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February 18, 2021

Statement by Ms. Senich and Mr. Gudicello on Mali
(Preliminary)
Executive Board Meeting
February 22, 2021

We thank staff for their report and Mr. Andrianarivelo, Mr. Sylla, and Mr. Diakite for their Buff statement. We recognize that Mali faces a complex situation, and economy has been buffeted by the dual shocks of the COVID pandemic and political upheaval. We commend the authorities for their commitment to reform under the Extended Credit Facility (ECF). Given the circumstances of the past year, we support staff's recalibration of the macroeconomic framework underpinning the program. To that end, **we support the proposed waivers for the missed performance criteria, the modification of performance criteria, and conclusion of the second and third reviews of the ECF.**

We offer the following comments below on specific issues in the review.

We support appropriate medium-term fiscal targets that take into account the aftershocks of the pandemic and the ongoing security crisis in Mali and the broader Sahel. We agree with staff on the need to preserve expenditures on priority investments and encourage the authorities not to base their planned fiscal consolidation on reduced capital investment. While it may be politically challenging to tackle certain current expenditures, we encourage the authorities to coordinate closely with staff to achieve a balanced expenditure mix. *Can staff comment on how teacher salaries rank relative to other West African and SSA peers?*

Preserving growth-enhancing investment will require reforms to mobilize revenue, and we commend the progress the authorities have made on improving revenue administration. Recognizing the unfortunate delays in PFM and governance targets, we encourage staff to use the review on tax expenditures and the study on wage bill policy to inform structural benchmarks at subsequent reviews. We also encourage the authorities to make progress on the illicit enrichment law as a demonstration of their commitment to governance reform. *Can staff provide an update on the progress for the structural benchmark on approval of the Law on the Prevention and Suppression of Illicit Enrichment?*

We support recalibrating the macroeconomic framework to take into account the authorities' capacity for reform. We support the series of waivers proposed by staff as the products of one-off events that are unlikely to be repeated in the case of temporary arrears or appropriate responses to crisis. We also support adjusting performance criteria going forward to reflect the new fiscal framework. We encourage the authorities to implement needed PFM reforms as quickly as possible to adhere to the continuous indicative target on avoiding domestic supplier arrears. This is essential not just for program quality, but for strong governance overall.

With these comments we wish the authorities success in implementation of the program.