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This paper provides background information to the staff report on the 1981 Article IV consultation discussions with Mali, which was circulated as SM/81/206 on October 29, 1981, and has tentatively been scheduled for discussion on Friday, November 13, 1981.

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INTERNATIONAL MONETARY FUND

MALI

Recent Economic Developments

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MALI - Basic Data

Area, population and GDP per capita

Area	1,240,190 square kilometers
Population	
Total (1980 estimate)	6.9 million
Growth rate (1980 estimate)	2.5 per cent
GDP per capita (1980)	SDR 145

	<u>1972</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u> Est.
	(In billions of Mali francs)				
<u>Gross domestic product at constant 1980 prices</u>	386.2	504.9	559.9	553.3	550.3
Primary sector	134.5	159.5	184.5	178.8	175.4
Secondary sector	127.0	164.2	165.8	164.5	162.7
Tertiary sector	124.7	181.2	209.6	210.0	212.4
<u>Gross domestic product at current prices</u>	188.1	432.6	517.6	553.3	600.8
<u>Resource gap</u>	17.8	88.0	98.7	106.7	127.1
<u>Gross domestic expenditure</u>	205.9	520.6	616.2	659.9	728.1
Consumption	176.0	389.6	494.2	538.3	593.1
Gross investment	29.9	131.0	122.0	121.6	135.0
<u>Gross domestic savings</u>	12.1	43.0	23.4	14.9	7.1
<u>Price index of foodstuffs in Bamako (1962/63 = 100)</u>					Six month
Controlled market	196.3	466.9	518.8	592.0	645.
Uncontrolled market	250.9	630.5	605.9	738.6	785.
Composite index <u>1/</u>	237.3	589.5	584.1	701.9	750.

(In billions of Mali francs)

Public finance

Budgetary transactions					
Revenue	20.7	52.3	54.9	59.4	69.
Expenditure <u>2/</u>	24.6	-64.2	-74.7	-83.4	83.
Treasury deficit	-3.9	-11.9	-19.8	-24.0	-13.

1/ Weights 3/4 uncontrolled market, 1/4 controlled market.

2/ Current plus capital expenditure.

MALI - Basic Data (continued)

	<u>1972</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u> Est.
	<u>(In billions of Mali francs)</u>				
Financed by:					
External sources (gross)	2.0	3.8	6.4	14.2	9.7
Banking system (net)	0.7	11.5	10.1	5.0	12.5
Changes in arrears	--	2.0	5.1	6.0	--
Treasury operations (net)	1.2	-5.4	-1.8	-1.2	-8.3
Extrabudgetary transactions <u>1/</u>					
Revenue	7.3	33.0	35.2	38.5	43.8
Expenditure <u>2/</u>	-15.5	-75.4	-91.2	-92.3	-110.8
Deficit	-8.2	-42.4	-56.0	-53.8	-67.0
Financed by:					
External sources (net)	6.5	46.2	57.8	59.2	67.5
Changes in cash balances and other	1.7	-3.8	-1.8	-5.4	-0.5
Consolidated transactions					
Revenue	28.0	85.3	90.1	97.9	113.7
Expenditure	-40.1	-139.6	-165.9	-175.7	-194.6
Deficit	-12.1	-54.3	-75.8	-77.8	-80.9
<u>Monetary survey (end of year)</u>					
Net foreign assets	-33.1	-95.9	-103.9	-112.4	-127.1
Domestic credit	81.9	241.0	270.2	287.7	321.7
Claims on Government (net)	47.7	107.9	118.0	123.7	136.2
Claims on economy	34.2	133.1	152.2	164.0	185.5
Money and quasi-money	35.2	118.4	136.1	144.4	160.1
Long-term foreign liabilities	3.8	5.2	5.2	4.9	4.9
SDR allocation	4.2	4.3	5.8	7.2	8.8
Other liabilities (net)	5.6	17.2	19.2	19.8	19.8
<u>Balance of payments</u>					
	<u>(In millions of SDRs) <u>3/</u></u>				
Exports, f.o.b.	41.9	88.7	114.1	157.5	125.1
Imports, c.i.f.	-77.8	-227.6	-271.3	-346.0	-313.0
Services (net)	-10.3	-30.1	-34.9	-23.5	-22.0
Private transfers (net)	9.7	29.6	24.9	26.9	29.2

1/ Staff estimates.

2/ Current plus capital expenditure.

3/ Period average.

MALI - Basic Data (concluded)

	<u>1972</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u> Est.
	(In millions of SDRs)				
Current account	-36.5	-139.4	-167.2	-185.1	-180.7
Unrequited public transfers (net)	18.1	83.0	82.6	83.2	81.0
Capital (net)	7.2	41.6	58.6	81.1	73.5
Errors and omissions	3.8	-6.7	1.5	-10.6	--
Overall balance	-7.4	-21.5	-24.5	-31.4	-26.2
SDR allocation	2.3	--	2.7	2.7	2.7
Trust Fund loans	--	9.0	6.7	5.6	0.2
Commercial banks	-0.6	8.6	-2.4	2.6	-1.8
Central Bank	5.7	-1.6	10.2	5.8	25.1
Of which: operations account	(6.5)	(4.4)	(13.3)	(9.1)	(28.0)
Change in arrears	--	5.5	7.3	14.7	...
<u>Official foreign reserves and liabilities (end of year)</u>					
Gross reserves	3.6	6.5	6.7	12.0	13.2
Gross liabilities	67.4	175.8	197.6	205.0	208.8
Of which: operations account	(56.6)	(158.3)	(176.6)	(171.2)	(179.7)
<u>Public external debt (end of period)</u>					
Disbursed	210.5	420.3	418.8	491.7	...
Undisbursed	58.4	169.4	165.5	225.2	...
Total	268.9	589.7	584.3	716.9	...
<u>External payments arrears (end of period)</u>					
	...	17.5	25.6	37.6	...
<u>Exchange rates (period average)</u>					
	(Mali francs per SDR and per U.S. dollar)				
SDR	556.4	565.0	549.7	550.0	September 637.2
U.S dollar	504.4	451.3	425.5	422.6	556.7
	(December 1971 = 100)				
Import-weighted effective rate index	98.0	101.6	101.4	101.4	107.0

Mali: Designation of State Enterprises by Sector

I. Trade and Service Sector

SOMIEX: Société Malienne d'Importations et d'Exportations (T)
OPAM: Office des Produits Agricoles du Mali
PPM: Pharmacie Populaire du Mali (T)
SHM: Société des Hôtellerie du Mali (T)
SMERT: Société Malienne d'Exploitation des Ressources Touristiques
SCAER: Société de Crédit Agricole et d'Equipement Rural

II. Agricultural and Industrial Sector

EDM*: Energie du Mali
ITEMA*: Industrie Textile du Mali (T)
COMATEX: Compagnie Malienne des Textiles (T)
SEPAMA*: Société d'Exploitation des Produits d'Arachide du Mali (T)
SEPOM: Société d'Exploitation des Produits Oléagineux du Mali (T)
SMECMA*: Société Malienne d'Etude et de Construction de Matériel
Agricole (T)
SONATAM: Société Nationale des Tabacs et Allumettes du Mali (T)
SOCORAM*: Société de Construction Radioélectrique du Mali (T)
SOCIMA: Société des Ciments du Mali (T)
EMAB: Entreprise Malienne du Bois (T)
EMAMA: Entreprise Malienne de Maintenance (T)
UCEMA: Usine Céramique du Mali (T)
SOCOM*: Société des Conserveries du Mali (T)
TAMALI: Société des Tanneries Maliennes (T)
EDIM: Editions Imprimerie du Mali (T)
SONAREM: Société Nationale de Recherches et d'Exploitations
Minières
OCINAM: Office Cinématographique National du Mali (T)
LPM: Libraire Populaire du Mali (T)
ON: Office du Niger

III. Transportation and Public Works Sector

AirMali: Air Mali (T)
CMTR: Compagnie Malienne des Transports Routiers (T)
RCFM: Régie des Chemins de Fer du Mali
CMN: Compagnie Malienne de Navigations (T)
BETRAM: Base Equipement Transport du Mali
SAT*: Société Africaine des Transports
CNEX/BTP: Centre National Expérimental pour Bâtiments et
Travaux Publics
SQMITRAM*: Société Malienne d'Ingénierie en Transport Maritime
DAM: Direction des Aéroports du Mali
EMACI: Entrepôts du Mali en Côte d'Ivoire
EMASE: Entrepôts du Mali au Sénégal
SONETRA: Société Nationale d'Entreprises et des Travaux (T)
SEMA*: Société d'Equipement du Mali (T)

*Mixed private and government-owned enterprises.

