40631

THE INTERNATIONAL MONETARY FUND AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION

MALI

Final Decision Point Document on the Initiative for Heavily Indebted Poor Countries (HIPC)

Prepared by the Staffs of the IMF and IDA[1]

August 24, 1998

Contents Page

I. Introduction . . . 3

II. Data Reconciliation, Consultations with Creditors, and Update of the Debt Sustainability Analysis . . . 4

III. Summary of Mali's Adjustment Record . . . 6

IV. Policy Reforms and Conditionality . . . 7
A. Macroeconomic Policies . . . 8
B. Structural Policies . . . 9
C. Social Policies . . . 11

V. Decision Point, Completion Point, and Debt Sustainability Targets . . . 14

VI. Assistance Under the Initiative and Burden Sharing . . . 15

VII. Issues for Discussion . . . 18

Text Boxes

1. Assumptions Underlying the Debt Sustainability Analysis (DSA) . . . 5
2. The Cotton Industry in Mali . . . 11
3. Social Indicators for Mali, Sub-Saharan Africa, and HIPC Countries . . . 12
4. Total Expenditure for Health, Education, and Debt Service, 1995–2001 . . . 17

---

[1]Approved by Ernest Hernández-Catá and Jesús Seade (IMF), and Hasan Tuluy and Masood Ahmed (World Bank).

Tables

1. Selected Economic and Financial Indicators, 1994–2001 19
2. Revisions in the Net Present Value (NPV) of External Debt and Export Projections, 1997–99 20
3. Nominal and Net Present Value (NPV) of External Debt Outstanding at End-1997 21
4. Balance of Payments Scenarios, 1998–2017 22
5. Key Structural Reforms under IDA- and IMF-Supported Programs, 1998–99 23
6. HIPC Initiative-Alternative Assistance Levels Under a Proportional Burden-Sharing Approach 24
7. External Debt Service After Rescheduling, 1998–2017 25
8. Net Present Value (NPV) of Debt After Rescheduling, 1997–2017 . . . . . .

Figures

1. Debt-Service Ratio Before and After Possible HIPC Assistance 2000–17 27

Annexes

I. Debt Management and Data Issues 28
II. IMF Arrangements and IDA Structural Adjustment Credits 1988–97 29
III. Interruptions and Waivers Under IMF Arrangements and IDA Adjustment Credits 30

Appendix Tables

9. HIPC Initiative: Status of Early Cases 31
10. Medium- and Long-term Balance of Payments, 1994–2017 32
11. Discount Rate and Exchange Rate Assumptions 35
12. Consolidated Government Operations, 1994–2001 36
13. Social Development Performance Indicators 37

I. INTRODUCTION

1. This document provides a final decision point assessment of Mali's eligibility for assistance under the Initiative for Heavily Indebted Poor Countries (HIPC Initiative). It updates the 1997 debt sustainability analysis (DSA) included in the preliminary HIPC document,[2] reports on the government's debt-reconciliation exercise and consultations with Mali's creditors in preparation for the decision point, and describes the macroeconomic, structural, and social policy agenda to be pursued by Mali over the next several years. The paper also presents management and staff recommendations concerning the decision and completion points, the debt sustainability targets, and the levels of assistance to be provided by the IMF and the IDA in light of the views expressed by the Executive Boards of IDA and the IMF during their discussions of the Preliminary Document on the (HIPC) Initiative for Mali on March 26 and April 3, 1998, respectively.

2. During the discussions of the preliminary document, most Executive Directors agreed that Mali was eligible for assistance under the Initiative in view of its heavy external debt burden and vulnerability to external shocks, its strong track record of adjustment over a long period, its receipt of a Paris Club stock-of-debt operation on Naples terms in May 1996, and its status as an Enhanced Structural Adjustment Facility (ESAF)-eligible and IDA-only country. They indicated that the decision point could take place at the time of approval of the third annual ESAF arrangement, emphasizing their expectation that the Malian authorities define and commit to the implementation of certain critical structural reforms and social policies by the completion point. Most Directors supported a completion point of end-1999, but some favored a later date so as to provide the authorities with additional time to complete crucial structural reforms. Directors suggested that the net present value (NPV) of external debt should be reduced to 200–220 percent of exports—with most favoring a target at the lower end of that range—and that the target ratio of debt service to exports be set at 20 percent, although this target was not expected to be binding.

3. The rest of the paper is organized as follows: Section II describes the outcome of the debt data reconciliation exercise and presents an update of the DSA. Section III provides an overview of Mali's adjustment record. Section IV describes the economic, structural, and social reforms to be supported by the Fund (in the context of a third annual ESAF arrangement and a successor ESAF arrangement) and IDA (through Mali's Economic Management Credit and other ongoing IDA-supported programs), identifying those actions that are to be implemented by the completion point. Section V discusses the timing of the decision and completion points and the proposed debt sustainability targets. Section VI outlines the assistance needed to reduce the NPV of Mali's external debt to the proposed target level and discusses the issue of burden sharing in light of the Malian government's consultations with its external creditors. Finally, Section VII suggests issues for discussion. Subject to approval of the government, this document will be published following discussion by Executive Directors of IDA and the Fund.

---

[2]IDA/SECM98-66; 2/18/98; and EBS/98/28; 2/19/98.

II. Data Reconciliation, Consultations with Creditors, and Update of the Debt Sustainability Analysis

4. Following IDA and IMF Executive Board discussions of the preliminary document in March and April 1998, respectively, the Malian authorities contacted all multilateral and bilateral creditors and successfully exchanged information with most of them on debt owed by Mali; over 96 percent of the NPV of the total external debt stock outstanding at end-1997 has been reconciled.[3] In March 1998, multilateral creditors were briefed on the results of Mali's DSA during the multilateral development bank creditors meeting on the HIPC Initiative chaired by the World Bank. A joint IMF-IDA-African Development Fund (AfDF) mission visited Bamako in May 1998 and worked with the Malian authorities to reconcile discrepancies among their respective databases, agree on end-1997 debt data, and incorporate the outcome of the reconciliation exercise with other creditors into the debt sustainability analysis.

5. Regarding the reconciliation of debt due to Paris Club creditors (excluding debt to the Russian Federation), the authorities have concluded bilateral agreements with all the creditors participating in the May 1996 stock-of-debt operation on Naples terms. In April and again in June 1998, Paris Club creditors were apprised of developments under the Initiative. On both occasions, Paris Club creditors indicated their agreement in principle to top up the 1996 stock-of-debt operation—which involved a 67 percent NPV reduction—to an 80 percent reduction in NPV terms on eligible debt under Lyon terms. As regards non-Paris Club bilateral debt, the Malian authorities concluded a stock-of-debt operation with Côte d'Ivoire on April 7, 1998 on terms comparable to the 1996 Paris Club stock-of-debt operation (involving a 67 percent reduction in NPV terms).

6. In April 1998, the Malian government approached the Russian authorities to reconcile formally Russian Federation's claims and to discuss application to Malian obligations of the terms of the September 1997 memorandum of understanding between Russia and the Paris Club. Over 94 percent of debt due to the Russian Federation, all of which is pre-cutoff-date debt, has been reconciled on the basis of communications late last year and in May 1998.[4] Negotiations for a Paris Club bilateral agreement are expected to take place shortly.

---

[3]This amount includes debt reconciled on the basis of regular year-end communications between the government of Mali and its external creditors, and on the basis of the separate request sent by the government following the discussions of the preliminary HIPC document. No responses to either request have yet been received from Algeria, The People's Republic of China, Iraq, and Libya.

[4]The Malian and Russian authorities agree on principal owed, however, there is a discrepancy on the amount of interest arrears, which amounted to 19.9 million roubles according to a 1996 memorandum of understanding between the parties.

7. The DSA presented in the preliminary HIPC document has been fully updated and revised to reflect the most recent data on debt disbursements, the data reconciliation process with creditors, further analysis of the appropriate classification of certain debts (e.g., non-Paris Club ODA debts), and the revised balance of payments projections resulting from the May 1998 ESAF program negotiations.[5] Selected economic and financial indicators for 1994–2001 are presented in Table 1 and the main assumptions underlying the DSA are summarized in Box 1. Revisions in the NPV of debt by main creditor since the publication the of preliminary document, along with brief explanations, are summarized in Table 2.

Box 1. Assumptions Underlying the Debt Sustainability Analysis (DSA)

- Real GDP growth is projected at 5½ percent in 1998 and at an average of 5 percent per annum over the period 1999-2017. Initially, growth is expected to come mainly from cotton and gold exports, but later in the projection period growth prospects will be strengthened by nontraditional exports, such as fruits and vegetables, as well as textiles.
- Inflation as measured by the consumer price index (CPI) for Bamako is projected to remain between 2 and 3 percent per annum over the projection period.
- To achieve the projected growth, gross domestic investment will need to be maintained near 25-26 percent of GDP over the projection period. This will require improvements in gross domestic savings, which are projected to increase from about 14 percent of GDP in 1997 to 20 percent in 2017.
- The value of exports of goods and services, excluding workers' remittances, is projected to increase by about 7 percent per year over the period 1998-2001 largely due to continued increases in the volume of cotton and gold exports. Despite falling gold prices, Mali's relatively low cost of mining is projected to allow it to remain viable. From 2001 onward, the value of exports of goods and services is expected to rise at an average annual rate of about 4½ percent, owing initially to further increases in cotton and gold exports, but later to growth in nontraditional exports.
- Imports of goods and services are projected to grow at an average rate of about 5 percent a year throughout the projection period, with the income elasticity of industrial and capital goods imports assumed to be close to unity.
- The external current account deficit (excluding official transfers) should fall from about 9.8 percent of GDP in 1998 to about 4 percent of GDP in 2017.
- Reflecting the pattern of Mali's external borrowing over recent years, 85 percent of the new borrowing each year is assumed to be provided by multilateral creditors, while bilateral creditors would furnish the remaining 15 percent. The debt service on new borrowing is calculated using the following terms: for multilateral loans, an average interest rate of 0.75 percent and 40 years maturity, including 10 years of grace; and for bilateral loans, an average interest rate of 2 percent and maturity of 20 years, including 5 years of grace.

8. As a result of the changes noted above, the NPV of external debt at end-1997 is now estimated at US$1,239 million, compared with the estimate of US$1,339 million reported in

---

[5]In part based on projections of commodity prices, interest rates, and other baselines released on April 14, 1998 to initiate the summer 1998 WEO round.

the preliminary HIPC document; Table 3 provides a detailed breakdown of both the nominal value and the NPV of external debt outstanding at end-1997. For 1998, the NPV of external debt is now estimated at US$1,325 million, compared with the previous estimate of US$1,390 million.

9. The export projections remain broadly consistent with those previously reported, with the exception of the value of cotton fiber exports, which have been revised downward by about 3 percent in 1998, reflecting a decline in the average export price for Malian cotton in the wake of the Asian crisis, as demand from this region has declined.[6] As a result of the changes in the NPV of debt and exports, the NPV of external debt is now projected at 221 percent of exports in 1998, compared with 233 percent in the preliminary document.[7]

10. Notwithstanding the above-noted revisions to the debt data and export projections, **the basic conclusions of the analysis remain broadly in line with those contained in the preliminary HIPC document**—namely that Mali faces an unsustainable burden of debt, particularly in light of the country's vulnerability to exogenous climatic and international price shocks.[8] (Tables 4 and 7 present alternative balance of payments scenarios and external debt-service projections, and Appendix Tables 10 and 11 provide detailed balance of payments projections for the medium and long term as well as discount rate and exchange rate assumptions).

III. Summary of Mali's Adjustment Record

11. Mali's **track record of satisfactory and largely uninterrupted adjustment over a nine-year period** beginning in 1988 was documented in the preliminary HIPC document. A brief summary and update of recent developments is provided here.[9]

12. Mali's adjustment effort since 1988 has been supported by the IMF and by IDA through financial and technical assistance, and generally has been sustained, with two exceptions: an interruption in 1991-92 during the transition to a democratic form of government; and between August 1993 and April 1994 because of the prevailing political and social tension and the time needed to prepare an appropriately strong program to support the devaluation of the CFA franc. Since April 1994, the government has implemented successfully

---

[6]The actual unit value for Malian cotton fiber exports in 1997 was about 10 percent below the projections presented in the preliminary HIPC document. Gold price assumptions remain unchanged from those in the previous DSA.

[7]Assuming comparable treatment from non-Paris Club bilateral creditors to the 1996 Naples terms stock-of-debt operation.

[8]An analysis of Mali's susceptibility to exogenous shocks was included in the preliminary HIPC document; Table 4 reports updated alternative balance of payments scenarios.

[9]Recent developments are discussed in detail in Mali's updated policy framework paper for the period 1998–2001.

all ESAF-supported programs, with all reviews completed and all available funds fully disbursed (see Annex II and III).

