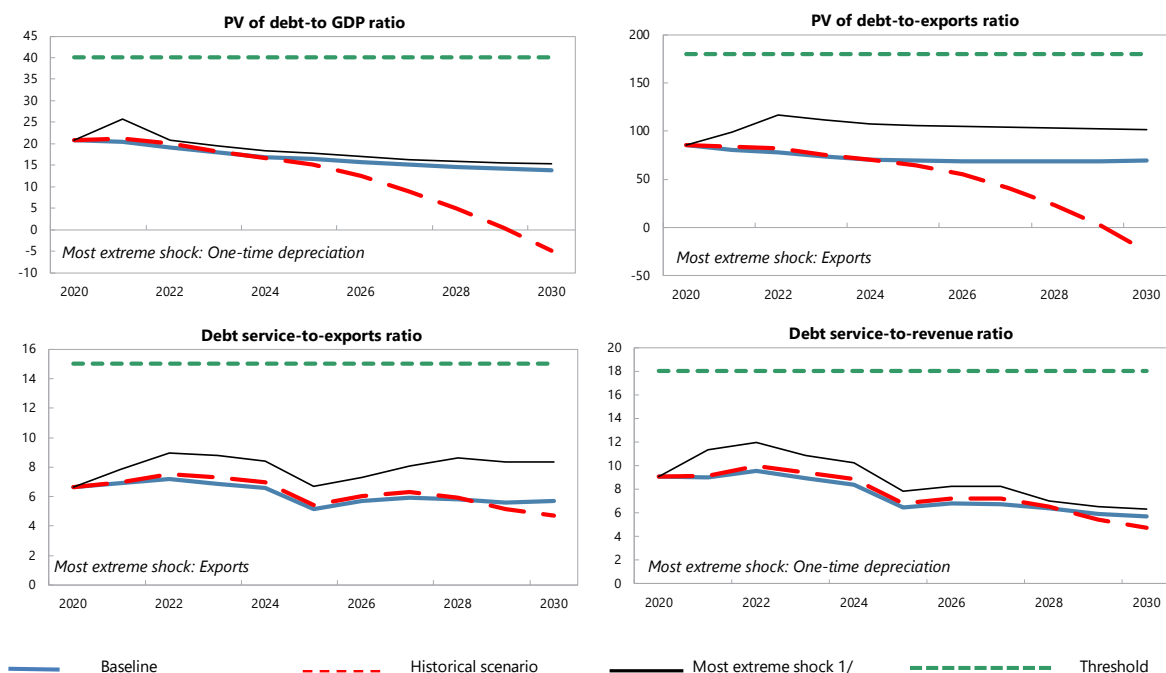
¹ Public debt coverage remains the central government debt, which is unchanged from the previous DSA.

² Mali's composite indicator is 3.02 based on October 2019 WEO and the 2018 CPIA, confirming the medium debt carrying capacity from the previous DSA.

Under the COVID-19 baseline, Mali's risk of external and total public debt distress remains moderate – unchanged from the previous analysis (IMF Country Report/19/289). Overall public debt dynamics remain sustainable with some space to absorb shocks. A large share of fiscal and external financing needs is expected to be covered by concessional multilateral and bilateral creditor loans. All the projected external debt burden indicators remain below their thresholds under the baseline. However, applying judgment to take account of security challenges and sensitivity to small changes in financing terms, the ratio of external debt service to exports exceeds its threshold in the case of an extreme shock to exports under a customized scenario that incorporates 2 percentage points of GDP larger fiscal deficits.

Mali's main challenge continues to be ensuring macroeconomic stability while protecting social and investment spending and providing for growing security spending and large development needs especially given additional vulnerabilities arising from the COVID-19 Pandemic. To maintain sustainable level of debt, it is essential that the authorities continue their efforts to mobilize domestic revenue and implement reforms. Debt management capacity should be strengthened while deepening structural reforms to diversify the exports base.

Figure 1. Mali: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2020–30



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	No	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

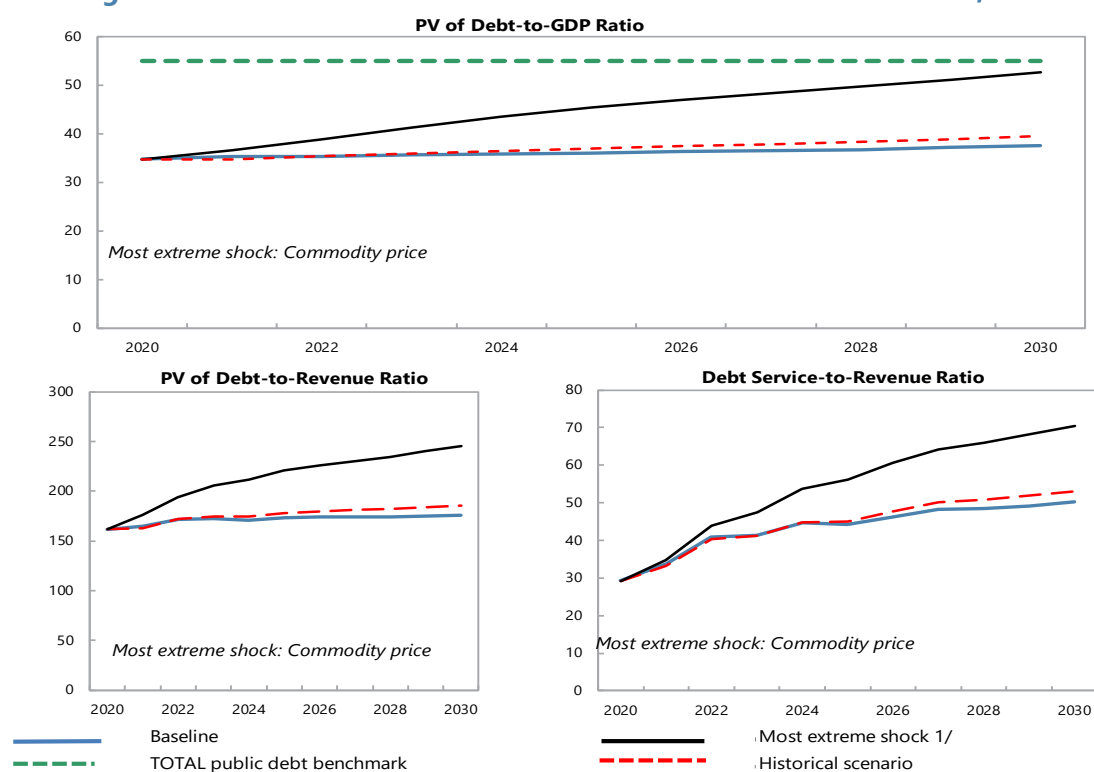
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.3%	1.3%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	28	28
Avg. grace period	5	5