T - Under the purview of the Ministry of State Enterprises.

I. Production and income

1. Macroeconomic developments

a. Gross domestic product (1972-80)

Over this period overall and sectoral growth in real gross domestic product has fluctuated, largely because of prevailing weather conditions, with modest growth from 1973 through 1978 being followed by sharply higher growth in 1979 and a slight decline in 1980. Comprehensive official national accounts data have not been published since 1976; however, sketchy estimates prepared by the Malian authorities together with Fund staff suggest a pattern of markedly uneven real and nominal growth (Appendix Tables I and II). At the overall level, real GDP at constant 1980 prices, after increasing at an average rate of 4.6 per cent during 1972-78, rose sharply in 1979 by around 11 per cent, only to decline slightly in 1980. These developments reflect mainly the variable impact on agricultural production, which has generally accounted for just over one half of total output, of droughts in 1973/74, 1977/78, and 1980/81, together with favorable weather in 1976/77 and 1978/79.

In sectoral terms the rough balance in relative shares in 1972 has been broadly maintained, with marginal declines in the shares of the primary and secondary sectors being compensated for by an increase in the tertiary sector's share; at end-1980 these shares stood at 32, 30, and 38 per cent, respectively. This suggests little structural transformation in the economy, although it points up the variability of agricultural production, the stagnation of industrial output, and the increasing importance of public administration services. Over the period 1972-78 output in the primary sector registered only a modest average annual increase of 2.9 per cent, reflecting virtual stagnation in traditional agriculture but vigorous growth in the value of export crops, especially cotton. In 1979, however, a sharp increase of almost 16 per cent was recorded, largely because of bumper traditional cereal crops and a significant reconstitution of the livestock herd. The negative growth rate in 1980 was caused by the impact of adverse weather conditions on traditional agriculture. The secondary sector grew at 3.7 per cent annually during 1972-78, but thereafter the growth rate declined sharply in 1979 and even turned negative in 1980. This trend is explained by the tapering off of growth in energy (13 per cent) and construction of public works (10 per cent) with the near completion of the Sélingué dam in 1979-80. It was compounded by a stagnation in manufacturing activity, which is largely agro-based in nature, due to the stagnation in modern agriculture. The tertiary sector grew at a much higher rate of 6.4 per cent because of increased expenditures on the transport network together with growth in trading and public sector activities. Its growth, too, slowed down significantly after 1978.

b. Gross domestic expenditure and the resource gap (1972-80)

Over the period the resource gap widened more than six-fold, from about MF 18 billion or 9 per cent of nominal GDP in 1972 to MF 107 billion or 19 per cent of GDP in 1980 (Appendix Table III). In the face of stagnant

exports, this gap has had to be filled by an increasing level of imports, including foodgrain imports, reflecting the fact that the growth in domestic expenditure consistently outpaced that of output. Domestic expenditure growth, which averaged 16 per cent annually, has, in turn, been largely attributable to the three-fold increase in consumption expenditures, which are residually determined. Consumption has accounted for an average of 95 per cent of GDP along a rising trend. By contrast, savings have been low, never exceeding 10 per cent of GDP. The marked decline in savings rates after 1978 reflect primarily the sizable and growing deficits of the public sector; on the other hand, it is estimated that private savings, including real savings in the traditional sector and financial savings represented by holdings of money and quasi-money, increased in line with GDP. Meanwhile, total investment expanded almost fourfold to MF 121.6 billion in 1980, its ratio to GDP stabilizing at around 22 per cent. Because of low domestic savings, an overwhelming share of such investment had to be financed from external sources.

2. Agriculture

a. Production of cereals

Agriculture in Mali consists of domestically oriented production, mainly of food crops such as maize, millet, sorghum, and rice for own consumption and the production for export of cotton and groundnuts. Generally, domestic production accounts for 95 per cent of consumption. Currently there are about 2 million hectares under permanent cultivation, 90 per cent of which is rainfed while the remainder is irrigated. Only a small fraction of the area producing rainfed cereal benefits from fertilizer, improved and treated seeds, and pest control measures; furthermore, the introduction of modern farm implements lags behind schedule. Consequently, the production of food crops remains extremely vulnerable to weather conditions. To mitigate cereal output fluctuations, the Government authorities have encouraged a more intensive production of cereals (especially rice) through several coordinated rural development projects called "Operations de Développement Rural." These projects are characterised by considerable managerial autonomy and are financed by a mix of foreign assistance and support from the government budget. Their activities cover both the distribution of inputs to farmers and the provision of extension services, training, and marketing services.

Total production of cereals declined slightly between crop years 1971/72 and 1979/80 and is expected to decline still further in 1980/81 (Table 1). However, this decline masks a considerable degree of variability, induced exclusively by changes in weather. Between 1971/72 and 1977/78 output grew at an average rate of only 4.9 per cent per annum, necessitating the importation of about 8 per cent of domestic supply. Further fluctuations in cereal production followed in 1978/79, when output increased by 9 per cent, and in 1979/80, when there was a sharp decline; the decline is expected to continue into 1980/81, requiring a significant increase of cereal imports

Table 1. Mali: Production, Marketing and Producer Prices
of Main Food Crops, 1971/72-1980/81

(Area in thousands of hectares; production in thousands of
metric tons; yield in kilograms per hectare; marketing in
thousands of metric tons; prices in Mali francs per kilogram)

	1971/72	1977/78	1978/79	1979/80	1980/81 Forecast
<u>Production</u>					
Millet, sorghum, and corn					
Area	1,400	1,240	1,345	1,405	1,275
Output	771	942	1,006	768	700
Yield	551	760	748	547	549
Rice					
Area	132	170	220	190	175
Output	102	130	162	86	75
Equivalent in paddy	(170)	(216)	(269)	(143)	(124)
Yield	560	765	736	453	429
Total production	873	1,072	1,168	854	775
<u>Marketing 1/</u>					
Millet, sorghum, and corn	30.5	37.4	48.9	24.9	29.4
Rice	28.5	39.8	38.2	35.8	40.5
Of which: Office du Niger	(...)	(24.0)	(31.1)	(30.9)	(34.0)
Total	59.0	67.4	116.4	60.7	69.9
As a percentage of production	6.8	7.0	10.0	7.1	9.0
<u>Producer prices</u>					
Millet	18.0	36.0	40.0	50.0	70.0
Rice	25.0	45.0	50.0	62.0	75.0
<u>Memorandum items:</u>					
Imports of cereals (1,000 metric tons)	64	73	61	51	82
Domestic production/Consumption (in per cent)	93.2	93.6	95.0	94.4	90.4

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

1/ Through the Office de Commercialisation des Produits Agricoles du Mali (OPAM).