13. All the **macroeconomic objectives** of the 1997 program supported by the second annual ESAF arrangement were achieved. In 1997, real GDP grew by an estimated 6.7 percent on the strength of increased production of cotton and gold; inflation declined to less than 1 percent; and the external current account deficit (excluding official transfers) fell by nearly 5 percentage points to 9.3 percent of GDP (Appendix Table 12). The tax revenue-to-GDP ratio rose by 0.6 percentage points to 13.3 percent, owing to expansion of the tax base and improvements in tax administration. The overall budgetary deficit (on a commitment basis and excluding grants) fell to 7.8 percent of GDP, slightly below the 1996 level.

14. The principal **structural reforms** implemented in 1997 include (a) the introduction of a single taxpayer identification number (TIN) system, in order to strengthen tax collection through improved coordination among revenue collection agencies; (b) the repeal of the export tax on leather and hides; (c) the rationalization of the tax on rice imports; (d) the adoption of a statute aimed at enhancing the effectiveness of the commercial courts in enforcing collateralized borrowing contracts; (e) the strengthening the "one-stop" investment window through the adoption of ex post (instead of a priori) investment approval procedures; (f) initial steps (including a personnel inventory) toward the reform of the Ministry of Rural Development and Water (MDRE); and (g) a financial audit of the tobacco company, SONATAM, in preparation for opening up the capital to private investors. During the first half of 1998, the government:

- sold shares in three enterprises: publishing (EDIM-SA), maintenance (EMAMA), and insurance (CNAR) companies.
- negotiated a management contract for the Hotel Amitié in Bamako;
- adopted, with assistance from IDA, clearly identified action plans for the reform of the power and water (EDM) and the telecommunications (SOTELMA) companies;
- implemented regulations relating to the Harmonization of Business Law in Africa (OHADA); and
- embarked on steps to improve the legal systems (including the establishment of an inspectorate and journal for legal services).

The government has also received bids on the sale of government shares in several enterprises (including 49 percent of SONATAM). However, its efforts to sell its minority shares in five other enterprises and to privatize the Abattoir frigorifique de Bamako (AFB) and two hotels were unsuccessful, owing mainly to a lack of interest by potential investors.

IV. Policy Reforms and Conditionality

15. During discussions on the preliminary HIPC document, Executive Directors suggested that an end-1999 completion point be conditional on satisfactory implementation of IDA– and IMF–supported adjustment programs. In the case of the IMF, Mali would need to have the

midterm review under the third annual arrangement under the current three-year ESAF arrangement completed, as well as obtain Fund approval of a new three-year ESAF arrangement and the first annual arrangement thereunder and have the midterm review under the latter completed. In the case of IDA, Mali is expected to implement reforms supported under the Economic Management Credit, thereby allowing release of the remaining tranche by the completion point. In addition, IDA would monitor progress in meeting the social development performance indicators included in Appendix Table 13.

16. Mali's current three-year ESAF arrangement, approved on April 10, 1996, supports a program of policy reforms covering the period 1996-99; the request for the third annual arrangement (April 1, 1998–March 30, 1999) thereunder was discussed by the Fund Executive Board on August 6, 1998, (EBS/98/127). In support of this request, the Malian authorities significantly strengthened macroeconomic policies and deepened structural reforms, as outlined in the updated policy framework paper (EBD/98/80), along the lines suggested by the IDA and IMF Executive Boards, in order to reach a completion point under the HIPC Initiative by end-1999.

A. Macroeconomic Policies

17. The authorities have set the following **medium-term macroeconomic objectives** for the period 1998–2001: (a) to attain an annual real GDP growth of at least 5 percent, equivalent to about 2 percent annual growth in per capita income; (b) to contain the rate of inflation to 2-3 percent a year; and (c) to reduce the current account deficit (excluding official transfers) to about 7 percent of GDP by 2001. The government expects that growth will stem from agriculture, mining, and industry, and that it will be stimulated by structural reforms designed to promote private initiative and supported by the maintenance of a prudent fiscal policy. In addition, the deepening and acceleration of reforms in the public enterprise sector, an improved legal environment for private sector activities, and the implementation of regional integration policies are expected to support growth. With regard to the public finances, the overall budget deficit will be reduced from 7.8 percent in 1997 to 4.6 percent in 2001 through revenue enhancement (including a sharp reduction of exemptions, unification of the value-added tax (VAT) at a single rate of 18 percent, and improving the efficiency of tax-collection agencies), and expenditure control (through deepening public expenditure reform). Other government priorities over the period include the improvement of the banking sector and the modernization of the legal and judicial systems to strengthen the protection of property rights and the enforcement of contractual obligations.

18. The third annual ESAF arrangement projects real GDP growth of 5½ percent and a rate of inflation of 2-3 percent in 1998. The current account deficit is expected to widen slightly as cotton fiber export receipts decline due to lower international prices and reduced global demand. The government budget deficit (excluding grants) will be limited to 7½ percent of GDP.

B. Structural Policies

19. In discussing the preliminary HIPC paper, Executive Directors stressed the need to deepen structural reform, particularly in the area of restructuring and privatizing public enterprises, including the cotton industry. Structural reforms, to be monitored by the IMF and IDA as a condition for reaching the completion point, will be based on successive PFPs to be prepared in connection with the annual ESAF arrangement. The main components of the reform package envisaged are summarized in Table 5.

20. Required performance under the current IDA Economic Management Credit will include implementation of the agreed domestic tax reform (corporate, small business, and personal income) and the strengthening of customs and tax administrations, consistent with the intentions outlined in the letter of development policy dated May 30, 1996.

21. Implementation of the privatization program fell behind in 1997, an election year. The preparation of a new development strategy during late 1997—following the end of the election period—however, has led to increased awareness of the critical need for increased efficiency in maintaining competitiveness, and has led to an **expansion of the privatization program** to include the telecommunications company (SOTELMA), the power and water utility (EDM), and the airport authority (ADM).

22. In the area of **public utility** reform, the government has decided to issue invitations to bid for EDM in February 1999, after the financial strengthening of the company, with the aim of privatizing it by August 1999. As a first step in this direction, water and electricity rates were increased by 30 percent and 12 percent, respectively, on April 1, 1998. These adjustments, which are necessary to contribute to the financial viability of EDM, will be accompanied by strict measures aimed at achieving cost-effectiveness while reducing late payments on utility bills, as well as by additional rate adjustments if required. The government has also decided to take steps to improve the availability, quality, and cost of telecommunications. To that end, the telecommunications sector will be opened up to competition by March 1999, with the government awarding licenses for cellular telephones to private companies. The authorities intend to have the private sector participate in the ownership of SOTELMA by end-2000.

23. With a view to deepening **financial intermediation**, the authorities will play an active role in the context of the West African Economic and Monetary Union (WAEMU) to improve the effectiveness of the indirect instruments of monetary policy at the disposal of the regional central bank and promote the development of the regional financial market, particularly the securities exchange. The government will reexamine the taxes on leasing and savings accounts, the tax on services (TPS) applicable to interbank loans, and the harmonization of the rate of the tax on securities income (IRVM) with the rate in force in other WAEMU countries. The government will also implement the microfinance action plan adopted in February 1998. Lastly, the government will complete the restructuring of the Banque Internationale pour le Mali (BIM-SA) by December 31, 1998 and will issue an invitation for bids to sell its shares in the Banque Malienne de Crédits et de Dépôts (BMCD). It will support

the actions of the West African Monetary Union (WAMU) Banking Commission[10] to ensure compliance with prudential regulations and strengthen the financial structure of credit institutions. The government will phase out its equity participation in commercial banks. The financial sector diagnostic review will be completed by the government in August 1998, paving the way for the elaboration of an action plan by end-August.

24. A comprehensive **civil service employment** policy will be prepared by end-1998, starting with the key sectors, to ensure an effective deployment of human resources in the context of rationalized government functions. The controls on new recruitment in recent years and the aging of working staff have constrained the capacity of the administration to prepare and execute public sector reform programs as effectively and quickly as necessary. The government, therefore, will need to rejuvenate and modernize the civil service, in sectors other than education and health, without resorting to net recruitment or relaxing its strict control over the wage bill. In addition, and to improve the general employment situation, the government will finance youth training and apprenticeship programs.

25. The government will pursue its efforts to expand the role of the **private sector** in the economy. To this end, the regulatory framework will be enhanced through (a) the appointment of commercial court adjudicators representative of a broader range of economic interests by September 1998; (b) the creation of a judicial services inspection agency by end-1998; (c) the establishment of a unit to study and monitor business law by end-1998; (d) the amendment of the code of civil procedure to make it easier to execute loan guarantees; and (e) the preparation of a ten-year program for the development of the judicial system (PRODEJ) for implementation starting in 1999, which will enable it to discharge its duties in accordance with the principles of impartiality, due process, and effectiveness.

26. Strengthening the competitiveness and productivity of the **rural sector** will remain a key element of the government's reform program. The pricing and marketing of agricultural products will continue to be free of controls. In particular, the development of cotton and rice will remain a high priority. To this end, the government's strategy will be designed to tap the potential for expanding the acreage of irrigated land and increasing its yield, based largely on private investment. The overall objective of the government is to open the cotton sector to increased private sector participation, according to modalities that will be discussed with the World Bank and the IMF. A technical audit of the cotton industry will be completed by September 1998 that will help the government define its position on private sector participation in the industry (see Box 2). In addition to determining appropriate producer prices for seed cotton, the audit will highlight efficiency-enhancing measures that could be implemented under the new performance contract with Compagnie Malienne pour le Développement du Textile (CMDT), which will take effect starting October 1, 1998. In addition, CMDT will repay in full the amounts it borrowed from the cotton stabilization fund at the end of the cotton crop marketing year (November 30, 1998). The government will also complete the restructuring of the Ministry of Rural Development and Water in 1998 by redeploying personnel from the ministry, transferring certain activities to the private sector, and completing the inventory of the ministry's material resources.

---

[10]The banking commission was created in 1990 under the auspices of the West African Monetary Union (WAMU), before the West African Economic and Monetary Union (WAEMU) was created; its proper title therefore remains the WAMU Banking Commission.

Box 2. The Cotton Industry in Mali

Compagnie Malienne pour le Développement du Textile (CMDT), a 60 percent government-owned enterprise, plays an integral role in the harvesting, ginning, and international marketing of Malian cotton. Over the years, CMDT has provided support to farmers through literacy training, provision of crop credit and other factors inputs, and agricultural extension services.

During the period 1989/90 to 1997/98, seed cotton production increased from 231,000 tons to 558,000 tons largely due to gains in competitiveness, making Mali the largest cotton producer in sub-Saharan Africa. Building on these positive developments, a technical audit of the cotton sector will be conducted by end-September 1998, with the aim of identifying means of further increasing efficiency in the production, transportation, ginning, and marketing of cotton. The audit will also include an analysis of the pertinence and efficiency of the CMDT's rural development activities carried out on behalf of the government. Moreover, the audit will examine the current "performance contract" and its effectiveness in regulating economic behavior in a monopolistic setting. The results of this audit will serve as a basis for the negotiation of the next performance contract, which should be completed by October 1, 1998. Further scope also exists for translating gains in profitability into higher prices paid to cotton farmers.

Meanwhile, two meetings of cotton-producing countries in Francophone Africa took place in March and June 1998 to discuss competition and efficiency issues facing the cotton sectors of the participating countries. Representatives of national cotton companies, including French commercial interests and farmers' organizations, as well as World Bank staff participated. The discussions to date have focused on building a consensus on a number of central, guiding principles regarding the cotton sector, including industrial organization and privatization. Specific reforms in participating countries will be discussed with the World Bank on a bilateral basis, and, in the case of Mali, follow-up discussions are set to take place after the September 1998 completion of the technical audit.

C. Social Policies

27. The government's medium-term social objective is to facilitate a broadly based improvement in living standards through the implementation of well-targeted poverty-reduction programs and sustained economic growth. The social performance criteria under the HIPC Initiative will be based on the implementation of key policy measures to reduce poverty and to allocate resources in health and education as summarized below and detailed in Table 13.

Box 3. Social Sector Indicators for Mali, Sub-Saharan Africa, and HIPC Countries, (All data reflects 1996, unless otherwise indicated)

	Mali		Sub-Saharan Africa		HIPCs
Population (in millions)	10.0		596.4		569
Population growth rate (in percent)	3.0		2.7		2.7
GNP per capita (in U.S. dollars)	240		490		283
Illiteracy rate (in percent of population aged 15 years and older, 1995)	77		53		44
Gross primary enrollment ratio, (in percent of school-age children, 1997)	47		75		66
Life expectancy at birth (in years)	50		52		52
Access to safe water (in percent of population)	37		45		48
Population per physician (thousands per physician)	19.4	(1994)	9.0	(1990)	16
Infant mortality (per thousand live births)	120		91		94

Sources: Malian authorities (PRODEC and PRODESS); the World Bank: *World Development Indicators,* 1998 CD-ROM; *Social Development Indicators* 1996; and *Better Health in Africa,* 1994.