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Mali: Indicators of Public Debt Under Alternative Scenarios, 2020–30


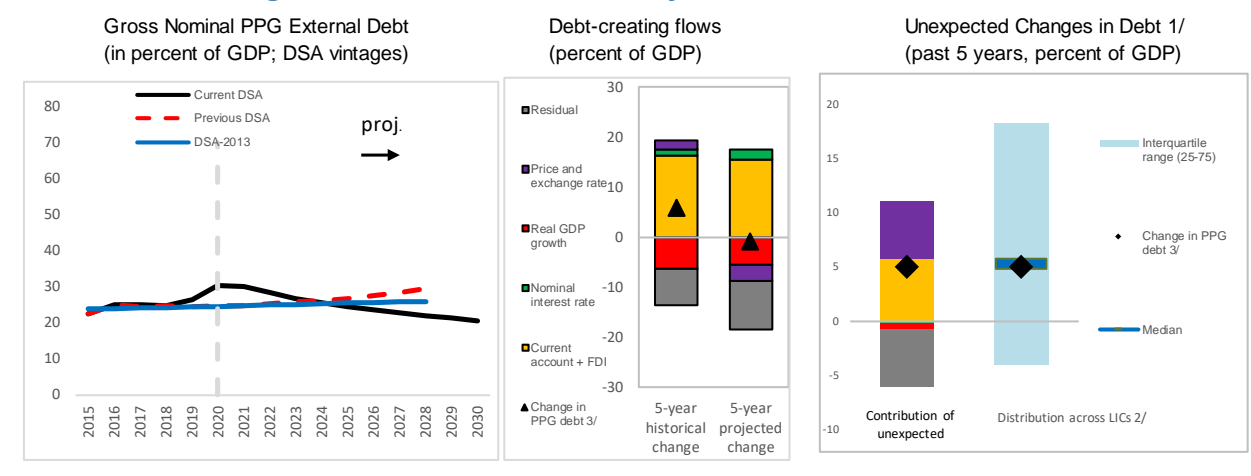
Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	21%	21%
Domestic medium and long-term	71%	71%
Domestic short-term	8%	8%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.3%	1.3%
Avg. maturity (incl. grace period)	28	28
Avg. grace period	5	5
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.8%	4.8%
Avg. maturity (incl. grace period)	4	4
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	4.5%	4.5%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

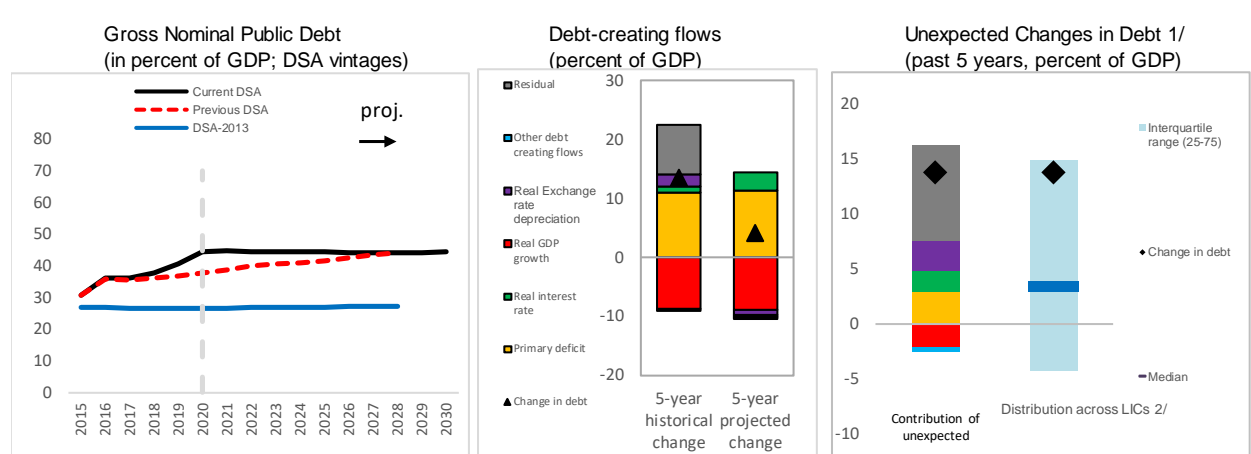
Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Mali: Drivers of Debt Dynamics – Baseline Scenario