to around 14 per cent of domestic supply. Output of coarse grains (millet, sorghum, corn), which accounts for about 90 per cent of total cereal output, declined in 1979/80 to just below its 1971/72 level after having increased at an average rate of 4.7 per cent in the period up to 1978/79. Yields rose steadily through 1977/78 in spite of a decline in cultivated acreage, reflecting increased productivity because of better weather conditions; a sharply reversed trend is perceptible thereafter because of adverse weather conditions, and it is likely to continue into 1980/81, despite official producer price increases of 25 and 40 per cent in 1979/80 and 1980/81, respectively (Appendix Table IV). To lessen the longer-term impact of adverse weather conditions on total cereal output, the authorities have encouraged the intensive cultivation of rice in seasonally inundated polders within the two government-sponsored projects, "Operation Riz Ségou" and Operation Riz Mopti," along the Niger River. As a result of the increase in yields and cultivated areas and official producer price increases in 1974 and 1978, rice output increased at an average rate of 8 per cent between 1971/77 and 1978/79 (Appendix Table V). The scarcity of rain in 1979/80 nevertheless caused both acreage under cultivation and yield to drop, leading output to decline precipitously by almost one half; a further decline is forecast for 1980/81 because of continued unfavorable weather conditions. The recent increases in nominal producer prices for cereals has diminished significantly the previously existing differentials between those of Mali and of its neighbors (Appendix Table VI); furthermore, in real terms Mali's producer prices compare quite favorably with those of neighboring WAMU countries.

Problems also exist with regard to the distribution of cereals, which is under the control of the Office des Produits Agricole du Mali (OPAM), the public monopoly for marketing. The consistently low level of officially marketed production reflects indirectly the importance of private agricultural trading operating under an unofficial price system that has been consistently more remunerative to producers. It also reflects the precarious financial situation of OPAM because of increases in transportation, storage costs, and producer prices. Constrained by a fixed retail margin, OPAM has become increasingly dependent on food grants and annual subsidies from the Office de Régulation et Surveillance des Prix (ORSP) to finance its operations; the increase in the (ORSP) subsidy for both rice and sorghum/millet was especially steep in 1980/81 (Appendix Tables IV and V). As a result, it has only been able to market each year between 5 and 10 per cent of estimated total production.

b. Export crops

Export crops are not only the major source of cash income for the Malian farmers but provide raw materials for local agro-based industries; they also generate a major part of the country's foreign exchange earnings, of which two thirds are derived from cotton and groundnuts. Almost all officially marketed output of cotton and groundnuts is purchased and exported by the Société Malienne d'Importation et d'Exportation (SOMIEX) (Appendix Table VII).

Cotton is grown in the southern part of the country. Cotton growing is assisted by an autonomous development organization, Compagnie Malienne pour le Développement des Textiles (CMDT), which provides inputs, technical assistance, and extension services to growers. This explains the conspicuous success experienced with cotton production, which almost doubled between 1971/72 and 1977/78 as a result of the combined impact of significant increases in the cultivated area and yield, both of which increased by about one third (Table 2). Thereafter, changing weather patterns have resulted in stagnation, increased output, and a sharp decline, respectively, in each of the three following crop years. Purchases of cotton by SOMIEX were effected in accordance with annually negotiated integrated price schedules (barèmes), which cover producer prices, production and marketing costs, extension service charges, taxes, and freight and insurance charges (Appendix Table VII). These elements add to c.i.f. unit cost. In principle, the difference between the average export price actually obtained and the anticipated c.i.f. unit cost represents a margin of profit that should accrue to SOMIEX. In practice, SOMIEX's profit margins have been drastically reduced, from 37 per cent in 1976/77 to around 1 per cent in 1980/81 (Table 3). This reduction stems from setting the reduced average export prices received by SOMIEX after 1977 against its rising costs due to increases in official producer prices of about 5 per cent each year since crop year 1976/77 and rising administrative costs (e.g. charges, government taxes, institutional levies, and transport, transit, and storage costs). Whereas the average unit export price declined by 10 per cent, the c.i.f. unit cost increased 39 per cent by the end of the five-year period.

Groundnuts are grown in the southern and western parts of the country, mainly by small farmers who are very vulnerable to adverse conditions. The sharp decline in groundnut production is explained in part by domestic factors such as low real producer prices and weak marketing arrangements; in larger part it has been due to structural factors such as declining world demand as reflected in lower world prices for groundnuts and adverse movements in the terms of trade. Cultivated acreage forecast in 1980/81 is still one fifth below that in 1971/72; meanwhile, the average yield has varied by a wide margin between dry years (1973/74 and 1977/78: 600 tons/hectare) and years with adequate rainfall (1978/79: 1,000 tons/hectare). Other than in 1978/79 there has been a steady decline in groundnut yield, and output: indeed, output forecast in 1980/81 represents only 73 per cent of the 1971/72 level, despite an increase of 260 per cent in procurement prices paid to producers. The decline in production, together with an increase in domestic processing facilities for groundnuts, has led to most of the recorded marketed output being sold to local oil mills after 1978/79 (Appendix Table IX).

c. Livestock

Considerable progress has been made in rearing livestock since the 1974 drought, due largely to improved weather conditions, better health services, and restrictions against export of cows of reproductive age. In 1980 livestock accounted for 18 per cent of GDP and has become an important

Table 2. Mali: Production, Marketing, and Producer Prices
of Export Crops, 1971/72-1980/81

(Area in thousands of hectares; production and marketing
in metric tons; yield in kilograms per hectare; prices
in Mali francs per metric ton)

	1971/72	1977/78	1978/79	1979/80	1980/81 Forecast
<u>Production</u>					
<u>Cotton (unginned)</u>					
Area	75	101	101	104	99
Output	73,900	135,700	135,000	152,006	135,000
Yield	985	1,344	1,337	1,462	1,364
Marketed	67,900	135,428	127,697	150,545	132,000
As percentage of output	91.9	99.3	94.6	99.0	97.8
<u>Groundnuts (unshelled)</u>					
Area	250	200	200	222	200
Output	152,100	113,600	159,600	107,500	111,000
Yield	608	568	798	484	555
Marketed	59,500	37,490	37,500	34,000	35,800
As percentage of output	39.1	33.0	46.0	31.6	32.3
<u>Producer prices</u>					
Cotton	50,000	86,000	90,000	110,000	110,000
Groundnuts (unshelled)	30,000	50,000	60,000	80,000	80,000

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

Table 3. Mali: Destination of Cotton Production Revenue, 1976/77-1980/81

	1976/77	1977/78	1978/79	1979/80	1980/81
(In metric tons)					
Marketed production					
Cotton fiber	25,530	51,192	48,014	56,605	49,632
Equivalent in unginned cotton	(67,900)	(135,428)	(127,697)	(150,545)	(132,000)
Rate of conversion (in per cent)	37.6	37.8	37.6	37.6	37.6
(In Mali francs per ton of cotton fiber)					
Producer price	196,840	227,900	239,400	292,600	292,600
Production and marketing costs	106,136	140,601	122,257	132,273	169,251
Extension service and related charges	85,917	123,976	120,486	88,415	113,628
Extension service costs	33,671	33,484	28,484	29,644	45,561
SCAER levy	34,574	47,553	47,872	26,596	33,245
CMDT levy	17,672	22,137	21,798	23,234	26,011
Other	--	20,802	22,332	8,941	8,811
Taxes	67,116	70,224	64,914	63,849	52,112
Government	52,116	55,224	49,914	48,849	37,112
ORSP	15,000	15,000	15,000	15,000	15,000
Freight and other costs	86,216	102,293	110,450	113,766	126,123
SOMIEX profits	311,991	17,299	16,720	84,987	7,746
Average export c.i.f. price	854,216	682,293	674,227	775,890	761,460 ^{1/}
(In per cent of average export c.i.f. price)					
Producer price	23.0	33.4	35.5	37.7	38.4
Production and marketing costs	12.4	20.6	18.1	17.0	22.2
Extension service and related charges	10.1	18.2	17.9	11.4	14.8
Extension service costs	4.0	4.9	4.2	3.8	6.0
SCAER levy	4.0	7.0	7.1	3.4	4.4
CMDT levy	2.1	3.2	3.2	3.0	3.4
Other	--	3.1	3.3	1.2	1.1
Taxes	7.9	10.3	9.6	8.2	6.8
Government	6.1	8.1	7.4	6.3	4.9
ORSP	1.8	2.2	2.2	1.9	1.9
Freight and other costs	10.1	15.0	16.4	14.7	16.6
SOMIEX profits	36.5	2.5	2.5	11.0	1.0