Education

28. As noted in the preliminary document, the politicization of the education sector and dependence of the government on the goodwill of students and teachers unions to preserve social stability have been major obstacles to reform in this sector and critical measures to improve the efficiency of resource allocation between different levels of the education system have yet to be implemented. Notwithstanding these challenges, the government has prepared a ten-year development strategy (PRODEC) aimed at improving access to, and the quality of, education. The principal objectives include (i) increasing the gross primary school enrollment rate from 47 percent in 1997 to 55 percent in 1999; 61 percent by 2002; and 75 percent by 2008 through building more schools, training teachers and involving communities and the private sector more in the financing and management of schools; (ii) improving learning and the quality of education by introducing national languages in the first two years of school as a transition to French, increasing expenditures on textbooks and learning materials from 13 percent of government expenditures to 16 percent and 19 percent by 2002 and 2008, respectively, and decentralization of personnel and budget management; and (iii) making the education system more cost-effective by hiring non-public service teachers to reduce wage

costs and redirecting scholarship resources for secondary students towards activities that would improve learning conditions at the secondary school level.

29. The government's education strategy was discussed at a donors' meeting in June 1998 where there was general support for the government's objectives. Concerns were raised, however, about the poverty and equity implications of community financing, the lack of a coherent implementation program, the necessity to adequately cost the strategy and the need for the government to discuss with civil society fundamental policy reforms on teachers financing and recruitment and scholarships. Of particular concern is the low efficiency of public expenditures on higher education as over 55 percent is spent on scholarships. Once an agreed upon costed program has been developed, it will be financed in part by the government's own resources, donor pledges, and resources expected to be freed-up as a result of HIPC assistance. To ensure compatibility of the sector strategy with available financing, a complete analysis of the education sector will be carried out through a comprehensive Public Expenditure Review, to be completed by end-June 1999, with assistance from IDA. Key targets to be reached by end-1999 include:

- reaching agreement on an integrated expenditure program for the education sector, in coordination with international partners supporting the government's program;
- establishing an accounting system to monitor expenditures at all levels of education;
- reducing unit wage costs of primary education by establishing a new recruitment policy for teachers, including recruitment by local governments;
- improving the quality of education expenditures by increasing the share of nonwage outlays;
- increasing primary school gross enrollment to 55 percent in 1999 from 47 percent in 1997;
- increasing the share of primary education in the total education budget to 58 percent in 1999 from 54 percent in 1996.

Health

30. The government's objective is to improve both the access to, and the quality of, basic care which remains low in comparison with sub-Saharan African averages (Box 3). Government policy emphasizes preventive health care through the provision of a minimum package of basic health services; however, the public health system continues to suffer from inadequate financing. In 1996, public health spending was about 1.7 percent of GDP, well below the average in sub-Saharan Africa of 2.5 percent. Health expenditure in 1997 was about US$5 per capita, compared with a minimum of US$9-12 per capita recommended in the 1993 *World Development Report.* Health care management is weak, and there is little involvement

of the private sector. Although more than 150 non-governmental organizations are active in the sector, with little information available on their respective activities there is an urgent need to coordinate these activities to pursue maximum impact. The authorities have prepared a ten-year development program for the sector, and a first phase of a five-year investment program will be presented to a donors' meeting at end-June 1999. In addition to a continued increase in health expenditure, emphasis will be put on extending vaccination coverage, improving nutritional standards, and reinforcing the health information campaign. The impact of the efforts in this area will be measured against specific targets and actions set out in the above-noted ten-year program and in operations agreed upon with IDA and other donors. Key targets include:

- increasing the child immunization rate from 40 percent in 1997 to 70 percent in 1999;
- raising the share of the population covered by primary health services from 40 percent in 1996 to 45 percent in 1999; and
- expanding the share of budgetary current expenditure devoted to public health from 8.9 percent in 1997 to 10.5 percent in 1999.

31. Future Public Expenditure Reviews to be prepared by the government jointly with IDA and other donors, will aim at significantly improving the efficiency of public expenditure and its allocation, so as to allow for needed increases in the primary health and education sectors.

V. Decision Point, Completion Point, and Debt Sustainability Targets

32. As outlined in the preliminary HIPC document, Mali's track record is strong, and staff and management recommend that the decision point be set in August/September 1998. With regard to the completion point, the HIPC Initiative allows for flexibility, on an exceptional basis, to shorten the second stage for countries with sustained records of strong performance. In light of Mali's solid record of adjustment, including receipt of a Paris Club stock-of-debt operation in May 1996, and in view of the strong support expressed by the majority of Executive Directors for a shortening of the second stage during the preliminary discussions on Mali's eligibility under the HIPC Initiative, the management and staff recommend that the completion point take place in December 1999.

33. With a December 1999 completion point, eligibility and assistance would be based on actual debt, debt service, and export data for 1998. To reach the completion point, Mali would need to agree on a third annual ESAF arrangement and complete the midterm review thereunder, agree on a successor three-year ESAF arrangement, and complete the midterm review under the first annual arrangement thereunder. In addition, it is expected that the government will make satisfactory progress in implementing the Economic Management Credit and by the completion point the third tranche will have been released. Furthermore, the Bank would monitor progress of the government in implementing the education and health

programs (see Appendix Table 13) in the context of ongoing IDA-supported programs and its dialogue on social sector issues.

34. In light of Mali's heavy external debt burden and vulnerability to external shocks, and its strong track record of adjustment over a long period, Executive Directors were in broad agreement during their discussions of the preliminary HIPC document that an NPV of debt-to-exports target at the lower end of the 200-220 percent range would be appropriate. Consistent with these views, management and staff suggest a target for Mali's NPV of debt-to-exports ratio of 200 percent. Further it is recommended that the debt-service ratio target be set at 20 percent, although this target is not expected to be binding (Figure 1).

VI. Assistance under the Initiative and Burden Sharing

35. Bilateral and multilateral assistance to Mali under the HIPC Initiative would be additional to the debt relief provided by bilateral creditors under traditional debt-relief mechanisms, including a stock-of-debt operation on Naples terms. The additional assistance could free up resources to help accelerate structural reforms and finance needed social programs, thereby improving Mali's weak social indicators (Boxes 3 and 4). In the case of a December 1999 completion point and a 200 percent NPV of debt-to-exports target, Mali would require assistance under the Initiative of US$128 million, in net present value terms (Table 6), or an estimated US$197 million in nominal terms. Total debt service savings would amount to about US$250 million (Appendix Table 9).

36. The NPV of debt-to-exports target of 200 percent would be achievable with some additional debt relief on aid-related bilateral debt as called for in the G-8 Birmingham Summit Communiqué of May 1998.[11] To date, financing has been assured for an NPV of debt-to-exports target of 204 percent, assuming a strictly proportional burden sharing approach, the stated commitment of Paris Club creditors to top up relief to Lyon terms (80 percent NPV reduction),[12] and action by non-Paris Club bilateral creditors comparable to Lyon terms. Most Paris Club creditors have already canceled 100 percent of their ODA claims. The bulk of Mali's remaining pre-cutoff-date ODA debt is held by non-Paris Club bilateral creditors.[13] The

---

[11]The G-8 Birmingham Summit Communiqué pledges "to call on those countries who have not already done so to forgive aid-related bilateral debt or take comparable action for reforming least developed countries."

[12]Including additional action by one Paris Club creditor, which has indicated its willingness to reduce its pre-cutoff date ODA claims on Mali by up to 90 percent in NPV terms.

[13]Under treatment comparable to Lyon terms, this type of debt is rescheduled in the DSA over 40 years, including 16 years grace at (no more than) the original concessional interest rate. On a voluntary basis, creditors can provide additional debt reduction.

staff has initiated discussions with bilateral creditors to secure the additional debt relief needed to reach a 200 percent target for Mali.

37. Under proportional burden sharing at a 200 percent target ratio, multilateral assistance would be US$90 million, equivalent to a reduction of 9.7 percent in the NPV of each multilateral creditor's claims at the completion point and 10.5 percent of each multilateral's claim at the decision point (Table 6). Of this amount, the IDA and the IMF would account for about US$44 million and US$14 million, respectively. Total assistance required from bilateral creditors under proportional burden sharing would amount to $37 million. This is equivalent to an 80 percent NPV reduction in eligible bilateral debt from Paris Club creditors along with comparable action from other bilateral creditors, as well as an additional effort on ODA claims as noted above.

38. It is proposed that the Fund disburse its assistance, in the form of a grant, into an escrow account at the completion point to be used to meet debt service to the Fund on a schedule to be agreed with the Malian authorities. Mali's debt service both to the Fund and overall is relatively smooth, and it is proposed that in this case as in other comparable cases where there are no pronounced debt-service peaks, the schedule of drawdown of the Fund assistance should be slightly frontloaded and spread over the life of the country's current obligations to the Fund. A graduated schedule for the drawdown of this assistance for Mali, which meets these objectives, will be agreed with the Malian authorities and proposed for approval by the Fund Board in due course, on a lapse-of-time basis.

39. It is proposed that the HIPC Trust Fund be utilized to provide the required relief on debt owed to IDA—equivalent to US$44 million in NPV terms. The HIPC Trust Fund would set aside, at the decision point, an amount equal to the NPV reduction required on IDA debt from resources in the World Bank component of the HIPC Trust Fund. With these resources the HIPC Trust Fund is expected, at the completion point, to purchase IDA credits with a nominal value of approximately US$85.8 million. The nominal amount of the credits to be purchased will be determined on the basis of the principles agreed upon for calculating the NPV of debt in DSAs[14] and by selecting for purchase the oldest IDA credits. The HIPC Trust Fund would then promptly cancel these IDA credits and inform the debtor that the debt is no longer due. The IDA would enter into an agreement to this effect with Mali as soon as possible following the decision point. Total savings in debt service on these credits would amount to US$94.7 million over their remaining life (up to 30 years for some of the more recent ones), when relief on both principal and charges is included. The AfDB/AfDF intends to use the HIPC Trust Fund as a vehicle for delivery of assistance under the Initiative. It is expected that claims on Mali will be reduced by US$16.5 million in NPV terms.

---

[14]The principles for the calculation were described in detail in SecM96-927 entitled *"The HIPC Debt Initiative—Elaboration of Key Features and Possible Procedural Steps,"* page 11.

Box 4. Total Expenditure for Health, Education, and Debt Service, 1995-2001

(In millions of U.S. dollars, unless otherwise indicated)

				Projections			
	1995	1996	1997	1998	1999	2000	2001
	(In millions of U.S. dollars)						
Total social sector spending	118.6	129.4	129.4	146.1	177.6	203.9	227.9
Health	43.3	45.9	55.9	62.2	71.3	77.0	84.9
Education	75.3	83.5	73.5	83.9	106.4	126.8	143.1
Debt service paid	78.1	73.8	71.4	...	...	...	...
Debt service due before HIPC [1]	167.9	154.0	96.5	76.5	88.1	99.3	111.7
Debt service due after HIPC	...	...	...	...	...	86.8	100.0
HIPC assistance	...	...	...	...	...	12.5	11.7
Net official aid flows[2]	443.8	442.2	287.7	292.1	302.9	302.8	302.9
Of which: grants	223.2	242.6	163.1	158.5	169.0	169.0	169.0
	(In percent of GDP)						
Total social sector spending	4.8	4.9	5.1	5.5	6.2	6.6	6.9
Health	1.8	1.7	2.2	2.3	2.5	2.5	2.6
Education	3.1	3.1	2.9	3.1	3.7	4.1	4.3
Debt service paid	3.2	2.8	2.8	...	...	...	...
Debt service due before HIPC[1]	6.8	5.8	3.8	2.9	3.1	3.2	3.4
Debt service due after HIPC	...	...	...	...	...	2.8	3.0
HIPC assistance	...	...	...	...	...	0.4	0.4
Net official aid flows[2]	18.0	16.6	11.4	10.9	10.5	9.8	9.2
Of which: grants	9.0	9.1	6.4	5.9	5.9	5.5	5.1
Memorandum items:							
GDP (In millions of U.S. dollars)	2,466.0	2,660.0	2,531.0	2,668.0	2,879.0	3,085.0	3,309.0
Average exchange rate (CFAF/US$)	499.1	511.6	583.7	599.5	597.6	597.7	597.5

Sources: Malian authorities for health and education expenditure; Malian authorities and staff estimates for all other data.

[1]Reflects May 1996 Paris Club stock-of-debt operation.
[2]Comprises net official transfers plus net official disbursements.

VII. Issues for Discussion

40. The staff seeks guidance from Executive Directors on the following issues:

41. **Eligibility.** Do Directors consider that Mali meets the eligibility requirements for assistance under the Initiative?

42. **Decision point.** Do Directors agree that Mali has reached its decision point?

43. **Completion point.** In their preliminary discussions in April, the majority of Executive Directors favored an end-1999 completion point, provided that implementation of macroeconomic policies and structural reforms under the third annual and successor ESAF arrangements and IDA lending operations remain strong. Do Directors agree that the strengthened reform agenda described above could be supported with a December 1999 completion point, provided that implementation remains strong?