Public debt



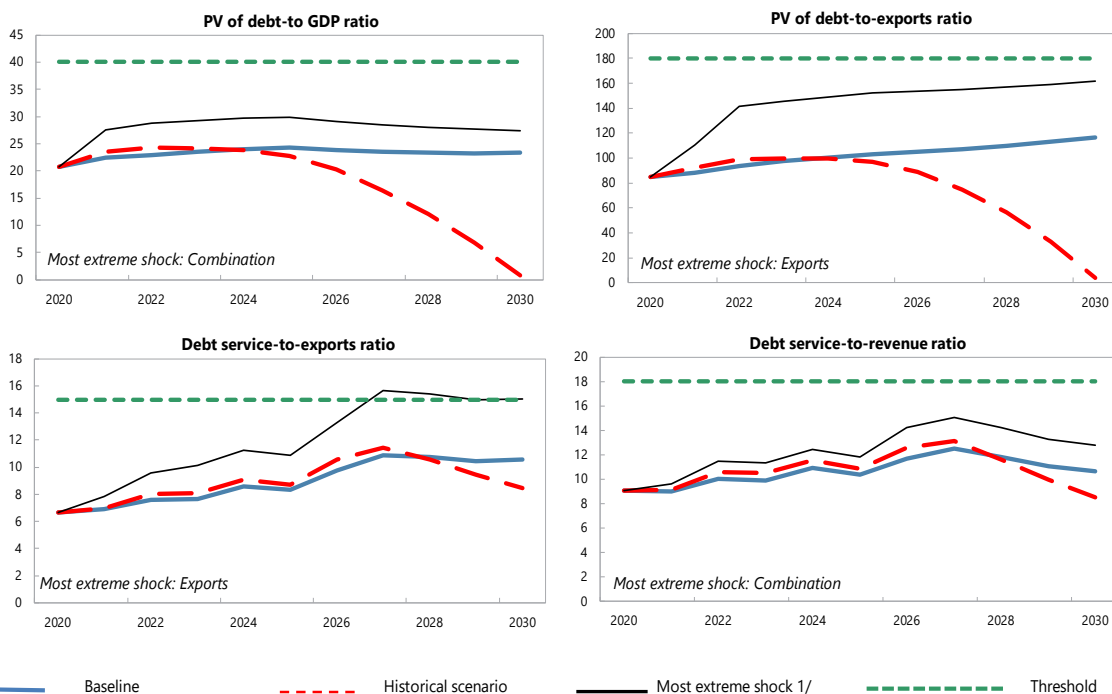
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

Sources: Country authorities and staff estimates and projections.

Figure 4. Mali: Indicators of Public and Publicly Guaranteed External Debt Under Customized Scenarios, 2020–30



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	No	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

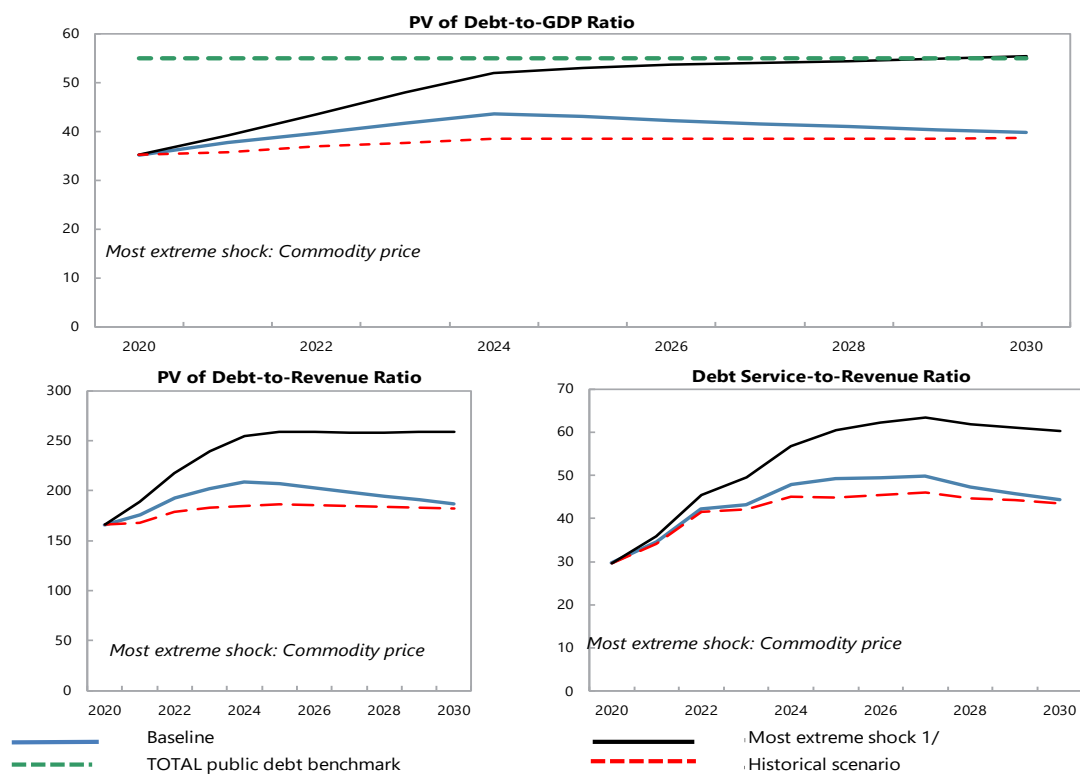
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	2.3%	2.3%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	4	4