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

^{1/} Forecast.

export income generating sector in the economy, second only to cotton. Net herd numbers have been increasing at an annual rate of 4 per cent, despite an increase in the offtake rate in response to both domestic and external meat price increases (Appendix Table VII); only a small fraction of the offtake is officially marketed. Sheep and goats constitute a dominant part of the livestock herd, although the relative share of cattle has increased between 1976 and 1980 from around one-fourth to somewhat over one third. Exports still represent only a small share of total offtake (one third of cattle and one tenth of sheep and goats in 1980), but their share has increased because of attractive export prices offered by neighboring countries, in particular Ivory Coast. Because of this sector's potential importance, the authorities are improving productivity-related services and training in ranch farming, laying particular stress on stock quality and better use of pastures.

d. Fishing

Although the basin of the Niger River offers large fishing grounds, fishing is dependent on rainfall, and the catch is subject to significant seasonal variations. In 1980 fishing activities employed an estimated 60,000 persons, and its value added represented about 3 per cent of GDP; because of recurrent droughts, however, the level of officially marketed fish has been declining despite government attempts to increase it through the "Operation Pêche" in Mopti. Most of the catch is consumed locally, but there is growing export of smoked and dried fish.

e. Manufacturing

In Mali manufacturing activities are largely agro-based and are concerned primarily with the processing of agricultural raw materials and, to a lesser extent, with import substitution. As such they are substantially influenced by variations in agricultural output because of weather conditions. Most of the large manufacturing enterprises are state-owned, but private participation is being encouraged, especially in new industrial ventures, so as to attract foreign resources and promote modern technology. To this end, the Centre d'Etude et de Promotion Industrielle (CEPI) was set up with foreign assistance in 1976, to undertake feasibility studies of specific lines of industrial activity.

Manufacturing production has not yet developed its full potential, due largely to managerial and financial difficulties; indeed, its contribution to GDP declined from 11 per cent in 1972 to an estimated 7.5 per cent in 1980. Over the period 1976-80 manufacturing production increased at a low average annual rate of just over 2 per cent (Table 4). Most of this increase, however, was concentrated in 1976 and 1977, when, spurred on by the recovery of agricultural production from the 1974 drought and the coming on stream of several industrial projects, growth rates averaging 15 per cent were recorded. Thereafter, manufacturing declined sharply and remained depressed for the remainder of the period.

Table 4. Index of Industrial Production, 1976-80

(1974 = 100.0)

	1976	1977	1978	1979	1980
Food processing	125.2	171.1	158.4	159.5	151.7
Chemicals and construction materials	116.1	120.6	150.0	135.9	139.5
Machinery and energy	129.2	161.8	147.8	150.7	145.2
Textiles	130.5	142.0	143.0	142.9	112.5
Overall index	126.4	153.1	150.5	150.1	137.2
(Per cent change over preceding year)					
Food processing	14.6	36.7	-7.4	0.7	-4.8
Chemicals and construction materials	-9.7	3.9	24.4	-9.4	2.6
Machinery and energy	16.3	25.2	-7.4	2.0	-3.6
Textiles	9.3	8.8	0.7	-0.1	-21.3
Overall index	9.6	21.1	-1.7	-0.3	-8.5

Source: Direction Nationale du Plan.

Much of the change in the industrial production index is traceable to food processing activities. Output growth increased by about 20 per cent on average in the period 1974-77 but declined sharply by 7 per cent thereafter because of a drought-related drop in agricultural production (Appendix Table XI). The opening of a new rice mill and the reopening of two older mills following a large increase in rice production in 1977 induced a 36 per cent increase in rice milling. Likewise, the establishment of a new sugar factory at Siribala in 1976 caused processed sugar output to double in that year and in the following year. Meat supply for domestic consumption by slaughterhouses increased sharply in 1976-77, reflecting the expansion of the national herd after the drought period. After 1977 rice milling dropped 35 per cent and groundnuts by over 20 per cent; sugar production and abattoir activity also slowed down appreciably. Furthermore, food processing of cereals declined because of the unfavorable performance of cereals in 1979/80.

The cotton textile industry is Mali's largest industrial employer and an important contributor to foreign exchange earnings. Its output increased by 12 per cent during 1975-77, because of the promotion of new production techniques by the Compagnie Malienne des Textiles (COMATEX) and the Industrie Textile du Mali (ITEMA) with the help of foreign technical assistance and technology. In 1975 a new line of hosiery was undertaken, which expanded its output by two thirds in 1976; the production of fabric and burlap also expanded substantially in both years. However, the textile industry appears to have been affected by the stagnation in cotton production in 1977/78 and 1980/81.

II. Prices, Wages, and Employment

1. Prices

In recent years pricing policies have been designed primarily to alleviate the impact of rising prices of essential goods on the purchasing power of low income earners and thus minimize their wage demands. This has resulted in a system of administered prices covering a wide range of both domestically produced and imported essential goods and services, including refined groundnut oil, sugar, salt, flour, cereals, meat, tea, bread, petroleum products, cement, electricity, fertilizers, agricultural equipment, and public transportation. The Price and Incomes Commission (Commission Nationale des Prix et des Revenues) is responsible for reviewing prices of essential commodities and services and proposing changes for approval by the Council of Ministers. Consumer goods have been distributed at controlled retail prices by OPAM and SOMIEX.

No comprehensive consumer price index covering domestically produced and imported goods and services is compiled in Mali. However, there are two monthly indices -- one for the controlled market and the other for the free market covering retail prices of basic foodstuffs sold in Bamako only (Table 5). A composite weighted index for these two markets suggests that between 1976 and 1980 prices grew at a compound rate of 14.7 per cent,

Table 5. Mali: Quarterly Index for Food Prices in Bamako, 1977-80

(1962/63 = 100)

	1977				1978				1979				1980			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Cereals and starch																
Controlled	318.1	313.5	321.8	355.6	354.7	356.6	357.0	386.9	393.7	392.6	396.0	446.3	469.6	469.4	470.8	505.7
Market	479.5	495.3	607.3	729.1	838.8	794.7	936.7	801.3	630.7	625.0	669.3	725.1	830.9	899.3	965.9	917.9
Spices	399.3	346.1	392.2	346.5	408.5	412.3	443.2	424.3	414.1	403.0	425.7	611.0	460.6	550.9	661.8	591.6
Vegetables and fruits	272.5	309.0	548.8	526.3	268.2	418.7	615.5	359.9	323.0	439.3	698.4	633.2	374.4	547.1	883.6	795.4
Meat and fish	402.8	411.1	424.5	449.4	473.5	536.5	608.1	617.7	543.9	599.7	584.9	631.2	585.2	528.0	725.0	729.4
Milk, butter, oil, and other	450.4	456.6	432.8	337.6	493.4	518.6	562.6	606.5	638.9	618.4	595.0	567.0	535.4	561.9	624.8	688.9
General index: controlled	367.0	366.5	398.1	407.5	411.2	452.9	505.5	497.3	478.8	500.4	530.7	561.3	519.1	571.3	635.5	642.3
General index: market	422.0	428.2	499.9	543.3	576.5	601.4	704.4	639.6	560.4	579.8	625.8	655.9	643.3	719.3	806.9	785.1

Source: Direction Nationale de la Statistique et de l'Information, Eléments de Conjoncture (quarterly).

marked by substantial variability. There was an annual average increase of 14.1 per cent in controlled prices and a much higher corresponding increase of 18.4 per cent in free market prices; it also appears that attempts by the authorities to bring controlled prices into alignment with market prices have at best been lagged and partial (Appendix Table XII).