44. **Targets.** In view of Mali's external vulnerability, the staff and management recommend that the target for the NPV of debt-to-exports ratio be set at 200 percent, and that the target for the debt-service ratio be set at 20 percent—consistent with the preliminary views of the majority of the Boards. Do Directors agree with this and that bilateral creditors—particularly non-Paris Club creditors—be encouraged to provide additional debt relief on their ODA claims so as to achieve the 200 percent target?

Table 1. Mali: Selected Economic and Financial Indicators, 1994–2001

	1994	1995	1996	1997 Prog.	1997 Est.	1998	1999	2000	2001
						Projections			
	(Annual percentage change, unless otherwise specified)								
Income and prices									
GDP at constant prices	2.3	6.4	4.0	5.8	6.7	5.4	5.0	5.0	5.0
GDP deflator	33.2	12.5	6.3	3.5	1.8	2.7	2.5	2.1	2.2
Consumer price index									
Annual average	24.8	12.4	6.5	3.5	-0.7	2.5	2.5	2.5	2.5
End of period	32.0	9.2	2.8	6.0	0.9	2.5	2.5	2.5	2.5
External sector									
Exports, f.o.b.	88.9	18.0	0.6	21.8	47.8	2.2	11.7	5.0	7.3
Imports, c.i.f.	82.0	7.3	5.4	5.4	10.9	6.0	6.8	3.7	3.9
Export volume	1.4	16.6	2.2	18.9	49.7	0.5	6.7	2.6	5.7
Import volume	-2.7	7.2	6.0	4.6	10.8	2.7	4.2	2.0	2.3
Terms of trade	-0.4	1.2	-1.1	-1.8	-1.4	0.4	2.1	0.7	-0.1
Nominal effective exchange rate [1]	-48.5	3.5	-0.3	...	-1.7	...	...	...	...
Real effective exchange rate [1]	-38.1	12.6	3.6	...	-7.2	...	...	...	...
Consolidated government operations									
Revenue	32.7	28.4	31.1	1.8	11.6	8.6	11.1	10.8	8.4
Expenditure and net lending [2]	58.0	8.4	9.3	8.5	9.9	6.5	5.3	4.5	4.8
Money and credit									
Net domestic assets [3]	11.5	3.1	-10.4	6.5	10.6	1.9	...	...	...
Credit to the government [3,4]	0.6	-13.7	-14.2	0.0	-0.1	-0.9	...	...	...
Credit to the economy	16.4	59.6	29.0	11.5	14.5	8.4	...	...	...
Money and quasi-money (M2)	39.1	19.6	12.1	11.4	8.6	8.6	...	...	...
Velocity (GDP/M2)	4.3	4.3	4.3	4.4	4.3	4.3	...	...	...
Interest rate [5]	5.5	6.0	5.0	...	3.8	...	...	...	...
	(In percent of GDP, unless otherwise specified)								
Overall fiscal deficit (commitment basis) [2,6]									
Excluding grants	-13.9	-10.6	-7.9	-8.8	-7.8	-7.6	-6.4	-5.3	-4.6
Including grants	-4.4	-3.2	-0.8	-4.2	-2.1	-3.9	-2.5	-1.7	-1.3
Gross domestic investment	26.0	26.0	26.0	25.5	23.3	25.0	25.5	26.0	26.0
Government	13.0	12.5	12.1	11.5	10.7	11.3	11.3	11.2	11.2
Nongovernment	13.0	13.5	13.9	14.0	12.6	13.7	14.2	14.8	14.8
Gross domestic savings	7.1	10.9	10.7	13.9	13.6	14.6	16.3	17.4	18.5
Government	1.4	3.4	4.4	4.1	3.7	4.6	5.9	6.9	7.6
Nongovernment	5.7	7.5	6.4	9.9	9.9	10.0	10.4	10.5	10.9
Gross national savings (excluding official transfers)	9.1	12.1	11.8	14.5	14.0	15.2	16.9	18.0	19.0
External current account balance (deficit -) [2]									
Excluding official transfers	-16.9	-13.9	-14.2	-11.0	-9.3	-9.8	-8.6	-8.0	-7.0
Including official transfers	-3.8	-4.8	-5.1	-4.6	-2.8	-3.9	-2.7	-2.5	-1.9
External public debt	135.6	123.7	111.3	116.0	116.9	114.1	110.7	107.5	103.4
	(In percent of exports of goods and services)								
Debt service ratio,									
before debt relief	41.8	32.3	30.0	18.5	15.0	12.0	12.4	13.2	13.9
after debt relief (including HIPC assistance)	18.8	15.0	14.4	14.6	11.1	12.0	12.4	11.5	12.4
	(In billions of CFA francs)								
GDP at current market prices	1,028.7	1,231.3	1,360.7	1,490.7	1,477.6	1,599.6	1,720.6	1,843.9	1,977.3

Sources: Malian authorities; and staff estimates and projections.

[1]Period average; depreciation -.
[2]Including interest due to the People's Republic of China and the Russian Federation.
[3]Annual change in percent of beginning-of-period money stock.
[4]Including the securitized consolidated debit balances of the Banque de Développement du Mali and the cotton stabilization fund.
[5]End-of-period interest rate on the West African Economic and Monetary Union money market.
[6]Before debt rescheduling; after debt cancellation obtained through 1996.

Table 2. Mali: Revisions in the Net Present Value (NPV) of Debt and Export Projections, 1997-99
(In millions of U.S. dollars, unless otherwise noted)

	Preliminary HIPC Document (March 1998)			Final HIPC Document (July 1998)			Explanation
	1997	1998	1999	1997	1998	1999	
NPV of external public debt [1]	1,339	1,390	1,419	1,239	1,325	1,403	
Multilateral	873	903	925	861	930	993	
IMF	115	110	104	133	146	161	1997-9 disbursement included; previously shown as new debt
World Bank (IDA)	436	472	501	423	453	485	Inaccurate projection of interest in the preliminary HIPC document
AfDB/AfDF [2]	161	164	167	157	167	173	1997 disbursements lower than projected; adjusted upwards thereafter
Other [3]	161	156	152	147	164	174	1997 disbursements lower than projected; adjusted upwards thereafter
Bilateral	448	445	438	378	386	391	
Paris Club	248	252	254	246	250	253	
Pre-cutoff date	193	196	199	161	165	170	
ODA [4]	5	5	4	4	4	4	
Non-ODA	148	151	155	14	14	14	French monetary & pub. ent. debt excluded; British debt reduced [5]
Russia [6]	40	40	40	40	40	40	
Nonreschedulable	0	0	0	103	108	112	French monetary debt included
Post-cutoff date	55	56	55	85	85	83	Public enterprise debt included
Non-Paris Club official bilateral	199	193	184	132	136	138	
Pre-cutoff date	179	172	163	85	86	88	
ODA [4]	0	0	0	78	79	81	Chinese pre-cutoff debt & non-Paris Club debt (previously nonreschedulable) included
Non-ODA	50	49	49	5	5	5	Chinese pre-cutoff debt classified as ODA
Nonreschedulable	130	122	114	2	2	2	Non-Paris Club pre-cutoff debt previously thought nonreschedulable excluded
Post-cutoff date	20	21	20	47	49	49	Some non-Paris Club debt previously classified as nonreschedulable included
Commercial	0	0	0	0	0	0	
NPV of new debt	18	43	56	0	9	19	
Multilateral	18	43	56	0	7	15	Multilateral new debt in 1997-9 attributed to IDA/IMF
Bilateral	0	0	0	0	2	5	Revision in BOP financing gap
Current-year exports	609	655	729	644	638	713	Revision in BOP and exchange rate projections
Three-year average of exports	556	597	664	563	598	665	Revision in BOP and exchange rate projections
NPV of debt-to-exports ratio (percent) [7]	241	233	214	220	221	211	

Sources: Data provided by the Malian authorities; and staff estimates.

[1] Refers to public and publicly guaranteed external debt only and assumes full use of traditional debt-relief mechanisms, i.e., the Paris Club stock-of-debt operation (Naples terms) in May 1996, as well as comparable treatment on official bilateral loans.

[2] Includes Nigeria Trust Fund.

[3] Comprises European Investment Bank, European Fund for Economic Development, International Fund for Agricultural Development, Arab Bank for Economic Development (BADEA), Islamic Development Bank, OPEC Fund, League of Arab States, European Union, Economic Community of West African States, West African Development Bank, Central Bank of West African States (BCEAO), and Fund for Solidarity and Economic Development.

[4] Loans with a grant element of more than 25 percent (using a 10 percent discount rate) and provided for development purposes.

[5] In the reconciliation process, it was discovered that Malian data for British debt did not reflect the 67 percent NPV reduction agreed upon in the May 1996 Paris Club stock-of-debt operation.

[6] Russian loans are assumed to receive an up-front 80 percent discount, with the remainder rescheduled on Naples terms, in line with the September 1997 Memorandum of Understanding between Russia and the Paris Club.

[7] In percent of three-year average of exports of goods and services.

Table 3. Mali: Nominal and Net Present Value (NPV) of External Debt Outstanding at End-1997 [1]

	Nominal Debt			NPV Debt--After Naples Terms [2]		
	Millions of U.S. dollars	Percent of total debt	Percent of multilateral debt	Millions of U.S. dollars	Percent of total debt	Percent of multilateral debt
Total	2,885	100.0		1,239	100.0	
Multilateral creditors	1,666	57.7	100.0	861	69.5	100.0
IDA	935	32.4	56.2	423	34.1	49.1
AfDB	347	12.0	20.9	157	12.7	18.3
IMF	176	6.1	10.5	133	10.8	15.5
EIB	54	1.9	3.3	37	3.0	4.3
IFAD	44	1.5	2.6	23	1.9	2.7
IDB	36	1.2	2.1	25	2.0	2.9
OPEC Fund	19	0.7	1.1	18	1.4	2.0
BADEA	11	0.4	0.7	10	0.8	1.1
Others [3]	43	1.5	2.6	34	2.7	4.0
Bilateral creditors	1,219	42.3		378	30.5	
Paris Club	913	31.6		246	19.8	
Of which France	283	9.5		137	9.5	
Of which Italy	1	0.0		0	0.0	
Of which Japan	72	2.5		60	2.5	
Of which Netherlands	2	0.1		2	0.1	
Of which United Kingdom	7	0.6		6	0.6	
Of which United States	0	0.0		0	0.0	
Of which: Russia [4]	548	19.0		40	3.2	
Non-Paris Club	307	10.6		132	10.7	
Memorandum item:						
Private nonguaranteed [5]	169			169		

Sources: Malian authorities; and staff estimates.

[1] Includes nonguaranteed debt owed by three public enterprises where government is the majority shareholder.

[2] Involving 67 percent NPV reduction; applicable only to bilateral creditors.

[3] Includes League of Arab States, European Union, Economic Community of West African States, West African Development Bank, Central Bank of West African States (BCEAO), and Fund for Solidarity and Economic Development.

[4] Assumed to receive an up-front 80 percent discount, with the remainder rescheduled on Naples terms, in line with the September 1997 Memorandum of Understanding between Russia and the Paris Club.

[5] Not included in the total.

Table 4. Mali: Balance of Payments Scenarios, 1998-2017 [1]
(In millions of U.S. dollars, unless otherwise specified)

	Projections								Outer years		Averages	
	1998	1999	2000	2001	2002	2003	2004	2005	2010	2017	1998-07	2008-17
						Baseline Scenario						
Debt-service ratio [2]	12.0	12.4	13.2	13.9	14.1	14.3	13.9	13.5	12.6	12.3	13.4	12.2
NPV of debt-to-exports ratio [3]	221.4	211.0	210.2	202.5	193.5	186.0	180.9	177.7	173.4	168.5	192.9	173.6
Current account, after grants	-103.3	-78.5	-77.0	-63.7	-49.6	-64.3	-74.1	-82.9	-212.4	-193.6	-80.5	-199.8
Overall balance of payments	-5.8	14.0	15.6	30.0	45.9	30.5	25.2	19.3	-106.3	-109.8	16.3	-100.1
Financing gap [4]	38.6	24.7	4.2	0.0	0.0	0.0	0.0	0.0	65.0	95.5	9.2	80.1
						Scenario II (Drought) [5]						
Debt-service ratio [2]	15.1	15.5	17.0	18.7	19.6	18.5	17.1	15.6	15.9	15.3	16.8	15.3
NPV of debt-to-exports ratio [3]	238.8	255.6	288.6	295.5	303.8	299.9	285.6	262.1	226.9	213.4	270.0	224.2
Current account, after grants	-234.5	-224.4	-238.7	-258.6	-271.0	-235.9	-195.9	-136.2	-222.6	-203.8	-202.7	-210.0
Overall balance of payments	-137.0	-131.8	-146.1	-164.9	-175.5	-141.0	-98.1	-37.1	-142.6	-158.9	-108.4	-139.4
Financing gap [4]	169.8	170.5	165.9	194.9	221.4	171.5	123.3	56.4	101.3	144.7	133.9	119.4
						Scenario III (Lower Gold Price) [6]						
Debt-service ratio [2]	12.5	12.9	13.8	14.5	14.8	15.0	14.7	14.4	13.8	13.7	14.2	13.5
NPV of debt-to-exports ratio [3]	224.8	219.2	223.3	217.0	209.3	203.1	199.4	197.6	198.1	193.7	208.3	198.8
Current account, after grants	-130.4	-108.6	-109.0	-97.6	-85.7	-101.3	-112.0	-121.9	-243.4	-222.8	-115.3	-231.9
Overall balance of payments	-32.9	-16.0	-16.4	-3.9	9.8	-6.5	-13.0	-20.3	-142.7	-152.8	-19.0	-140.4
Financing gap [4]	65.7	54.7	36.2	33.9	36.0	37.0	38.2	39.6	101.4	138.6	44.5	120.4
						Scenario IV (Lower Cotton Price) [7]						
Debt-service ratio [2]	13.2	13.6	14.7	15.5	15.9	16.2	16.0	15.7	16.3	17.3	15.3	16.3
NPV of debt-to-exports ratio [3]	228.9	229.8	241.2	237.4	232.2	228.8	227.9	229.2	252.8	264.5	231.8	259.1
Current account, after grants	-162.3	-146.2	-148.7	-142.7	-135.9	-154.0	-168.5	-182.3	-333.6	-348.7	-166.5	-335.9
Overall balance of payments	-64.8	-53.7	-56.1	-49.0	-40.4	-59.2	-70.0	-81.5	-240.2	-303.2	-70.8	-257.2
Financing gap [4]	97.6	92.4	75.9	79.0	86.3	89.7	95.2	100.8	198.9	289.0	96.3	237.3

Sources: Malian authorities; and staff projections.