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 5. Mali: Indicators of Public Debt Under Customized Scenarios, 2020–30

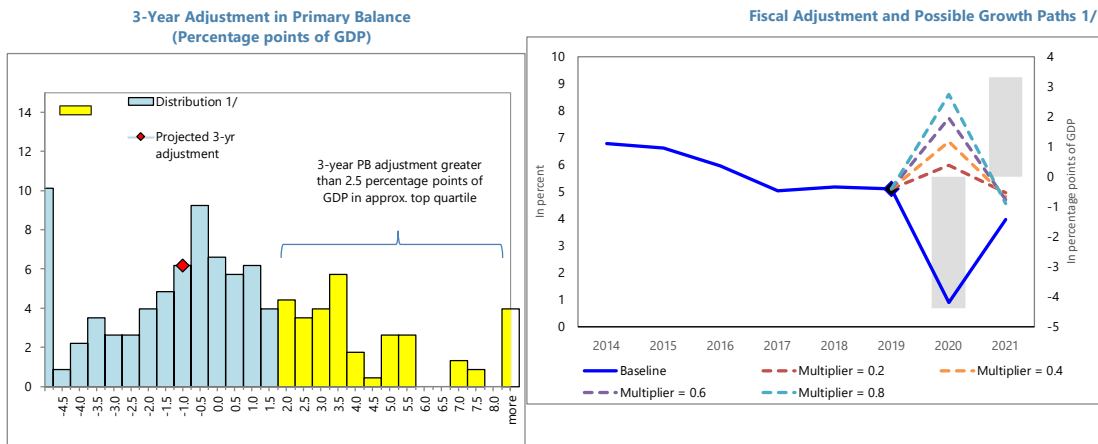
Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	36%	36%
Domestic medium and long-term	58%	58%
Domestic short-term	6%	6%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	2.3%	2.3%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	4	4
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.8%	4.8%
Avg. maturity (incl. grace period)	4	4
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	4.5%	4.5%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2030. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 6. Mali: Realism Tools



1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Sources: Country authorities and staff estimates and projections.

Figure 7. Mali: Qualification of the Moderate Risk Category. 2019–29 1/



Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

Table 1. Mali: External Debt Sustainability Framework, Baseline Scenario, 2017–40
(In percent of GDP, unless otherwise indicated)