Quarterly indices for food prices covering the period from the first quarter in 1977 through the fourth quarter in 1980 confirm that differences between controlled and market prices were at their lowest at the start of the period (15 per cent); they widened steadily thereafter to a peak at the end of the first quarter in 1978 and generally declined thereafter through 1979 to between 16 and 18 per cent before resuming an upward trend to 22 per cent at the end of the fourth quarter in 1980. These trends reflect the influence in each of these years from 1977 through 1980 of a variety of factors (Appendix Table XIII); in 1977 the encouraging domestic cereal situation in the earlier part of the year was succeeded in the latter part by a drought-induced deterioration leading to a 52 per cent rise in free market cereal prices. This led in turn in November 1977 to an increase in the controlled retail price of millet of 10 per cent. Further, gasoline prices, after having been increased by 18 per cent in the previous year, were again raised by 3 per cent. In 1978 the earlier tendency toward higher cereal prices peaked at the end of the first quarter, when the difference between market and controlled prices was greatest; there was, however, some adjustment of other controlled prices: the retail price of cement was increased by one third, and those of groundnut oil and rice were raised by 38 per cent and 22 per cent, respectively. In 1979 favorable weather resulted in bumper crops, which depressed market prices for cereals; however, a number of price adjustments were made to domestic products such as kerosene (7 per cent), gasoline (11 per cent), flour (18 per cent), and salt (25 per cent). In 1980 the most significant adjustment of prices of domestic and imported products in the period occurred relating to refined groundnut oil, soap, millet, rice, meat, water, electricity, sugar, salt, gasoline, and kerosene.

2. Wages

Minimum wages in Mali are regulated by the authorities. The basic monthly wage for farm workers on large-scale projects is established under the Minimum Guaranteed Agricultural Wage (SMAG) and that for government employees on the basis of salary index and grade, while the Minimum Guaranteed Interprofessional Wage (SMIG) covers workers in all other sectors of the economy.

Total wages under SMIG and SMAG remained fixed between 1959 and 1972 (Appendix Table XIV). Starting in 1973 steady increases were recorded, reflecting nominal annual upward adjustments in minimum wages and fixed annual wage supplements in the form of special and cost of living allowances. In 1980 minimum wages were redefined to consolidate these supplements. After the large "catch up" increases in 1973 and 1974, whose

effect was moderated by no increase in 1975, wages under both SMIG and SMAG have averaged annual increases of 4 to 5 per cent between 1976 and 1979. In 1980, however, a substantially higher wage increase of 13 per cent was awarded to nonagricultural workers compared with 3 per cent to agricultural workers; this has resulted in SMIG exceeding SMAG by around 19 per cent as compared with 6 per cent in 1976. Salaries of government employees were increased in March 1976 (by 10 per cent), July 1978 (by 5 per cent) and March 1980 (by 10 per cent), their housing supplement remaining fixed at MF 3,000 per year.

Between February 1976 and March 1980 wages of the lowest level of government employees remained around two and a half times those under SMAG; by contrast, wages of the highest level of government employees increased from fifteen to twenty times that of agricultural workers (Appendix Table XIV). Because the wage increases for both government and nongovernment workers have not matched price rises, real wages appear to have declined over the period.

3. Employment

Mali's working population is currently estimated at about 2.7 million, of which the vast majority continue to be informally employed in the primary sector. Salaried employees still remain a relatively small proportion of the work force and are mostly found within the public sector; in 1980 the estimated number of government employees (including the armed forces) was around 62,000, or slightly over 40 per cent of the total number of wage earners (Appendix Table XVI). This represented an average annual increase of about 6.5 per cent over the 1973 level and reflects the Government's accepted status as the employer of last resort. Starting in 1980, however, major revisions of recruitment policies have been undertaken to relate civil service hiring more closely to actual manpower needs. To this end, a stricter system of access to higher education through more selective entry examinations, greater emphasis on vocational training and a slowdown in the recruitment of university graduates are envisaged. Employment in the public enterprise sector appears to have stagnated after 1976, in contrast to private sector employment, which appears to have been increasing.

III. Development Planning

1. Objectives of the 1974-78 Development Plan

The overall objective of the 1974-78 Plan was to raise the average annual growth rate of Mali's real gross domestic product slightly more than threefold, from 2.5 per cent between 1963 and 1973 to 7.8 per cent between 1974 and 1978. The Plan emphasized the development of agriculture to ensure the availability of domestic food supplies in time of drought. To that end, it aimed at self-sufficiency in cereals and other basic foods, through rehabilitation of the livestock sector and development of an agro-based

domestic processing industry for primary products. Also underscored in the Plan was the development of Mali's social and industrial infrastructure to mitigate the disadvantages of its landlocked position.

The investment program called for an aggregate expenditure level over the period of MF 543 billion (of which MF 143 billion was to be carried over into 1979 and 1980) (Table 6). This target implied an increase in fixed capital formation from 16 per cent of GDP in 1972 to 27 per cent by 1978. In terms of sectoral allocation, just under one half of planned investment (49 per cent) was to be in the secondary sector, for energy and water resources and infrastructure, and the balance was to be apportioned to the primary sector (41 per cent), mostly for agriculture and livestock, and the tertiary sector (10 per cent) for public administration services and provision of education and health facilities. As a result of planned sector investment, the primary, secondary, and tertiary sectors were projected to grow during the plan period at average annual rates of 4.5 per cent, 12.4 per cent, and 7.9 per cent, respectively. Almost 90 per cent of the resources needed to finance the Plan was to be mobilised from foreign sources, mainly in the form of bilateral and multilateral concessional loans and grants; this reflected the fact that the level of gross domestic savings is low and investment is heavily dependent on Mali's ability to attract foreign financing.

Table 6. Mali: Use and Origin of Planned and Actual Investment Expenditures, 1974-80

(In billions of Mali francs)

	<u>1974-80 Planned</u>	<u>1974-80 Actual</u>	<u>Actual/Planned expenditures (In per cent) ^{1/}</u>
<u>Use</u>	<u>543.0</u>	<u>416.9</u>	<u>76.8</u>
Primary sector	220.0	152.6	69.3
Secondary sector	264.2	162.0	61.3
Tertiary sector	58.8	102.3	174.0
<u>Origin</u>	<u>543.0</u>	<u>416.9</u>	<u>76.8</u>
External sources	488.7	300.4	61.5
Domestic sources	54.3	116.5	145.5

Source: Appendix Tables XVI and XVII.

^{1/} Components do not add up.