[1] Incorporates the impact of the May 1996 Paris Club stock-of-debt operation on Naples terms and comparable action by other bilateral and commercial creditors.

[2] Debt-service as a percentage of current-year exports of goods and services.

[3] As a percentage of the three-year moving average of exports of goods and services.

[4] After the full application of traditional debt-relief mechanisms, as specified in footnote 1.

[5] A 20 percent reduction in the volume of cotton exports and 75 percent reduction in the volume of livestock exports over a five-year period.

[6] Gold price declines 15 percent below baseline scenario from 1998 onward.

[7] Cotton prices assumed to be 20 percent below baseline prices beginning in 1998.

Table 5. Mali: Key Structural Reforms under IDA- and IMF-Supported Programs, 1998–99

Policy Measures	Expected Date of Completion
Privatization of public enterprises and reform of utilities	
• Complete privatization of public enterprises in the 1996 action plan	December 1998
• Adoption by the government of a law to open up the capital of SOTELMA to the private sector	November 1998
• Open the telecommunications sector to competition	March 1999
• Adoption by the government of a privatization law for EDM	October 1998
• Privatization of EDM	August 1999
Financial sector reform	
• Finalization of an action plan for the financial sector	August 1998
• Restructuring/Privatization of BIM-SA	December 1998
• Invitation to bid for BMCD	December 1998
Civil service reform	
• Preparation of a civil service employment policy	December 1998
Private sector development	
• Appoint new adjudicators to the commercial courts (including representatives of the banking sector)	September 1998
• Launch the agency in charge of monitoring the judiciary	December 1998
• Launch unit to study and monitor business law	December 1998
Rural development	
• Complete the technical audit of the cotton sector	September 1998
• Sign the new government-CMDT-producers performance contract	October 1998
• Ensure reimbursement by CMDT of resources borrowed from the stabilization fund	November 1998
• Ensure that the amounts borrowed from the cotton stabilization fund are fully repaid before any new loans are authorized	1998-2000

Table 6. Mali: HIPC Initiative--Alternative Assistance Levels Under a Proportional Burden-Sharing Approach [1]

Net present value of debt-to-exports-target (in percent)	Assuming an End-1999 Completion Point							Assuming an End-2000 Completion Point						
	Total	Bilateral [2]	Multilateral	*Of which:* IDA	*Of which:* IMF	Multilateral Assistance in percent of NPV measured at: Decision point	Completion point	Total	Bilateral [2]	Multilateral	*Of which:* IDA	*Of which:* IMF	Multilateral Assistance in percent of NPV measured at: Decision point	Completion point
	(in millions of U.S. dollars)							(in millions of U.S. dollars)						
200	128	37	90	44	14	10.5	9.7	73	21	53	26	8	6.1	5.2
205	98	29	69	34	11	8.0	7.4	40	11	29	14	4	3.3	2.9
210	68	20	48	24	7	5.6	5.1	7	2	5	2	1	0.6	0.5
215	38	11	27	13	4	3.1	2.9	0	0	0	0	0	0.0	0.0
220	8	2	6	3	1	0.7	0.6	0	0	0	0	0	0.0	0.0
Memorandum items														
NPV of debt [3]	1,325	388	937	453	146			1,403	395	1,008	485	161		
Paris Club (excluding Russia)		210							213					
Russia [4]		40							40					
Other official bilateral		136							138					
New borrowing		2	7						5	15				
Three-year average of exports	598							665						
NPV of debt-to-exports ratio [5]	221							211						

Sources: Malian authorities and staff estimates.

[1] The proportional burden sharing approach is described in "HIPC Initiative--Estimated Costs and Burden-Sharing Approaches" (EBS/97/127, 7/7/97 and IDA/SEC M 97-306, 7/7/97).

[2] Includes official bilateral and commercial creditors.

[3] Based on latest projections for the completion point.

[4] Assumes Paris Club stock-of-debt operation, after an upfront discount of 80 percent.

[5] In percent of three-year average of exports.

Table 7. Mali: External Debt Service After Rescheduling, 1998-2017
(In millions of U.S. dollars)

	Projections										Averages	
	1998	1999	2000	2001	2002	2003	2004	2005	2010	2017	1998-2007	2008-17
Total debt service after rescheduling [1]	76.5	88.1	99.3	111.7	120.9	126.6	128.3	130.1	138.6	196.8	115.7	155.9
Principal	49.7	59.7	68.9	80.0	89.0	95.1	97.1	98.9	105.7	154.4	85.2	119.6
Medium and long term	49.7	59.7	68.9	80.0	89.0	94.9	96.6	98.0	99.2	111.6	84.8	100.9
Multilateral	43.2	48.5	56.4	66.6	74.2	78.2	80.3	81.4	78.1	69.6	70.0	71.3
Of which: IMF	11.0	11.7	17.6	23.0	28.8	30.3	31.2	28.8	11.4	0.0	23.6	5.5
World Bank	8.5	10.3	11.7	14.9	16.5	18.1	20.7	22.9	39.2	51.2	18.0	42.7
African Development Bank	4.6	5.1	6.1	6.4	6.6	8.2	8.4	8.9	12.0	11.7	7.3	11.6
Official bilateral	6.5	11.2	12.5	13.4	14.8	16.7	16.3	16.7	21.1	42.0	14.7	29.5
Paris Club	3.1	5.8	6.8	6.8	7.9	9.1	9.3	10.0	17.6	36.9	8.5	25.1
Pre-cutoff date	1.6	2.1	2.1	2.1	2.9	4.1	4.3	4.5	12.6	31.9	3.9	20.1
ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Non-ODA	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.6	1.7	0.1	1.0
Russia	0.0	0.0	0.0	0.0	0.0	0.2	0.3	0.5	1.6	4.6	0.2	2.6
Nonreschedulable	1.6	2.1	2.1	2.1	2.9	3.9	3.9	3.9	10.5	25.5	3.5	16.6
Post-cutoff date	1.5	3.8	4.7	4.7	5.0	5.0	5.0	5.5	4.9	4.9	4.7	4.9
Non-Paris Club	3.4	5.4	5.7	6.6	6.9	7.6	7.0	6.7	3.5	5.1	6.2	4.4
Pre-cutoff date	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3	4.7	0.0	2.2
ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	0.0	1.7
Non-ODA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.6	0.0	0.4
Nonreschedulable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.1
Post-cutoff date	3.4	5.4	5.7	6.6	6.9	7.5	6.9	6.6	3.2	0.4	6.2	2.3
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt	0.0	0.0	0.0	0.0	0.0	0.2	0.5	0.9	6.5	42.8	0.4	18.7
Of which: multilateral	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	2.6	24.0	0.2	9.7
Interest	26.8	28.4	30.5	31.7	31.9	31.5	31.2	31.1	32.9	42.4	30.5	36.3
Medium and long-term	26.8	28.2	30.0	31.2	31.4	30.9	29.8	28.7	22.5	15.3	29.1	20.1
Multilateral	16.6	18.0	19.9	21.2	21.6	21.4	20.7	19.9	15.1	10.7	19.6	13.5
Of which: IMF	0.9	1.0	1.0	1.1	1.1	0.9	0.8	0.6	0.0	0.0	0.8	0.0
World Bank	8.3	9.0	9.8	10.6	11.1	11.4	11.6	11.5	10.2	7.7	10.6	9.3
African Development Bank	3.3	3.5	3.7	3.9	3.9	3.9	3.8	3.7	3.2	2.5	3.7	2.9
Official bilateral	10.2	10.2	10.1	10.0	9.8	9.5	9.2	8.8	7.5	4.6	9.5	6.5
Paris Club	6.2	6.1	6.0	5.9	5.7	5.5	5.2	4.9	3.9	1.6	5.5	3.2
Pre-cutoff date	3.6	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.1	1.3	3.5	2.5
ODA	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Non-ODA	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.3	0.9	0.6
Russia	2.6	2.6	2.6	2.6	2.6	2.6	2.5	2.5	2.2	0.9	2.5	1.8
Nonreschedulable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Post-cutoff date	2.6	2.6	2.5	2.3	2.1	1.9	1.7	1.4	0.8	0.3	1.9	0.6
Non-Paris Club	4.0	4.1	4.1	4.1	4.1	4.0	4.0	3.9	3.5	3.0	4.0	3.4
Pre-cutoff date	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.0	3.4	3.3
ODA	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.0	2.9
Non-ODA	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.1	0.3	0.2
Nonreschedulable	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Post-cutoff date	0.6	0.6	0.7	0.7	0.7	0.6	0.5	0.5	0.2	0.0	0.6	0.1
Commercial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New debt	0.0	0.2	0.4	0.5	0.5	0.6	1.4	2.4	10.3	27.0	1.5	16.3
Of which: multilateral	0.0	0.1	0.3	0.3	0.3	0.4	1.0	1.7	7.1	19.2	1.0	11.4
Memorandum items:												
Total debt service	76.5	88.1	99.3	111.7	120.9	126.6	128.3	130.1	138.6	196.8	115.7	155.9
Debt-service as a percent of government revenue	20.2	20.3	20.5	21.2	21.4	20.8	19.5	18.4	13.0	10.3	19.7	11.9
Debt-service ratio after rescheduling [2]	12.0	12.4	13.2	13.9	14.1	14.3	13.9	13.5	12.6	12.3	13.4	12.2
Exports of goods and services [3]	637.7	713.1	753.2	806.1	858.7	887.3	922.4	961.0	1098.2	1604.2	856.4	1279.9

Sources: Malian authorities; and staff estimates.

[1] Incorporates the impact of May 1996 Paris Club stock-of-debt operation on Naples terms and assumes at least comparable treatment on other reschedulable official bilateral loans. Russian loans are assumed to receive an up-front 80 percent discount, with the remainder rescheduled on Naples terms.

[2] Debt-service ratio as a percent of current-year exports of goods and services.

[3] Exports of goods and services, as defined in IMF, *Balance of Payments Manual* (5th ed., 1993).

Table 8. Mali: Net Present Value (NPV) of Debt After Rescheduling, 1997-2017 [1]
(In millions of U.S. dollars)

	1997	Projections													
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2017
NPV of total debt [2]	1,239	1,325	1,403	1,474	1,534	1,559	1,582	1,609	1,641	1,672	1,712	1,760	1,815	1,890	2,534
NPV of old debt	1,239	1,316	1,384	1,452	1,511	1,530	1,517	1,498	1,471	1,435	1,391	1,351	1,312	1,274	964
Official bilateral and commercial	378	386	391	395	399	400	396	393	390	385	378	372	367	359	210
Paris Club	246	250	253	255	258	259	258	258	257	254	249	245	241	233	80
Pre-cutoff date [3]	161	165	170	174	179	183	186	189	192	194	193	193	192	188	63
ODA	4	4	4	4	4	4	4	4	4	4	4	4	5	5	4
Non-ODA	14	14	14	14	14	14	14	13	13	13	13	12	12	11	4
Russia	40	40	40	40	40	39	39	38	38	37	36	35	33	31	8
Nonreschedulable [4]	103	108	112	116	121	126	129	133	137	139	140	141	142	140	47
Post-cutoff date	85	85	83	81	79	76	72	69	64	60	56	52	49	45	18
Other official bilateral	132	136	138	140	141	141	138	135	133	131	129	127	126	127	130
Pre-cutoff date [3]	85	86	88	90	93	95	97	100	102	105	108	111	114	118	128
ODA	78	79	81	83	85	88	90	93	95	98	101	105	108	112	126
Non-ODA	5	5	5	5	5	5	5	5	5	5	5	4	4	4	1
Nonreschedulable	2	2	2	2	2	2	2	2	2	2	2	2	2	2	1
Post-cutoff date	47	49	49	49	48	46	41	36	31	26	21	15	12	9	2
Commercial	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Multilateral	861	930	993	1,057	1,112	1,130	1,121	1,105	1,081	1,051	1,013	979	945	914	754
IMF	133	146	161	171	177	159	138	115	93	71	49	30	15	5	0
IBRD/IDA	423	453	485	522	558	590	617	637	650	658	660	660	656	650	564
AfDB/AfDF	157	167	173	178	183	187	187	187	186	185	183	181	179	176	149
Other	147	164	174	186	194	194	179	166	152	137	121	107	94	83	41
NPV of new debt	0	9	19	22	23	30	65	112	170	237	320	410	504	616	1,570
Multilateral	0	7	15	17	17	23	50	86	130	181	245	314	388	477	1,259
Bilateral	0	2	5	5	5	7	15	26	40	56	75	95	115	139	312
Memorandum items:															
Exports of goods and services [5]	644	638	713	753	806	859	887	922	961	1003	1022	1060	1110	1098	1604
Three-year export average [6]	563	598	665	701	757	806	851	889	924	962	995	1028	1064	1090	1504
NPV of debt-to-exports ratio [7]	220	221	211	210	202	193	186	181	178	174	172	171	171	173	168

Sources: Malian authorities; and staff estimates.