	Actual				Projections										Average 8/ Historical	Projections	Currency-based is there a material difference between the two criteria?
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2035	2040					
External debt (nominal) 1/	25.0	24.9	26.4	30.1	29.7	28.1	26.6	25.3	24.4	20.3	12.7	24.8	24.8				
of which: public and publicly guaranteed (PPG)	25.0	24.9	26.4	30.1	29.7	28.1	26.6	25.3	24.4	20.3	12.7	24.8	24.8				
Change in external debt	-0.1	-0.1	1.5	3.7	-0.4	-1.7	-1.5	-1.3	-0.9	-0.6	-3.0						
Identified net debt-creating flows	1.6	-0.2	1.9	2.5	0.9	2.1	3.4	3.7	4.3	11.2	-0.7						
Non-interest current account deficit	7.0	4.7	3.9	3.2	3.4	5.0	6.1	6.4	6.9	13.7	-0.2						
Deficit in balance of goods and services	13.7	11.2	10.6	7.1	7.7	8.7	9.0	8.9	8.9	12.1	0.0						
Exports	22.5	24.7	24.6	24.4	25.4	24.5	24.2	23.9	23.6	20.0	0.0						
Imports	36.2	35.8	35.2	31.5	33.1	33.3	33.1	32.8	32.4	32.1	0.0						
Net current transfers (negative = inflow)	-9.7	-9.2	-9.5	-4.6	-7.0	-6.4	-5.6	-5.3	-4.6	-0.4	0.0						
Other current account flows (negative = net inflow)	-4.8	-4.4	-4.8	-3.5	-4.2	-4.0	-3.6	-3.8	-3.6	-2.9	0.0						
Net FDI (negative = inflow)	3.0	2.8	2.7	2.8	2.7	2.7	2.7	2.7	2.6	2.0	-0.2						
Endogenous debt dynamics 2/	-3.6	-2.8	-1.8	-0.9	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7						
Contribution from nominal interest rate	-1.9	-2.1	-0.2	0.1	-0.7	-1.2	-0.9	-0.9	-0.8	-0.7	-0.5						
Contribution from real GDP growth	0.3	0.2	0.3	0.4	0.4	0.4	0.4	0.4	0.3	0.2	0.2						
Contribution from price and exchange rate changes	-1.0	-1.2	-1.2	-0.2	-1.1	-1.6	-1.3	-1.2	-1.2	-1.0	-0.7						
Residual 3/	-1.6	0.1	-0.4	1.2	-1.3	-3.7	-4.9	-5.1	-5.2	-11.9	-2.3						
of which: exceptional financing	-0.2	-0.2	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0						
Sustainability indicators																	
PV of PPG external debt-to-GDP ratio	...	...	179	20.8	20.4	19.2	18.1	17.1	16.7	14.0	9.5					
PV of PPG external debt-to-exports ratio	...	...	729	85.1	80.4	78.1	74.8	71.7	71.1	70.1	...					
PPG debt service-to-exports ratio	4.6	3.7	5.2	6.6	6.9	7.2	6.9	6.7	5.3	6.2	...						
PPG debt service-to-revenue ratio	5.6	6.3	6.6	9.1	9.0	9.6	9.0	8.5	6.6	6.2	...						
Gross external financing need (Million of U.S. dollars)	691.2	485.0	584.7	709.1	693.1	1048.2	1331.5	1473.8	1605.6	4725.0	540.4						
Key macroeconomic assumptions																	
Real GDP growth (in percent)	5.0	5.2	5.1	0.9	4.0	6.0	5.0	5.0	5.0	5.0	5.0						
GDP deflator (in US dollar terms change in percent)	4.2	5.1	-2.9	1.3	2.8	2.5	2.3	2.2	1.2	2.0	11.7						
Effective interest rate (percent) 4/	1.1	1.0	1.3	1.4	1.5	1.5	1.5	1.5	1.4	1.3	1.5						
Growth of exports of G&S (US dollar terms, in percent)	5.0	21.3	1.8	1.5	11.0	5.0	5.9	6.1	4.8	4.0	-100.0						
Growth of imports of G&S (US dollar terms, in percent)	-1.7	9.5	0.3	-8.4	12.0	9.3	7.0	6.2	5.1	6.8	-100.0						
Grant element of new public sector borrowing (in percent)	...	...	...	32.7	37.8	40.6	41.1	40.3	39.3	35.4	#DIV/0!					
Government revenues (excluding grants, in percent of GDP)	18.4	14.4	19.5	17.9	19.4	18.5	18.7	18.8	18.9	19.8	0.0						
Aid flows (in Million of US dollars) 5/	248.1	210.8	326.5	897.5	701.8	712.8	759.9	732.9	849.7	0.0	0.0						
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	4.9	3.0	2.9	2.7	2.7	2.5	2.1	...					
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	56.4	63.8	70.4	72.2	72.4	70.6	65.7	...					
Nominal GDP (Million of US dollars)	15,360	16,978	17,331	17,717	18,933	20,574	22,099	23,708	25,191	35,652	79,643						
Nominal dollar-GDP growth	9.5	10.5	2.1	2.2	6.9	8.7	7.4	7.3	6.3	7.1	17.3						
Memorandum items:																	
PV of external debt 7/	...	...	179	20.8	20.4	19.2	18.1	17.1	16.7	14.0	9.5					
In percent of exports	...	...	729	85.1	80.4	78.1	74.8	71.7	71.1	70.1	...					
Total external debt service-to-exports ratio	4.6	3.7	5.2	6.6	6.9	7.2	6.9	6.7	5.3	6.2	...						
PV of PPG external debt (in Million of US dollars)	...	...	310.2	368.7	386.2	394.6	399.7	396.3	421.8	502.1	753.3					
(PV-PV-1)/GDP-1 (in percent)	...	...	3.3	1.0	0.4	0.3	0.3	0.7	0.6	0.6	-0.5					
Non-interest current account deficit that stabilizes debt ratio	7.1	4.8	2.3	-0.5	3.8	6.7	7.5	7.7	7.8	14.3	2.8						

Sources: Country authorities; and staff estimates and projections.
1/ Includes both public and private sector external debt.

2/ Derived as $r - g - p(1-g)/(1-g+p-g)$ times previous period debt ratio, with r = nominal interest rate, g = real GDP growth rate, and p = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in areas and debt relief), changes in gross foreign assets, and valuation adjustments. For projections, also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

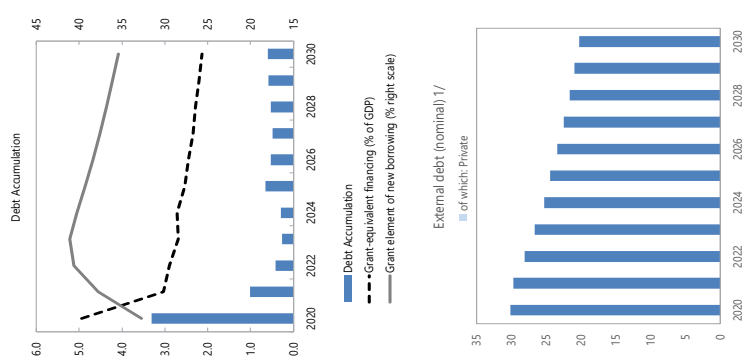


Table 2. Mali: Public Sector Debt Sustainability Framework, Baseline Scenario, 2017–40
(In percent of GDP, unless otherwise indicated)