2. Achievements of the 1974-78 Development Plan

Evaluation of the Plan's achievements becomes ambiguous because of the weakness of the data and the increased project costs over the extended plan period. Real GDP rose at a much lower than planned average annual rate of only 4.6 per cent over the period. Despite rising costs, total actual investment during the period 1974-80 amounted to MF 417 billion, or about 77 per cent of total planned investment, causing the ratio of gross fixed capital formation to GDP to rise from 16 per cent to only 22 per cent as compared with the planned ratio of 27 per cent. In general, this result may be ascribed to several factors: an ambitious investment program, the scarcity of skilled personnel for its implementation, and slippages in project preparation to satisfy the requirements of different bilateral donors. Although there was an aggregate shortfall of about 25 per cent in actual against planned expenditures, this masks considerable sectoral variation. Shortfalls in the primary and secondary sectors were of the order of 30 per cent and 40 per cent, respectively, while there was over-expenditure of some 75 per cent in the tertiary sector. Expenditure shortfalls were due to the effect of weather conditions on agricultural output and agro-based industry as well as delays in project preparation and implementation. The striking overperformance of the tertiary sector was caused by increased personnel and higher educational expenditures. Furthermore, the structural transformation of the economy through realignment of relative sectoral shares implied under the Plan does not appear to have taken place. Through faster growth largely unrelated to plan investment outlays, the tertiary sector appears to have increased its share of GDP at the expense of other sectors; between 1972 and 1980 its share increased from 32 per cent to 38 per cent, while those of the primary and secondary sectors dropped from 35 per cent to 32 per cent and from 33 per cent to 30 per cent, respectively.

The lower level of actual investment expenditures was financed from external sources to a level of MF 300 billion, or 72 per cent, which, both in absolute and relative terms, was substantially below plan projections for total foreign financing; of this amount, close to 60 per cent was received by way of loans from bilateral and multilateral sources. Financing from domestic sources, which was surprisingly more than double that projected, was largely from the extrabudgetary special funds and other, similar government entities.

The Plan placed high priority in the primary sector on increasing the output of crops for both local consumption and export. Yet projects for the development of coarse cereals (millet, sorghum, and maize), designed to help achieve self-sufficiency, received only 5.6 per cent of total planned rural sector expenditures. While receiving by far the smallest allocation of plan expenditures, coarse cereals performed rather well, with a 1978/79 production level of 1,005 thousand tons compared with a planned target of 997 thousand tons. Production was not steady, however, largely as a result of lack of rainfall, inadequate marketing facilities, and restricted supplies of inputs and credits. For rice, the Plan had

five separate projects, Riz Sikasso, Office du Niger, Riz Ségou, Riz Mopti, and Gao Irrigation, aimed at increasing production of irrigated and controlled flooding paddy, the former through the Office du Niger and the latter through the other operations. Combined expenditure for these projects totaled MF 24.9 billion, or over one quarter of rural sector expenditures and nearly 5 per cent of total plan expenditure. Production from the Office du Niger rose steadily through 1977/78, but results from other operations were disappointing. In addition to bad weather conditions, the poor performance of rice projects was due to inappropriate pricing, input, and credit policies. Because of good management of the main cotton project in the Plan (Mali Sud) by the Compagnie Malienne du Développement des Textiles (CMDT), cotton output has just about doubled during the period. On the other hand, despite being allocated more funds for investment than most agricultural crops, groundnuts registered the poorest performance, with the 1978/79 production representing only 54 per cent of the plan target of 228,600 tons for that year. A poor overall management situation, international price considerations, and inadequate project implementation explain the disappointing output performance.

Of the total amount of MF 162 billion received by the secondary sector, one quarter went toward water and energy projects, mainly for the Sélingué dam. Given high petroleum prices, the substitution of hydroelectric power derived from the dam for other forms of energy should bring substantial returns on investment along with savings in oil consumption. Close to MF 14 billion destined for new industry over the period was largely received from abroad, and invested mainly in public enterprises. With respect to infrastructure, the transport and public works sector obtained MF 62.1 billion for expenditures, mainly for railroads.

The substantial increase in actual against planned expenditures in the tertiary sector reflects the burgeoning size of the government sector, because of staff increases and the extensive scope of production and distribution activities by the state enterprises. Most of the social investment expenditures were for education and health.

IV. Government Finance

The government sector in Mali is defined here to cover the financial operations of three levels of government--central, regional, and municipal--together with those of a number of other entities performing general government functions. The analysis in this section is carried out in three stages: first, by reference to Treasury transactions relating to the national budget; second, operations of autonomous extrabudgetary entities; and, finally, the consolidated operations of the entire government sector 1/.

1/ For a structural and functional description of the government sector, see Appendix II.

1. Overall trends in Treasury operations

a. The period 1976-80

There was a variable trend in the overall Treasury position over the period as revenues grew at a higher rate than expenditures in 1976 and 1977, followed thereafter by a significant deterioration through 1980 as revenue growth rates declined much more sharply than those for expenditures (Table 7). The global Treasury deficit declined sharply, from MF 11.4 billion in 1976 (3.3 per cent of GDP) to MF 8.4 billion in 1977 (2.1 per cent of GDP), because of a substantial rise in export tax receipts, before deteriorating markedly thereafter; by 1980 it attained a level of MF 24.0 billion (4.3 per cent of GDP). It represented a growing proportion of total expenditures, suggesting that the deterioration reflected the combined impact of a faster expenditure growth and slower revenue growth over the period. Because almost all capital expenditures are financed with external assistance and are recorded outside the budget, global budgetary trends essentially replicate those relating to current transactions. Throughout the period there was no budgetary surplus to finance even a minimal level of development expenditures; indeed, the Treasury was forced to borrow from both domestic and foreign sources to finance recurrent expenditure.

Between 1976 and 1980 revenues grew at a lower compounded annual rate of 12.7 per cent compared with that of 14.7 per cent for expenditure; if the unusually good outcome in 1977 is excluded, the rate differential is more striking, with the corresponding rates between 1978 and 1980 becoming 6.6 per cent and 14.0 per cent, respectively. The lower revenue growth rate after 1978 may be explained by a combination of factors, notably a declining real tax base, weakening tax administration, and the growing illiquidity of state enterprises. The growth in expenditure, on the other hand, is attributable to sustained annual increases in civilian and military personnel expenditures and in educational scholarship assistance. These aspects are discussed more fully below in subsections (c) and (d).

The burgeoning global Treasury deficits after 1977 had begun to put considerable strain on the domestic financial system, leading to its growing illiquidity and increasing reliance on foreign budgetary assistance. Financing of the global deficit was achieved up to 1978 using broadly equivalent proportions of foreign and domestic assistance. Starting in 1979, however, the growing size of the deficit strained domestic borrowing to the limit. Because of statutory restrictions on borrowing for budgetary purposes, the higher level of domestic borrowing from the banking system reflected essentially the receipt of IMF counterpart funds under the Trust Fund and unpaid accrued interest on the Operations account. There was also a growing diversion by the Treasury of funds deposited by the private sector and other extrabudgetary entities to ease the Treasury's liquidity shortage. This shortage also led to a buildup of current payment arrears at the Treasury level and with the Autonomous Amortization Fund; by end-1980 these arrears amounted to MF 21 billion, or about one third of current

Table 7. Mali: Summary Table of Government Budgetary Operations, 1976-81

(In billions of Mali francs)

	1976	1977	1978	1979	1980	1981 Estimate
Total revenues	36.8	48.4	52.3	54.9	59.4	68.6
Total expenditures	-48.2	-56.8	-64.2	-74.7	-83.4	-88.1
Of which: unallocable expenditures <u>1/</u>	(-1.4)	(-1.9)	(-3.0)	(-2.2)	(-4.0)	(-3.3)
Global Treasury deficit	-11.4	-8.4	-11.9	-19.8	24.0	-19.5
Financed by						
External sources	5.3	4.9	3.8	6.4	14.2	15.2
Domestic sources	6.1	3.5	8.1	13.4	9.8	4.3
Banking system	6.5	7.7	11.5	10.1	5.0	13.0
Monetary authorities <u>2/</u>	8.0	7.0	8.0	7.2	2.1	11.8
Of which: IMF counterpart	(--)	(--)	(5.1)	(3.7)	(3.1)	(6.7)
Deposit money banks	-0.8	-0.5	1.2	-0.5	0.3	--
Postal checking system	-0.7	1.2	2.3	3.4	2.6	1.2
Arrears <u>3/</u>	2.7	2.8	2.0	5.1	6.0	-1.1
Treasury operations <u>4/</u>	-3.1	-7.0	-5.4	-1.8	-1.2	-7.6
Memorandum items:			(In per cent)			
Global deficit/GDP	3.3	2.1	2.8	3.8	4.3	3.1
Global deficit/Total expenditures	23.7	14.8	18.5	26.5	28.8	22.2

Sources: Data and estimates provided by the Malian authorities; Appendix Tables XIX and XX.