[1] Refers to public and publicly guaranteed external debt only and assumes full use of traditional debt-relief mechanisms, i.e., the Paris Club stock-of-debt operation (Naples terms) on May 1996, as well as comparable treatment on official bilateral loans. Russian loans are assumed to receive an up-front 80 percent discount, with the remainder rescheduled on Naples terms.

[2] Discounted on the basis of the average Commercial Interest Reference Rate for the respective currency over the six-month period prior to the latest date for which actual data are available (end-1997).

[3] January 1, 1988.

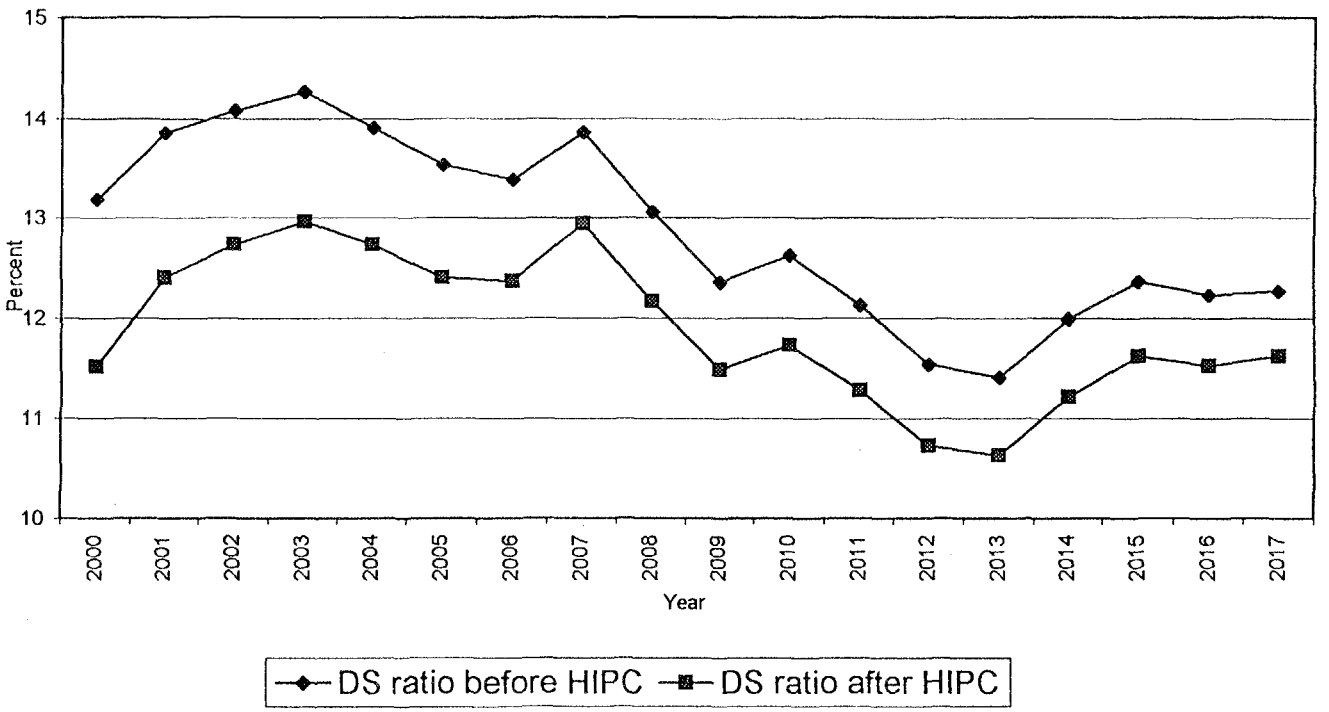
[4] Refers to French monetary debt.

[5] As defined in IMF, *Balance of Payments Manual* (5th ed., 1993).

[6] Backward-looking average (e.g., average over 1997-99 for exports in 1999).

[7] NPV of debt in percent of three-year average of exports of goods and services.

Figure 1. Mali: Debt Service Ratio Before and After Possible HIPC Assistance, 2000-17



MALI: DEBT MANAGEMENT AND DATA ISSUES

Debt management

45. The preliminary HIPC document for Mali indicated that Mali's debt-monitoring system, CS-DRMS,[15] provides for a comprehensive accounting of medium- and long-term public and publicly guaranteed external debt on a loan-by-loan basis and that it proved useful for deriving the net present value (NPV) of external debt. Nevertheless, some areas for improvement were identified, including enhanced data processing capacity, debt-management techniques, and the extension of data coverage to include private nonguaranteed and short-term debt, so as to provide a comprehensive view of debt obligations. To these ends, the debt-management unit has acquired the most recent version of CS-DRMS and plans to strengthen the training of staff in its use. The unit also intends to extend its database to cover nonguaranteed debt of public and mixed enterprises, as well as public and publicly guaranteed debt. The authorities have been briefed and given access to all software files used in the preparation of the debt sustainability analysis, and they are identifying technical assistance needs to strengthen the personnel and equipment of the debt-management unit in order to be in a position to utilize the appropriate software tools for debt-management purposes. They are also considering how to strengthen the integration of the debt management function into macroeconomic policy making and their ability to make medium-term projections.

Balance of payments data

46. Data continue to be compiled with long delays and are not always reliable, owing mainly to a lack of resources devoted to balance of payments tasks by the regional central bank (BCEAO), and to the failure to fully adopt compilation procedures introduced by the BCEAO in 1982.

Export data

47. Data are reliable for cotton, which is marketed through a public enterprise, and for gold, the bulk of which is mined by foreign companies. Data on livestock exports, the third major export commodity, are of poor quality, as are those for exports of other agricultural products, such as mangoes, goatskins and sheepskins, sheanut, butter, and vegetables, which are largely exported through informal channels.

48. There are also major weaknesses on data for workers' remittances, services, and private capital movements. All transactions not settled through the banking system, including exports other than gold and cotton, workers' remittances, and private capital movements, are estimated by the BCEAO through data on banknote movements; the reliability of these estimates is questionable, however, in view of the difficulties faced by the central bank in allocating banknote movements to specific balance of payments items.

---

[15]The Commonwealth Secretariat Debt Recording and Management System.

IMF Arrangements and IDA Structural Adjustment Credits, 1988-97

Type of Arrangement /Credit	Approval Date	Expiration Date	Amount Approved	Amount Drawn/Disbursed
		(In millions of SDRs)		
IMF				
Stand-by	8/5/88	6/4/90	12.7	12.7
SAF	8/5/88	8/4/91	35.6	25.7
ESAF	8/28/92	4/9/96	79.2	79.2
ESAF	4/10/96	4/9/99	62.0	41.3
Total			189.5	158.6
		(In millions of U.S. dollars)		
IDA				
Public enterprise adjustment credit	6/88	6/92	40.0	40.0
Agricultural sector adjustment credit	12/90	12/97	53.0	53.0
Structural adjustment credit	12/90	6/95	70.0	70.0
Economic recovery credit	3/94	6/95	25.0	25.0
Education sector adjustment credit	1/95	6/96	50.0	50.0
Economic management credit	6/96	12/98	60.0	46.1
Total			298.0	284.1

Sources: International Monetary Fund and International Development Association.

INTERRUPTIONS AND WAIVERS UNDER IMF ARRANGEMENTS AND IDA ADJUSTMENT CREDITS

49. Mali's adjustment efforts have been supported by the Fund and the World Bank through financial and technical assistance, beginning with the government's first-three year policy framework paper prepared in 1988. Since then, Mali has successfully implemented a Stand-by Arrangement (approved August 5, 1988), two annual arrangements under the Structural Adjustment Facility, and one three-year arrangement and the first two years of a successor three-year arrangement under the Enhanced Structural Adjustment Facility (ESAF). The adjustment effort has generally been sustained with two exceptions: an interruption in 1991-92 during the transition to a democratic form of government, and between August 1993 and April 1994, owing to prevailing political and social tensions and the time needed to prepare an appropriately strong program to support the devaluation of the CFA franc. Since April 1994, the government has implemented successfully all ESAF-supported programs, with all reviews completed and all available funds fully disbursed.

50. The World Bank supported Mali's adjustment reform through structural and sectoral lending, including the Public Enterprise Adjustment Credit in June 1988, the Agricultural Sector Adjustment Credit and the Structural Adjustment Credit in December 1990, the Economic Recovery Credit in March 1994, the Education Sector Adjustment Credit in January 1995, and the Economic Management Credit in June 1996. Disbursements under these World Bank operations have totaled approximately US$260 million. In addition, the World Bank has committed a further US$352 million for 15 investment operations since 1990, of which US$125 million has been disbursed so far.

51. Under the ESAF programs through end-1997, Mali has requested and been granted a total of five waivers. In 1992, three waivers were granted for the performance criteria relating to (a) minimum government revenues; (b) the reduction of external payments arrears; and (c) the adjustment of the salary grid for civil servants. With regard to the last item, the waiver was granted as there was only a brief delay in adopting the required measure. In December 1997, two waivers were given: the first, for the performance criterion attached to the net domestic assets of the regional central bank (BCEAO); and the second, for the delayed completion of the financial audit of the tobacco company (SONATAM). Mali has requested only one waiver under IDA adjustment credits: in January 1994 for the condition under the SAL I involving approval of legislation for personal and corporate income tax reform. The IDA agreed to the waiver, as tax reform had been substantial and the adoption of additional administrative measures was considered risky when improved revenue mobilization was essential for program success.

Table 9. HIPC Initiative: Status of Early Cases

Country (in order of expected decision point within groups)	Decision point	Completion point	NPV of debt-to-export target (in percent)	Assistance at completion point (US$ millions, present value at completion point)					Percentage reduction in NPV of debt 1/	Estimated total nominal debt service relief (in US$ mn.)	Satisfactory assurances from other creditors
				Total	Bilat-eral	Multi-lateral	IMF	World Bank			
Mali	Sept. 98	Dec. 99	200	128	37	90	14	44	10	250	...
Completion point reached:											
Uganda	April 97	April 98	202	347	73	274	69	160	20	650	Received
Decision point reached and assistance committed by Fund and Bank:											
Burkina Faso	Sept. 97	April 2000	205	115	21	94	10	44	14	200	Being sought
Bolivia	Sept. 97	Sept. 98	225	448	157	291	29	54	13	600	Being sought
Guyana	Dec. 97	Feb. 99	107 2/	253	91	161	35	27	25	500	Being sought
Côte d'Ivoire	March 98	March 2001	141 2/	345	163	182	23	91	6 3/	800	Being sought
Mozambique	April 98	mid-99	200	1,442	877	565	105	324	57	2,900	Being sought
Total assistance provided/committed (6 countries)				2,950	1,382	1,567	271 4/	700	...	5,650	...
Preliminary HIPC document issued; targets based on majority view in preliminary discussions at Bank and Fund Boards, assistance based on preliminary HIPC documents and subject to change 5/											
Guinea-Bissau	QIV-98	2001	200	300	148	153	8	73	...	...	...
Debt judged sustainable:											
Benin	July 97	...	...	...	...	...	...	...	...	...	...
Senegal	April 98	...	...	...	...	...	...	...	...	...	...

Sources: Fund and Bank Board decisions, completion point document, final HIPC documents, preliminary HIPC documents, and staff calculations.

1/ In percent of NPV of debt at completion point, after full use of traditional debt relief mechanisms.
2/ Eligible under fiscal/openness criteria; NPV of debt to exports target chosen to meet NPV of debt-to-revenue target of 280 percent.
3/ Nonreschedulable debt to non-Paris Club official bilateral creditors and the London Club, which was already subject to a highly concessional restructuring, are excluded from the NPV of debt at the completion point in the calculation of this ratio.
4/ Equivalent to SDR 200 million.
5/ Debt situation needs to be revisited once the current conflict has ended and a new recovery program agreed.