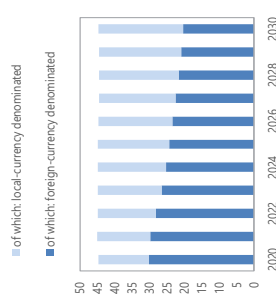
	Actual										Projections										Average 6/ Historical Projections
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2040	2020	2021	2022	2023	2024	2025	2030	2040		
Public sector debt 1/	36.0	37.7	40.4	44.7	45.1	44.9	44.8	44.9	44.8	44.6	41.3	30.9	30.9	30.9	30.9	30.9	30.9	30.9	30.9		
of which: external debt	25.0	24.9	26.4	30.1	29.7	28.1	26.6	25.3	24.4	20.3	12.7	22.9	22.9	22.9	22.9	22.9	22.9	22.9	22.9		
Change in public sector debt	0.0	1.7	2.7	4.2	0.4	-0.2	0.0	0.0	0.0	0.1	-4.8	0.9	0.5	0.5	0.5	0.5	0.5	0.5	0.5		
Identified debt-creating flows	-2.3	3.6	-0.6	4.3	0.2	-0.5	0.0	0.0	0.1	0.3	-4.8	2.1	1.8	1.8	1.8	1.8	1.8	1.8	1.8		
Primary deficit	2.0	3.9	0.7	5.0	1.7	1.6	1.5	1.5	1.5	1.5	0.0	17.8	20.9	20.9	20.9	20.9	20.9	20.9	20.9		
Revenue and grants	1.6	1.2	1.9	3.0	3.0	2.0	2.1	2.0	2.0	1.9	0.0	19.9	22.7	22.7	22.7	22.7	22.7	22.7	22.7		
of which: grants	22.1	19.5	22.1	26.0	23.1	22.2	22.1	22.2	22.2	22.2	0.0										
Primary (noninterest) expenditure	-4.2	-0.2	-1.2	-0.1	-1.3	-2.1	-1.5	-1.5	-1.4	-1.1	-4.8										
Automatic debt dynamics	-1.6	-1.6	-1.6	0.4	-1.2	-2.0	-1.5	-1.4	-1.4	-1.2	-3.5										
Contribution from interest rate/growth differential	0.1	0.2	0.2	0.7	0.5	0.6	0.7	0.7	0.8	0.9	-1.3										
of which: contribution from average real interest rate	-1.7	-1.8	-1.8	-0.4	-1.7	-2.6	-2.1	-2.1	-2.1	-2.1	-2.2										
Contribution from real exchange rate depreciation	-2.6	1.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.0										
Other identified debt-creating flows	-0.1	-0.1	0.0	-0.6	-0.2	0.0	0.0	0.0	0.0	0.0	0.0										
Privatization receipts (negative)	0.1	0.1	0.1	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
Debt relief (HIPC and other)	-0.2	-0.2	-0.2	-0.4	-0.2	0.0	0.0	0.0	0.0	0.0	0.0										
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0										
Residual	2.3	-1.9	3.3	-0.6	0.1	0.2	-0.1	0.0	-0.1	-0.1	-1.3	0.9	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1		
Sustainability indicators																					
PV of public debt-to-GDP ratio 2/	...	...	32.1	35.2	35.7	35.9	36.3	36.7	37.0	38.4	38.1								
PV of public debt-to-revenue and grants ratio	...	...	150.0	168.3	167.2	174.4	176.0	176.5	178.4	179.9	#DIV/0!								
Debt service-to-revenue and grants ratio 3/	...	...	31.8	32.7	34.0	34.8	41.9	42.6	46.2	45.8	52.1								
Gross financing need 4/	8.3	8.9	5.8	10.5	8.9	10.3	10.3	11.1	11.0	12.6	12.3										
Key macroeconomic and fiscal assumptions																					
Real GDP growth (in percent)	5.0	5.2	5.1	0.9	4.0	6.0	5.0	5.0	5.0	5.0	5.0	4.4	4.6	4.6	4.6	4.6	4.6	4.6	4.6		
Average nominal interest rate on external debt (in percent)	1.2	1.0	1.4	1.4	1.5	1.5	1.5	1.5	1.4	1.3	1.5	0.6	1.3	1.3	1.3	1.3	1.3	1.3	1.3		
Average real interest rate on domestic debt (in percent)	2.9	5.0	2.7	3.9	4.7	5.0	5.1	4.9	5.1	5.0	-4.3	3.0	4.9	4.9	4.9	4.9	4.9	4.9	4.9		
Real exchange rate depreciation (in percent, + indicates depreciation)	-11.1	6.0	1.7	...	...	...	...	...	...	...	...	1.5	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	2.1	0.4	2.5	1.8	1.7	2.0	2.0	2.0	2.0	2.0	11.7	3.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0		
Growth of real primary spending (deflated by GDP deflator, in percent)	7.6	-7.0	18.7	18.8	-7.7	2.0	4.7	5.5	4.7	5.9	...	5.3	5.1	5.1	5.1	5.1	5.1	5.1	5.1		
Primary deficit that stabilizes the debt-to-GDP ratio 5/	2.0	2.1	-2.1	0.8	1.3	1.8	1.5	1.4	1.5	1.3	4.8	0.7	1.4	1.4	1.4	1.4	1.4	1.4	1.4		
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Sources: Country authorities; and staff estimates and projections.

- 1/ Coverage of debt: The central government. Definition of external debt is Currency-based.
- 2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.
- 3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.
- 4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.
- 5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (i.e., a primary surplus), which would stabilize the debt ratio only in the year in question.
- 6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	No

Public sector debt 1/



of which: held by residents

of which: held by non-residents

n.a.