1/ Includes budgetary expenditures approved but not yet paid and other Treasury payments net of receipts.

2/ Includes net interest accruing on the operations account.

3/ These represent growth in budgetary arrears at the Treasury and the Autonomous Amortization Fund.

4/ Includes residual, reflecting differences in coverage and timing of budgetary operations.

revenue. It also caused the Treasury to be preoccupied with short-term cash management and has rendered the domestic financial system increasingly illiquid. In 1980 the need to sustain the budget by recourse to foreign borrowing became even more pressing, and foreign assistance in the form of grants or soft loans from both bilateral sources (France, Iraq, and Abu Dhabi) and multilateral sources (EC, OPEC) accounted for just under 50 per cent of the global deficit.

b. Budgetary outlook for 1981

The 1981 budget originally forecast revenues of MF 79.6 billion, current expenditures of MF 78.7 billion, and capital expenditures of MF 6.5 billion, resulting in an overall deficit of MF 5.6 billion and suggesting a dramatic improvement in 1981 over 1980, when an overall Treasury deficit of MF 24.0 billion was recorded. As in the past, however, the budgetary forecast soon showed itself to be overoptimistic, largely because of ambitious revenue and conservative expenditure projections.

Revised projections prepared by the authorities in May 1981 show a budgetary outcome that is much more realistic. ^{1/} Revenues are still anticipated to grow much faster at 15 per cent (1980: 7 per cent) to MF 68.6 billion, while expenditures are expected to rise only by 5 per cent (1980: 12 per cent) to MF 88.1 billion. On this basis, the global Treasury deficit is expected to be contained to MF 19.5 billion, or at around the 1979 level. Foreign financing of the deficit will be the highest ever accounting for 78 per cent; the balance is expected from domestic sources, including counterpart funds under the Fund's compensatory financing facility.

The increased revenue projections reflect improved tax revenue collection and are based almost exclusively on a substantial revamping of tax administration being undertaken by the authorities (Appendix Table XIX). Administrative reforms include payment of import duties levied on goods before release of goods from bond by the customs department; centralization of assessment and collection responsibilities within the revenue departments; insistence on the production of accounts by larger traders; and a better exchange of relevant information between the tax departments themselves and other government departments and agencies to minimize tax evasion and to collect tax arrears. As a result of these administrative measures, import duty revenues are anticipated to increase by one third. Partially offsetting this increase will be a decrease in the collection of taxes on net income and profits by about 25 per cent, following the announced cuts in global income tax rates by two thirds (estimated impact MF 2.5 billion), while taxes on goods and services will increase only very marginally; however, taxes on domestic goods and services will increase by 11 per cent due to the increased tax rates effective in March 1981 relating to the consumption of milk powder and concentrate, miscellaneous imports, beer, alcoholic beverages, salt, and tea (estimated yield: MF 2.6 billion) to compensate for the global tax cut. Stamp taxes and motor vehicle tax collections should rise sharply owing to stricter enforcement.

^{1/} The somewhat more optimistic forecast for 1981 shown in SM/81/206 reflects the most current aggregate estimates prepared by the authorities, suggesting revenue increases because of improvements in tax administration, together with expenditure savings arising from an expected freezing of education expenditures.

Expenditure projections call for a halving in the growth of personnel expenditures from 13 per cent in 1980 to 6 per cent, through a freeze on hiring, absence of general salary adjustment, and greater budgetary discipline (Appendix Table XX). A separate division is being set up in the Ministry of Finance to monitor and control all recruitment in the government sector. Furthermore, nominal education expenditures, in particular for scholarships, are expected to decline for the first time, partially as a result of the closure of schools but also because of an anticipated decentralization of schools to the regions and a reduction in the level and coverage of scholarship assistance. Capital expenditure should increase only marginally.

c. Budgetary revenue developments 1976-80

Over the period, total revenues increased at an average annual rate of 12.0 per cent (Table 8). This trend masks high growth rates, which reached between 25 and 32 per cent during 1975-77, followed by sharply lower rates in 1978, 1979, and 1980. This variability is largely attributable to changes in tax revenues, which have consistently accounted for slightly over 95 per cent of total revenues. Tax revenues grew over the period at a compound rate of 12.7 per cent; a much lower rate of 6.6 per cent was recorded between 1978 and 1980, compared with a corresponding rate of 13.1 per cent for GDP. The implied decline in tax buoyancy was due largely to an erosion of the tax base, there being quite minimal discretionary tax change during the period. Apart from a weakening in the economy because of adverse weather conditions, tax base erosion was the result principally of weakening tax administration, which resulted in a buildup of tax arrears and substantial tax erosion. Tax arrears arose from the inability of the Treasury to collect current and back taxes, especially from the public enterprises 1/. There was also considerable evasion of tax through non filing of returns and underreporting of income, especially relating to imports by private traders. In addition to weak tax administration, however, tax base erosion also resulted from the extensive system of general exemption (especially to small-scale and medium-size businesses) under the 1976 Investment Code as well as exemptions from specific taxes. 2/

The principal sources of budgetary tax revenues have been from international trade, income and profits, and consumption of domestic goods and services.

Of these, taxes on international trade (including sales tax levied at the import stage) are the most important, with a relative average share of 39 per cent, despite the fact that one third of all import and export duty revenues are earmarked to the extrabudgetary special funds. This reflects the openness of the Malian economy, in which foreign merchandise trade

1/ The ratio of tax collected to tax assessed is computed to have declined significantly and steadily, as follows:

1977: 86 per cent; 1978: 74 per cent; 1979: 65 per cent; 1980: 55 per cent. twelve major public enterprises which account for about 27 per cent of total fiscal receipts are responsible for 70 per cent of arrears.

2/ After 1969, 41 new companies were established with an estimated investment of MF 12.5 billion. The cost of general exemptions was estimated for 1980 alone at MF 3.86 billion. Similarly, the cost of specific exemptions has varied between MF 21.2 billion in 1979 and MF 15.0 billion in 1980.