APPENDIX

Table 10. Mali: Medium- and Long-term Balance of Payments, 1994-2017 [1]
(In billions of CFA francs)

	1994	1995	1996	1997	1998	1999	2000	2001
					Projections			
Exports, f.o.b.	186.8	220.5	221.8	327.8	335.1	374.2	393.0	421.6
Of which: cotton (fiber)	81.5	126.9	132.6	158.7	176.8	202.4	212.0	232.1
Imports, c.i.f.	-349.3	-374.8	-395.1	-438.2	-464.5	-496.1	-514.5	-534.6
Of which: petroleum	-29.1	-42.4	-52.2	-61.1	-64.8	-73.4	-76.2	-78.7
Trade balance	-162.5	-154.4	-173.3	-110.4	-129.5	-121.9	-121.5	-113.0
Services (net)	-58.3	-64.3	-66.5	-68.6	-69.4	-69.7	-70.6	-73.3
Of which: interest due	-21.9	-16.2	-13.9	-13.2	-16.1	-17.0	-18.2	-18.9
Private transfers (net)	47.1	47.8	46.0	42.0	42.0	43.7	45.0	47.2
Official transfers (net)	134.4	111.4	124.1	95.2	95.0	101.0	101.0	101.0
Of which: in kind	13.1	5.5	6.1	3.0	10.0	10.0	10.0	10.0
budgetary	42.8	29.4	26.7	20.8	0.0	0.0	0.0	0.0
project related	55.0	63.0	69.8	63.4	60.0	66.0	66.0	66.0
Current account balance								
Including official transfers	-39.3	-59.5	-69.7	-41.8	-61.9	-46.9	-46.1	-38.0
Excluding official transfers	-173.7	-170.9	-193.8	-137.0	-156.9	-147.9	-147.1	-139.0
Nonmonetary capital (net)	45.7	61.1	72.1	25.7	58.4	55.3	55.4	56.0
Private (net)	20.9	15.0	30.9	-8.0	1.5	4.0	6.0	10.0
Official (net)	24.8	46.1	41.2	33.7	56.9	51.3	49.4	46.0
Disbursements (net)	91.7	110.1	102.1	72.7	80.1	80.0	80.0	80.0
Budgetary	31.7	39.6	34.6	11.6	0.0	0.0	0.0	0.0
Project related	60.0	70.5	67.5	61.1	80.1	80.0	80.0	80.0
Amortization due	-66.9	-64.0	-60.9	-39.0	-23.2	-28.7	-30.6	-34.0
Debt relief [2]	51.8	44.8	41.0	0.0	0.0	0.0	0.0	0.0
Errors and omissions	9.8	-12.7	28.0	0.0	0.0	0.0	0.0	0.0
Overall balance	68.1	33.8	65.3	-16.1	-3.5	8.4	9.3	17.9
Financing	-68.1	-33.8	-65.3	16.1	3.5	-8.4	-9.3	-17.9
Foreign assets (net)	-48.2	-37.1	-65.3	1.5	-19.7	-23.1	-11.8	-17.9
Of which: IMF (net)	17.7	18.4	11.6	12.5	10.1	-7.0	-10.5	-13.8
Revaluation adjustment	0.0	3.3	0.0	0.0	0.0	0.0	0.0	0.0
Debt under negotiation/moratorium	0.0	0.0	0.0	14.6	0.0	0.0	0.0	0.0
Payments arrears	-19.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reduction	-19.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New borrowing / financing gap [3]	0.0	0.0	0.0	0.0	23.1	14.8	2.5	0.0
Of which: exceptional financing	0.0	0.0	0.0	0.0	12.3	3.2	0.0	0.0
Memorandum items:								
External current account balance (in percent of GDP)								
Including official transfers	-3.8	-4.8	-5.1	-2.8	-3.9	-2.7	-2.5	-1.9
Excluding official transfers	-16.9	-13.9	-14.2	-9.3	-9.8	-8.6	-8.0	-7.1
Debt service ratio [4]	18.8	14.7	14.0	13.6	12.0	12.4	13.2	13.9
NPV of public external debt (in billions of U.S. dollars)	...	...	1.265	1.239	1.325	1.403	1.474	1.534
NPV debt/exports ratio (including IMF)	...	...	259.3	220.1	221.4	211.0	210.2	202.5
Gross official reserves								
In billions of CFA francs	300.9	289.8	318.0	316.5	336.2	359.3	371.1	389.1
In months of imports of goods and services, c.i.f.	10.3	8.7	9.7	8.7	8.7	8.7	8.7	8.7
Outstanding payments arrears (end of period)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GDP at current prices (in billions of CFA francs)	1028.7	1231.0	1360.7	1477.6	1599.6	1720.6	1843.9	1977.3
Exchange rate (CFAF/US$)	555.2	499.1	511.6	583.7	599.5	597.6	597.7	597.5

APPENDIX

Table 10. Mali: Medium- and Long-term Balance of Payments, 1994-2017 [1] (continued)
(In billions of CFA francs)

	2002	2003	2004	2005	2006	2007	2008	2009
	Projections							
Exports, f.o.b.	449.9	463.6	481.3	500.8	522.3	529.8	548.8	574.0
Of which: cotton (fiber)	251.4	259.4	271.0	283.0	295.5	304.4	313.5	322.9
Imports, c.i.f.	-560.7	-589.5	-619.1	-650.4	-682.8	-717.0	-753.1	-791.1
Of which: petroleum	-83.2	-88.1	-93.5	-99.1	-105.1	-111.5	-118.3	-125.5
Trade balance	-110.8	-125.8	-137.8	-149.6	-160.5	-187.2	-204.3	-217.1
Services (net)	-72.2	-71.5	-71.1	-70.7	-70.2	-69.8	-69.5	-69.1
Of which: interest due	-19.1	-18.8	-18.6	-18.6	-18.5	-18.6	-18.9	-19.2
Private transfers (net)	50.5	54.1	57.9	61.9	66.3	70.9	76.2	83.1
Official transfers (net)	102.9	104.8	106.8	108.9	111.0	113.1	115.3	117.6
Of which: in kind	10.3	10.5	10.8	11.0	11.3	11.6	11.9	12.2
budgetary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
project related	67.7	69.3	71.1	72.9	74.7	76.5	78.5	80.4
Current account balance								
Including official transfers	-29.6	-38.4	-44.2	-49.5	-53.5	-73.0	-82.3	-85.6
Excluding official transfers	-132.5	-143.3	-151.1	-158.4	-164.5	-186.1	-197.6	-203.2
Nonmonetary capital (net)	57.0	56.6	59.3	61.0	59.7	59.7	62.8	64.3
Private (net)	12.0	12.3	12.6	12.9	13.2	13.6	13.9	14.3
Official (net)	45.0	44.3	46.7	48.1	46.4	46.1	48.9	50.0
Disbursements (net)	81.0	83.0	86.0	90.0	92.0	96.0	100.0	102.5
Budgetary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project related	81.0	83.0	86.0	90.0	92.0	96.0	100.0	102.5
Amortization due	-36.0	-38.7	-39.3	-41.9	-45.6	-49.9	-51.1	-52.5
Debt relief [2]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	27.4	18.2	15.0	11.5	6.2	-13.3	-19.5	-21.3
Financing	-27.4	-18.2	-15.0	-11.5	-6.2	13.3	19.5	21.3
Foreign assets (net)	-27.4	-18.2	-15.0	-11.5	-6.2	-1.5	3.9	4.9
Of which: IMF (net)	-17.2	-18.1	-18.6	-13.8	-9.3	-5.9	-2.5	0.0
Revaluation adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt under negotiation/moratorium	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New borrowing / financing gap [3]	0.0	0.0	0.0	0.0	0.0	14.8	15.5	16.4
Of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:								
External current account balance (in percent of GDP)								
Including official transfers	-1.4	-1.7	-1.8	-1.9	-1.9	-2.5	-2.6	-2.5
Excluding official transfers	-6.3	-6.3	-6.2	-6.1	-5.9	-6.2	-6.2	-5.9
Debt service ratio [4]	14.1	14.3	13.9	13.5	13.4	13.9	13.1	12.4
NPV of public external debt (in billions of U.S. dollars)	1.559	1.582	1.609	1.641	1.672	1.712	1.760	1.815
NPV debt/exports ratio (including IMF)	193.5	186.0	180.9	177.7	173.8	172.0	171.1	170.6
Gross official reserves								
In billions of CFA francs	416.5	434.7	449.7	461.2	467.4	468.9	465.0	460.1
In months of imports of goods and services, c.i.f.	8.9	8.8	8.7	8.5	8.2	7.8	7.4	7.0
Outstanding payments arrears (end of period)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GDP at current prices (in billions of CFA francs)	2111.1	2261.1	2422.0	2594.6	2779.8	2978.3	3191.4	3419.9
Exchange rate (CFAF/US$)	597.3	597.1	597.1	597.1	597.1	597.1	597.1	597.1

Table 10. Mali: Medium- and Long-term Balance of Payments, 1994-2017 [1] (concluded)
(In billions of CFA francs)

	2010	2011	2012	2013	2014	2015	2016	2017
	Projections							
Exports, f.o.b.	562.6	599.0	630.0	665.0	680.3	722.5	770.9	826.9
Of which: cotton (fiber)	332.6	342.6	352.8	363.4	374.3	385.5	397.1	409.0
Imports, c.i.f.	-831.3	-873.7	-918.4	-965.6	-1015.5	-1068.1	-1123.7	-1183.2
Of which: petroleum	-133.1	-141.1	-149.7	-158.8	-168.4	-178.6	-189.5	-201.0
Trade balance	-268.6	-274.7	-288.4	-300.6	-335.2	-345.7	-352.7	-356.4
Services (net)	-68.6	-68.3	-67.8	-67.2	-66.4	-65.5	-64.2	-62.6
Of which: interest due	-19.6	-20.3	-21.1	-21.8	-22.6	-23.6	-24.5	-25.3
Private transfers (net)	90.5	98.7	107.6	117.3	127.8	139.3	151.9	165.5
Official transfers (net)	119.9	122.3	124.7	127.2	129.8	132.4	135.1	137.8
Of which: in kind	12.5	12.8	13.1	13.4	13.8	14.1	14.5	14.8
budgetary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
project related	82.4	84.5	86.6	88.8	91.0	93.3	95.6	98.0
Current account balance								
Including official transfers	-126.8	-122.0	-123.9	-123.3	-144.0	-139.5	-130.0	-115.6
Excluding official transfers	-246.7	-244.3	-248.6	-250.5	-273.7	-271.8	-265.1	-253.4
Nonmonetary capital (net)	63.3	61.9	62.2	62.5	59.5	54.9	53.7	50.1
Private (net)	14.6	15.0	15.4	15.7	16.1	16.5	17.0	17.4
Official (net)	48.7	46.9	46.9	46.8	43.4	38.4	36.8	32.7
Disbursements (net)	105.1	107.7	110.4	113.1	116.0	118.9	121.8	124.9
Budgetary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project related	105.1	107.7	110.4	113.1	116.0	118.9	121.8	124.9
Amortization due	-56.3	-60.8	-63.5	-66.4	-72.6	-80.5	-85.1	-92.2
Debt relief [2]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Errors and omissions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-63.5	-60.1	-61.6	-60.8	-84.4	-84.5	-76.3	-65.5
Financing	63.5	60.1	61.6	60.8	84.4	84.5	76.3	65.5
Foreign assets (net)	24.7	17.4	14.7	13.2	13.0	10.2	8.8	8.5
Of which: IMF (net)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt under negotiation/moratorium	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accumulation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New borrowing / financing gap [3]	38.8	42.7	46.9	47.6	71.4	74.3	67.5	57.0
Of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:								
External current account balance (in percent of GDP)								
Including official transfers	-3.5	-3.1	-2.9	-2.7	-3.0	-2.7	-2.3	-1.9
Excluding official transfers	-6.7	-6.2	-5.9	-5.6	-5.7	-5.2	-4.8	-4.2
Debt service ratio [4]	12.6	12.1	11.5	11.4	12.0	12.4	12.2	12.3
NPV of public external debt (in billions of U.S. dollars)	1.890	1.970	2.060	2.152	2.257	2.357	2.451	2.534
NPV debt/exports ratio (including IMF)	173.4	175.1	177.0	175.1	175.8	175.4	173.5	168.5
Gross official reserves								
In billions of CFA francs	435.5	418.1	403.4	390.2	377.2	367.0	358.2	349.7
In months of imports of goods and services, c.i.f.	6.3	5.7	5.3	4.8	4.5	4.1	3.8	3.5
Outstanding payments arrears (end of period)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GDP at current prices (in billions of CFA francs)	3665.2	3928.2	4210.6	4513.5	4838.5	5187.4	5561.8	5963.6
Exchange rate (CFAF/US$)	597.1	597.1	597.1	597.1	597.1	597.1	597.1	597.1

Sources: Malian authorities; and staff estimates and projections.