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Table 3. Mali: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2020–30
(In percent)

	Projections 1/										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PV of debt-to-GDP ratio											
Baseline	21	20	19	18	17	17	16	15	15	14	14
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	21	21	20	18	16	15	12	8	4	-1	-7
B. Bound Tests											
B1. Real GDP growth	21	21	21	19	18	18	17	17	16	15	15
B2. Primary balance	21	21	20	19	18	17	17	16	16	15	15
B3. Exports	21	22	24	23	22	21	20	19	19	18	17
B4. Other flows 3/	21	23	24	23	22	21	20	20	19	18	17
B5. Depreciation	21	26	21	20	18	18	17	16	16	16	15
B6. Combination of B1-B5	21	25	24	23	22	21	20	19	19	18	17
C. Tailored Tests											
C1. Combined contingent liabilities	21	22	21	20	19	19	18	18	17	17	17
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	21	21	20	19	18	18	17	16	15	15	14
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	85	80	78	75	72	71	70	70	70	70	70
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	85	84	82	76	69	62	52	37	17	-7	-36
B. Bound Tests											
B1. Real GDP growth	85	80	78	75	72	71	70	70	70	70	70
B2. Primary balance	85	81	80	77	74	74	74	74	74	74	75
B3. Exports	85	100	118	114	110	109	108	107	106	105	104
B4. Other flows 3/	85	90	99	95	91	91	90	89	88	87	86
B5. Depreciation	85	80	68	64	61	61	60	60	60	61	61
B6. Combination of B1-B5	85	99	90	97	93	92	91	90	89	89	88
C. Tailored Tests											
C1. Combined contingent liabilities	85	85	84	81	79	80	80	81	82	83	84
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	85	85	85	81	77	76	74	73	72	72	71
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	7	7	7	7	7	5	6	6	6	6	6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	7	7	8	7	7	6	6	7	6	5	5
B. Bound Tests											
B1. Real GDP growth	7	7	7	7	7	5	6	6	6	6	6
B2. Primary balance	7	7	7	7	7	5	6	6	6	6	6
B3. Exports	7	8	9	9	9	7	8	9	9	9	9
B4. Other flows 3/	7	7	7	7	7	6	6	7	8	8	8
B5. Depreciation	7	7	7	7	6	5	6	6	5	5	5
B6. Combination of B1-B5	7	7	8	8	8	6	7	8	8	8	8
C. Tailored Tests											
C1. Combined contingent liabilities	7	7	7	7	7	5	6	6	6	6	6
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	7	7	8	7	7	6	6	7	7	6	6
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	9	9	10	9	9	7	7	7	7	6	6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	9	9	10	9	9	7	7	7	7	6	5
B. Bound Tests											
B1. Real GDP growth	9	9	10	10	9	7	8	8	7	7	7
B2. Primary balance	9	9	10	9	9	7	7	7	7	7	6
B3. Exports	9	9	10	10	9	7	8	8	8	8	8
B4. Other flows 3/	9	9	10	10	9	7	8	8	8	8	8
B5. Depreciation	9	11	12	11	10	8	9	9	7	7	7
B6. Combination of B1-B5	9	10	11	10	10	8	8	9	8	8	8
C. Tailored Tests											
C1. Combined contingent liabilities	9	9	10	9	9	7	7	7	7	7	6
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	9	9	10	10	9	7	7	7	7	7	7
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Mali: Sensitivity Analysis for Key Indicators of Public Debt, 2020–30

	Projections 1/										
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
PV of Debt-to-GDP Ratio											
Baseline	35	36	36	36	37	37	37	37	38	38	38
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	35	35	36	37	37	38	38	39	39	40	41
B. Bound Tests											
B1. Real GDP growth	35	38	41	42	44	45	47	48	49	51	52
B2. Primary balance	35	37	39	39	39	39	40	40	40	40	40
B3. Exports	35	38	41	41	41	41	41	41	41	41	41
B4. Other flows 3/	35	38	41	41	41	42	42	42	41	42	42
B5. Depreciation	35	40	38	37	36	35	34	33	32	32	31
B6. Combination of B1-B5	35	36	36	36	36	36	36	36	36	37	37
C. Tailored Tests											
C1. Combined contingent liabilities	35	43	43	43	44	44	44	44	44	44	44
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	35	37	39	42	44	46	48	49	51	52	54
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
PV of Debt-to-Revenue Ratio											
Baseline	168	167	174	176	177	178	179	179	179	180	180
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	168	165	175	178	181	184	186	187	189	190	192
B. Bound Tests											
B1. Real GDP growth	168	176	196	203	210	217	223	229	234	239	244
B2. Primary balance	168	173	188	189	189	191	190	190	190	190	190
B3. Exports	168	176	197	198	197	199	198	197	196	195	194
B4. Other flows 3/	168	179	199	200	199	200	200	199	197	197	195
B5. Depreciation	168	188	186	181	175	172	166	161	156	151	147
B6. Combination of B1-B5	168	167	176	174	174	175	174	174	174	175	175
C. Tailored Tests											
C1. Combined contingent liabilities	168	203	210	211	210	210	210	209	208	207	206
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	168	179	197	210	218	227	232	236	241	247	252
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	30	35	42	43	46	46	48	50	50	51	52
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2020-2030 2/	30	34	41	43	47	47	49	52	53	54	55
B. Bound Tests											
B1. Real GDP growth	30	36	46	49	54	56	60	64	66	68	71
B2. Primary balance	30	35	44	47	50	50	52	53	53	54	55
B3. Exports	30	35	42	43	47	46	48	51	52	52	53
B4. Other flows 3/	30	35	42	43	47	46	48	51	52	52	53
B5. Depreciation	30	34	42	41	45	44	46	48	48	48	49
B6. Combination of B1-B5	30	34	41	43	46	46	48	49	49	50	51
C. Tailored Tests											
C1. Combined contingent liabilities	30	35	54	54	58	59	57	59	59	59	59
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	30	36	45	49	55	58	62	66	68	70	73
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

**Statement by Mr. Mohamed-Lemine Raghani, Executive Director for Mali
and Mr. Oumar Diakite, Advisor**

April 30, 2020

Our Malian authorities thank the Executive Board, Management and Staff for their longstanding support to Mali in its efforts to weather severe difficulties. The spread of the coronavirus is putting a heavy pressure on an already fragile health system and seriously disrupting economic activity. Moreover, the pandemic adds to other daunting challenges, including recurrent terrorist attacks and inter-community tensions which have resulted in increased budget pressures, including humanitarian assistance and security spending sometimes at the expense of critical social and development projects.

