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May 23, 2023

**Statement by Mr. Parkyn and Ms. Karl on Mali
(Preliminary)
Executive Board Meeting
May 25, 2023**

We thank staff for the report and Mr. Sylla and Mr. Diakite for their informative buff statement.

Mali's economy has been adversely impacted by a series of shocks and spillovers from Russia's war on Ukraine. While the economy has been relatively resilient, the outlook is subject to significant downside risks relating to security, climate change, food insecurity, political uncertainty, and global headwinds. We encourage the authorities to calibrate a prudent policy mix with contingency planning to sustain the economic recovery. Macroeconomic stability would be supported by the authorities taking decisive steps to mitigate downside risks and obtain renewed engagement with international development partners.

The extremely tight financing environment warrants growth-friendly fiscal consolidation while ensuring debt sustainability. The authorities' efforts to reduce fiscal deficits since 2020 is welcome. A more ambitious consolidation would be appropriate with increased expenditure efficiency and revenue mobilization reforms. Considering the costly tax exemptions, we concur with staff in encouraging the authorities to provide targeted support to the most vulnerable. This could include strengthening targeted cash transfer programs including remodeling delivery tools and expediting identification and registration of beneficiaries. While we note the context for wage bill increases, we encourage the authorities to review Mali's public sector machinery and wage system to identify efficiency-enhancing reforms. Revenue policy and administrative reforms should be pursued to mobilize revenue, supported by digitalization and a medium-term revenue strategy.

Structural reforms are needed to improve governance, business environment, education, health, climate change and gender equity to unlock Mali's growth potential. Implementing governance reforms that strengthen transparency and the rule of law are vital for improving the environment for business investment. Combating corruption vulnerabilities, especially in the gold mining sector, is particularly important. Improving transparency and efficiency in the SOE sector would help to reduce the cost of doing business. Improving educational and health outcomes, including through greater gender equity, would support a more productive workforce. Mali's vulnerability to the effects of climate change requires a strong policy focus. Climate finance on concessional terms is needed, underscoring the priorities of international accreditation and engagement with development partners.

The high risks of money laundering and terrorism financing requires close monitoring and supervision. Authorities are encouraged to implement Mali's Action Plan agreed with the FATF to strengthen the AML/CFT framework.

We encourage staff to continue engagement with the authorities to support needed reforms. This should occur in coordination with other development partners and MDBs and within the framework of the IMF Strategy for Fragile and Conflict-Affected States. We welcome details of the Country Engagement Strategy for Mali, which should support consistent, integrated and focused Fund engagement with Mali.