[1] Data may not add up because of rounding.

[2] Reflects past agreements on debt rescheduling and moratoriums, including with the People's Republic of China, Arab bilateral funds, and Côte d'Ivoire, as well as debt under negotiation until 1996.

[3] Reflects only assistance to be identified.

[4] In percent of exports of goods and services.

Table 11. Discount Rate and Exchange Rate Assumptions

	Discount Rates (CIRR) and Proxy Rates [1] (in percent)	Exchange Rates [2] (currency per U.S. dollar)
Belgian franc	6.58	36.92
Canadian dollar	6.72	1.43
French franc	5.91	5.99
German mark	5.88	1.79
Italian lira	6.33	1759.19
Japanese yen	2.50	129.95
Netherlands guilder	6.81	2.02
Swiss franc	4.33	1.46
U.K. pound	7.95	0.60
U.S. dollar	7.31	1.00
Danish krone	6.24	6.83
ECU	5.88	0.91
SDR	6.06	0.74
Chinese yuan	6.06	8.28
Algerian dinars	6.06	58.41
Islamic Development Bank	6.06	0.74
Kuwaiti dinars	6.06	0.30
Egyptian pounds	6.06	3.39
U.S.S.R. rubles	6.06	0.60
Saudi Arabian riyals	6.06	3.75
U.A.E. dirhams	6.06	3.67
ADF unit of account	6.06	0.80
ADB unit of account	6.06	0.74
CFA francs [3]	5.91	598.81

Sources: Organization for Economic Cooperation and Development; and IMF, *International Financial Statistics.*

[1] For the first group of currencies, the discount rates reported are the average Commercial Interest Reference Rates (CIRRs) for the respective currencies over the six-month period prior to December 31, 1997; for the second group beginning with the Chinese yuan, CIRRs are not available, and the SDR discount rate has been used as a proxy.

[2] As at December 31, 1997, unless otherwise noted.

[3] French franc discount rate was used for CFA franc.

Table 12. Mali: Consolidated Government Operations, 1994-2001 [1]

	1994	1995	1996	1997 Prog.	1997 Act.	1998 1999 Program		2000 2001 Projections	
	(In billions of CFA francs)								
Revenue and Grants	220.1	249.5	302.5	289.3	313.9	305.1	343.1	373.0	398.8
Revenue	122.3	157.1	205.9	220.8	229.7	245.1	277.1	307.0	332.8
Budgetary revenue	109.3	140.5	185.0	203.9	207.9	227.2	259.2	289.1	314.9
Tax revenue	103.2	131.5	172.8	187.9	196.3	216.8	248.5	277.4	303.2
Nontax revenue	6.1	9.0	12.2	16.0	11.6	10.5	10.7	11.7	11.7
Special funds and annexed budgets	12.9	16.6	20.9	16.9	21.8	17.9	17.9	17.9	17.9
Grants	97.8	92.4	96.5	68.5	84.2	60.0	66.0	66.0	66.0
Total expenditure and net lending	265.2	287.4	314.0	352.3	345.2	367.5	386.8	404.3	423.7
Budgetary expenditure	268.4	291.9	303.9	335.4	328.6	354.0	373.4	386.4	405.8
Current expenditure	132.1	134.7	137.1	161.8	167.7	171.4	176.8	180.8	184.3
Wages and salaries	44.5	48.0	50.6	56.2	56.8	60.3	65.7	65.7	65.7
Scholarships	4.2	3.9	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Interest [2 3]	23.9	17.6	14.5	22.3	13.8	16.9	18.0	19.5	19.3
Other expenditure	59.5	65.2	67.7	79.0	92.8	90.0	88.8	91.3	95.0
Of which: social safety net	12.8	10.0	8.7	10.0	6.0	13.0	11.0	10.0	10.0
Development, PESAP, VDP, and NP	136.3	157.2	166.8	173.6	160.9	182.6	196.5	205.6	221.5
Of which: development expenditure	128.7	152.1	161.6	169.0	156.4	179.1	192.7	205.6	221.5
externally financed	115.0	133.5	137.3	144.0	124.5	140.1	146.0	146.0	146.0
domestically financed	13.7	18.6	24.3	25.0	31.9	39.0	46.7	59.6	75.5
Special funds and annexed budgets	11.7	14.5	20.7	16.9	21.8	17.9	17.9	17.9	17.9
Net lending	-14.9	-19.0	-10.6	...	-5.2	-4.4	-4.4	0.0	0.0
Overall fiscal balance (commitment basis, including grants)	-45.1	-37.9	-11.6	-63.0	-31.3	-62.4	-43.7	-31.3	-24.9
Changes in payments arrears	-29.7	-10.1	-18.0	-7.0	-7.0	-10.0	-9.3	0.0	0.0
Domestic arrears	-9.9	-10.1	-18.0	-7.0	-7.0	-10.0	-9.3	0.0	0.0
External arrears	-19.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustment (cash basis)	0.0	-3.9	-1.0	0.0	-1.4	0.0	0.0	0.0	0.0
Overall fiscal balance (cash basis, including grants)	-74.8	-51.9	-30.5	-70.0	-39.7	-72.4	-53.0	-31.3	-24.9
Financing	74.8	51.9	30.6	47.2	39.7	47.7	36.7	27.3	24.9
External financing (net)	76.7	90.9	82.1	54.9	49.0	58.8	53.9	52.6	49.1
Loans	91.7	110.1	102.1	78.0	72.7	80.1	80.0	80.0	80.0
Amortization [2]	-66.9	-64.0	-60.9	-39.7	-39.0	-21.3	-26.1	-27.4	-30.9
Debt relief	51.8	44.8	40.9	16.6	15.3	0.0	0.0	0.0	0.0
Domestic financing (net)	-1.9	-39.0	-51.6	-7.7	-9.3	-11.1	-17.2	-25.3	-24.2
Banking system	-4.5	-39.6	-46.0	-1.4	-1.9	-5.0	-10.2	-17.0	-17.2
Of which: net credit to the government	1.0	-33.7	-40.1	0.0	-0.2	-3.3	-8.5	-16.0	-16.6
Privatization receipts	1.8	1.3	0.3	...	1.4	1.9	1.0	...	...
Nonbank financing	0.9	-0.6	-3.5	-6.3	-8.7	-8.0	-8.0	-8.3	-7.0
Financing gap [4]	0.0	0.0	0.0	22.8	0.0	24.7	16.3	4.1	0.0
	(In percent of GDP)								
Total revenue and grants	21.4	20.3	22.2	19.4	21.2	19.1	19.9	20.2	20.2
Budgetary revenue	10.6	11.4	13.6	13.7	14.1	14.2	15.1	15.7	15.9
Of which: tax revenue	10.0	10.7	12.7	12.6	13.3	13.6	14.4	15.0	15.3
Total expenditure and net lending	25.8	23.3	23.1	23.6	23.4	23.0	22.5	21.9	21.4
Overall fiscal balance									
Commitment basis, including grants)	-4.4	-3.1	-0.8	-4.2	-2.1	-3.9	-2.5	-1.7	-1.3
Commitment basis, excluding grants	-13.9	-10.6	-7.9	-8.8	-7.8	-7.6	-6.4	-5.3	-4.6
Primary balance [5]	-0.4	1.7	3.2	2.3	1.5	2.2	3.2	3.7	3.8
Spending on health and education	5.2	4.8	4.9	5.4	5.1	5.5	6.2	6.6	6.9
Memorandum items	(In billions of CFA francs)								
GDP at current prices	1028.7	1231.0	1360.7	1490.7	1477.6	1599.6	1720.6	1843.9	1977.3

Sources: Malian authorities; and staff estimates and projections.

[1] As presented in EBS/98/127. Data may differ from that presented elsewhere in this document due to differing debt relief assumptions.

[2] Scheduled; after debt cancellation obtained through 1996; from 1997 onward reflects Russian debt service on the basis of the 1996 Paris Club stock-of-debt operation.

[3] Includes estimates for interest due on disbursements after December 1996.

[4] For 1997 reflects only debt relief flowing from assumption of comparable treatment on non-Paris Club bilateral debt. For 1998-99, the gaps reflect the above-mentioned debt relief as well as other assistance to be identified.

[5] Defined as total revenue minus total expenditure and net lending, excluding interest payments and foreign-financed development expenditure.

Table 13. Mali: Social Development Performance Indicators [16]

Objectives	Verifiable Indicators	Means of Verification	Target for 1999
HEALTH			
Increase public spending on Health.	Share of current expenditure in health.	PFP and ESAF midterm review missions; Economic Management Credit supervision	Increased share in current expenditure from 8.9 percent in 1997 to 10.5 percent in 1999.
Improve access to health facilities from 30 to 60 percent of the population.	Number of facilities providing minimum health care package.	Review of Health Sector Investment Program	Increase primary health care coverage from 40 percent of the population in 1998 to 45 percent in 1999.
Reduce infant mortality by 40 percent by 2002.	Vaccination coverage. Incidence of death from diarrhea, respiratory disease, malnutrition, and malaria.	Management information system (MIS). Review of Health Sector Investment Program.	Increase vaccination coverage for children from 40 percent in 1996 to 70 percent by 1999. Reduce by 20 percent compared to 1997, the incidence of death caused by diarrhea, respiratory disease, malnutrition and malaria.
Reduce by 30 percent maternal mortality by 2002.	Increase use of prenatal care and emergency obstetric.	Demographic and health surveys (DHS).	Increase pre-natal visits from 40 percent to 50 percent of pregnant women
Increase contraceptive use from 7 percent in 1997 to 15 percent by 2002.	Sales volumes and distribution of contraceptives in health facilities.	MIS/ Qualitative surveys.	Increase by 10 percent the number of family planning users.
EDUCATION			
Increase the share of public expenditure on primary education.	Target for total expenditure on primary education /total budgetary expenditures. Targets for teaching material allocation for primary school.	Review of Education Sector Investment Program/PFP and ESAF mid-term reviews.	Share of primary education in total education budget will increase from 54 percent in 1996 to 58 percent in 1999. Increase share of teaching material expenditure from 12 percent in 1997 to 13 percent of recurrent budget for primary education.
Improve the intra-sectoral allocation of expenditures.	Completed sector expenditure review.	PFP and ESAF mid-term review/Education LIL.	Agreement with Bank on a public expenditure review and on an action plan to implement its recommendations.
Reduce unit cost per teachers.	Agreed program for recruitment outside civil service.	Education LIL (learning and innovation loan)/Negotiation of Education Sector Investment Program.	Contract teachers as share of newly hired teachers to increase from 10 to 40 percent.
Improve access to basic education in rural areas.	Agree on program to increase the number of community schools.	Education LIL/Negotiation of Education Sector Investment Program.	Increased primary school enrollment from 47 percent in 1997 to 55 percent in 1999.

[16] CMDT : Compagnie Malienne pour le Développement du Textile.
CPS : Cellule de Planification et de Statistiques.
MDRE : Ministère du Développement Rural et de l'Eau.
MEB : Ministère de l'Education de Base.
MESSRS: Ministère de l'Enseignement Secondaire, Supérieur et de la Recherche Scientifique.
MF : Ministère des Finances.
MSSPA : Ministère de la Santé, de la Solidarité et des Personnes Agées.
PNIR : Programme National d'Infrastructure Rurales.
PNRA : Programme National de Recherche Agricole.
PSAOP : Programme d'Appui au Secteur Agricole et aux Organisations Paysannes.
LIL : Learning and Innovation Loan.

Table 13 (concluded). Mali: Social Development Performance Indicators[16]

Objectives	Verifiable Indicators	Means of Verification	Target for 1999
RURAL DEVELOPMENT			
Provide rural communities with basic infrastructure.	Increase in kms of rural roads and number of bridges, water points, rural markets, Alphabetization centers, Animal vaccination centers.	Projects (Rural Infrastructure & NRM) annual and SPN reports; National statistics. Project (NRM) Impact Assessment Report (1999) and ICR (2000).	Approval of PNIR Project. Assessment of project Impact (NRM). Strengthening Monitoring & Evaluation (NRM).
Promote local community empowerment and sustainable use of their natural resources.	Increased number of communities with Nat. Res. Management Plans. Sustainable growth of agricultural production.	Project (NRM) Annual and SPN Reports, Impact Assessment Report (1999) and ICR (2000).	Assessment of project Impact (NRM). Strengthening Monitoring & Evaluation (NRM).
Increased farmers revenue in the cotton area due to new cost sharing mechanisms.	New performance contract with CMDT to include new cost sharing mechanism favorable to farmers.	PFP-ESAF midterm review. SPN missions. Institutional audits.	Agreement with IDA on the new performance contract with CMDT.
Improve technology generation and diffusion through research and extension.	Strategic research plan completed. Increasing number of farmers adopting new technologies. Increase in production value added.	Review of PNRA and preparation of PSAOP.	Complete preparation of PSAOP. Adopt and start implementing the Strategic Research Plan.