To contain the spread of the COVID-19 and cushion the economic impact on households and businesses, the authorities are implementing a bold response plan consisting of containment, fiscal and financial measures. Their response plan is expected to widen the fiscal deficit from 3.5 percent of GDP projected prior to the crisis to 6.2 percent of GDP in 2020. Furthermore, the decline in gold and cotton exports, migrant remittances and foreign direct investment will open up a balance of payments financing gap estimated at 3.1 percent of GDP.

Against this backdrop, the government is requesting an urgent disbursement under the Rapid Credit Facility (RCF) amounting to SDR146,7 million, equivalent to 78.6 percent of quota, in addition to the debt service relief obtained under the Catastrophe Containment and Relief Trust (CCRT) on April 13, 2020. They are also requesting a rephrasing of access under the current ECF arrangement. The RCF disbursement should catalyze financial assistance from other donors and help provide the fiscal space necessary to fight the pandemic and mitigate economic disruptions caused by social and travel restrictions.

Impacts of the COVID-19 Pandemic

Mali experienced its first two cases of COVID-19 on March 24, 2020, and since, this number has increased to 293 with 17 fatalities as of April 22, 2020. Emergency containment measures were put in place, such as the suspension of commercial flights, the closure of land borders, and a nightly curfew. These measures are altering the supply of goods, notably to the manufacturing sector, and significantly slowing down activity in hotels and restaurants. In addition, the mining sector, which is a major driver of economic growth and tax revenues, is facing a serious risk of slowdown with some mining companies already operating at reduced capacity or closing temporarily. Prior to the crisis, the outlook was favorable with growth projected to remain strong at 5 percent in 2020. With the emergency containment measures, combined with the deterioration of global economic conditions, real GDP growth is now expected to decline to 0.9 percent.

The Pandemic Riposte Plan

The government has established a comprehensive response plan to prevent the spread of the virus

and strengthen the country's health capacities, in collaboration with the World Health Organization (WHO) and the World Bank. Health expenditures will be increased substantially to develop testing capacities, promote health sensitization campaigns, and upgrade quarantine and hospitalization infrastructures.

To respond to the needs of the most vulnerable segments of the population and businesses, major actions are underway which include emergency food aid and direct monetary transfers to poor households, the payment of electricity and water bills for two months for consumers of the social tariff bracket, the waiver of VAT on electricity and water bills for three months for all consumers, as well as tax rebates for affected economic sectors such as transport, travel and hospitality. Furthermore, the Treasury will accelerate the clearance of payment obligations with a view to easing the liquidity constraints of enterprises in difficulty.

In order to accommodate the increase in spending related to the fight against the immediate crisis, the authorities intend to suspend or reduce non-essential expenditures, including capital outlays outside the health sector. Notwithstanding these efforts, the fiscal deficit will inevitably increase this year. The authorities are actively engaged with the donor community to fill the financing gap. A special fund has also been created to receive contributions from the private sector and citizens, which will be run in line with budgetary and accounting procedures.

In the financial sector, the resources of the Guarantee Fund will be increased to facilitate bank credit to the enterprises and SMEs in the sectors affected by the crisis. The regional central bank (BCEAO) is also involved in supporting economic activity while maintaining financial stability. It has taken measures to increase the liquidity available to banks on preferential terms, developing support mechanisms to SMEs in difficulty through a dedicated refinancing instrument, postponing deadlines for loan repayment in collaboration with banks, and extending the availability of digital means of payment while reducing their cost.

While implementing the pandemic response plan, the authorities will ensure that the new spending measures are temporary and aimed to address the specific needs induced by the crisis. In line with their concern to ensure the most transparent and efficient use of the RCF resources and those provided by external partners and domestic contributors, all COVID-19 spending will be subjected to quarterly reporting and to an independent and comprehensive audit. Furthermore, the authorities will publish regularly on the Government's website the documentation on public procurement projects, together with ex-post validation of delivery and the names of companies and beneficiaries.

The ECF Program and Post-Pandemic Policies

Despite the difficult near-term outlook, the authorities remain committed to implementing the ECF-supported program and making significant strides in their development agenda as soon as the health crisis abates. While the discussions on the second review under the ECF could not take place in a timely manner given the current circumstances, the preliminary data point to the reaching of performance criteria and notable progress on structural reforms, including in public

financial management.

The authorities agree on the importance of accelerating the reforms aimed at the digitization and modernization of the tax and customs administrations, in order to ensure the continuity of tax collection. Other critical reforms will be pursued, notably to make the energy sector more efficient, advance the fight against corruption, and improve the AML/CFT framework.

Conclusion

The Malian authorities face urgent fiscal and balance of payments needs stemming from their policy response to strengthen the capacities of the health system to deal with the coronavirus outbreak, and cope with the severe economic disruptions. They remain determined to pursue the WAEMU convergence criteria and implement the structural reforms aimed at achieving higher, more sustained and inclusive economic growth.

In view of the country's increased financing needs and the authorities' strong commitment to macroeconomic stability and development agenda, we would appreciate Directors' approval of the requests for emergency financing under the RCF and the rephrasing of access under the ECF.