Table 8. Mali: Indicators of Budget Revenue Performance, 1976-80

	1976	1977	1978	1979	1980
<u>(Percentage composition of total revenue)</u>					
Taxes on net income and profits	27.5	27.6	28.8	26.8	22.8
Taxes on domestic goods and services	9.1	9.6	10.6	14.7	13.1
Taxes on international trade and transactions	38.9	40.6	37.9	36.2	41.5
Other taxes	10.4	9.5	10.9	10.9	10.8
Tax revenues	95.6	95.4	95.7	96.6	95.4
Nontax revenues	4.4	4.6	4.3	3.4	4.6
<u>(Annual percentage change)</u>					
Taxes on net income and profits	77.2	31.9	12.8	-2.3	-8.2
Taxes on domestic goods and services	17.7	34.5	19.5	45.5	-3.4
Taxes on international trade and transactions	16.4	33.8	0.1	4.4	24.1
Other taxes	0.1	19.7	25.0	4.4	7.4
Tax revenues	24.1	31.3	8.4	5.9	6.8
Nontax revenues	40.6	38.6	--	-15.7	45.4
Total revenues	24.7	31.7	8.0	5.0	8.2
<u>(Selected ratios)</u>					
Tax revenues/GDP	10.3	11.3	11.8	10.2	10.2
Total revenues/GDP	11.0	11.8	12.3	10.6	10.7
Taxes on export duties/Imports (c.i.f.)	5.1	9.6	5.9	3.5	1.3
Import duties/Imports (c.i.f.)	13.8	14.3	12.9	11.8	17.0

Source: Appendix Table XIX.

represents between 30 per cent and 40 per cent of GDP. Import duty revenues appear to have increased only moderately over the period; the stagnation in 1979 was followed by a significant increase in 1980, reflecting a raising of rates of petroleum taxes which yielded MF 4.6 billion. The declining trend in the average import duty rate through 1980 is explained by the considerable erosion of the tax base because of exemption from tax of foodstuffs and machinery, the use of a price inelastic indicative valuation system, the valeur mercuriale, and gross inefficiencies in customs administration, leading to outright tax evasion, undervaluation of the taxable base, and nonpayment of assessed tax ^{1/}. Budgetary export duty receipts have been declining steadily after peaking in 1977, when world prices for cotton and groundnuts were at their highest and receipts under the taxe conjoncturelle yielded MF 3 billion. Whereas total export value increased by about 31 per cent between 1978 and 1980, export duty revenue declined by about 25 per cent, causing the average export duty rate to decline quite sharply. This is explained mainly by the fact that assumed livestock exports, which account for a substantial part of the increase in exports, remain largely unrecorded and untaxed. Furthermore, there is a much heavier implied burden of domestic taxation, amounting to about MF 12 billion levied on export products through the barèmes, which is reflected outside the budget.

Taxes on net income and profits represent the second largest category, accounting for slightly over one quarter of total revenues. The spurt in tax receipts from 1976 through 1978, followed by a decline in 1979 and 1980, can be ascribed to the combined impact of improved economic conditions and the sustained drive to collect tax arrears, especially from the state enterprises. After 1978, although assessments made on state enterprises had about doubled, they were unable to meet their tax bills because of liquidity constraints, and their tax arrears at end 1980 are estimated at between MF 5 and MF 6 billion. There was also growing understatement of income by private traders.

Taxes on consumption of domestic goods and services increased their share of total tax from 10.3 per cent to 15.5 per cent during 1976-80. This reflects the increased rate of tax charged on banking services of 20 per cent after October 1977, and more effective taxation of transport operators. In 1980, however, a decline may be observed, due in part to the inability of state enterprises to meet their increased tax assessments for liquidity reasons. Other significant taxes include head taxes levied on all nonminor individuals on a presumptive basis whose rates were substantially increased in 1977. Taxes on real property have generally been negligible, reflecting the inelastic tax base for real property and the inability of the tax administration to get an adequate handle on the taxation of livestock.

Nontax revenues represent only 5 per cent of total revenues and are mainly derived from administrative fees, fines, and charges. Property

^{1/} In 1974 a practice was instituted of permitting goods to be collected by an importer without filing a valid import declaration and paying the appropriate duty. It was intended to be the exception rather than the rule. By 1980, however, over 40 per cent of imports at Faladee and 66 per cent at Bamako - the two chief entry points - were subject to this practice.

income is minimal because of the inability of state institutions to make after-tax profits for repatriation to the budget. On the other hand, central bank profits are used to offset partially interest accruing on the operations account with the French Treasury.

d. Expenditure developments, 1976-80

Total budgetary expenditures have grown variably at an average annual rate of 16.7 per cent. After decreasing perceptibly through 1978, they picked up in 1979, perhaps as a lagged reaction to revenue growth in 1977/78, only to slacken again in 1980 (Table 9). As only a small fraction of capital or development expenditures are included in the budget, and their level has remained stagnant, current expenditures have accounted for a stable share of 95 per cent of total expenditures. The annual increases in current expenditures were due to a combination of three factors: civil service growth, educational expenditures, and defense requirements.

Personnel expenditures accounted for about two thirds of total expenditures between 1976 and 1978 and, apart from 1977, have grown at an average annual rate of 15 per cent; there appears to have been a marked slowdown in 1980. The steady growth reflected the institutionalized role of the Government as the employer of last resort for university graduates and, to a lesser extent, high school graduates, resulting in an average annual increase in civil service size of 8.3 per cent to a total strength of about 38,000 by end-1980. Between 1977 and 1979 the incremental costs of new nonmilitary recruitments rose from MF 3.0 billion (9.2 per cent of personnel costs) to MF 7.4 billion (17.1 per cent); in addition, there has been an increase in unit wage cost because of general wage increases in 1976, 1978, and 1980, together with discretionary salary increases, promotions, etc., used to compensate partially for real income losses due to inflation. In 1980 personnel costs did not increase as rapidly because of offsetting, more conservative hiring policies.

Apart from a dramatic spurt in 1979, probably as a response to good economic conditions, maintenance or materials expenditures, which on average accounted for around 17 per cent of current expenditures, have generally borne the brunt of budgetary constraint; their average annual growth rate of around 12 per cent has, however, been severely compressed in 1980. Material expenditures for building and equipment for nondefense purposes have generally been severely contained and in some cases (e.g., health) cut back quite significantly.

Subsidies and current transfers have represented between 14 and 16 per cent of current expenditures, largely because just under three fifths of such transfers reflect educational scholarship assistance. Full tuition and maintenance scholarships have traditionally been provided by the state to all students at the secondary and university level in Mali and to university students abroad without any means test. In addition, there were major increases in the value of scholarship stipends in 1976 and again

Table 9. Mali: Indicators of Budgetary Expenditure Performance, 1976-80

	1976	1977	1978	1979	1980
(Percentage composition)					
Current expenditures	100.0	100.0	100.0	100.0	100.0
Expenditure on goods and services <u>1/</u>	86.1	84.5	86.6	84.1	82.0
Compensation of employees	68.3	62.2	64.1	62.8	63.9
Purchase of materials	17.8	22.3	22.5	21.3	18.1
Interest	--	--	--	--	--
Subsidies and current transfers	13.9	15.5	13.4	15.9	18.0
Total expenditures	100.0	100.0	100.0	100.0	100.0
Current expenditures <u>1/</u>	95.2	94.5	94.7	95.1	95.6
Capital expenditures	4.8	5.5	5.3	4.9	4.4
(Annual percentage changes)					
Total expenditures	24.8	17.3	13.2	16.3	11.6
Current expenditures	22.3	16.9	13.4	16.7	12.2
Expenditure on goods and services <u>1/</u>	20.3	14.7	16.3	13.3	9.4
Compensation of employees	19.7	5.9	15.4	16.4	12.8
Purchases of materials <u>1/</u>	11.2	44.3	16.9	6.1	--
Subsidies and current transfers	74.2	30.4	-2.2	38.1	27.5
Of which: scholarships	(384.5)	(28.9)	(13.9)	(36.4)	(0.1)
Capital expenditures	103.4	31.2	7.9	9.3	-0.3
(Selected ratios)					
Current expenditures/GDP	13.3	13.6	14.1	13.7	14.4
Capital expenditures/GDP	0.7	0.8	0.8	0.7	0.7

Source: Appendix Table XV.

1/ Includes net unallocable expenditures.

in 1979. Student numbers at the secondary school and university levels have grown at compounded rates of 14 and 19 per cent, respectively, over the period. Consequently, between 1973/74 and 1979/80 the value of secondary school scholarships increased by three and one half times, of university scholarships in Mali by two and one half times, and of university scholarships abroad by five and one half times. Starting in 1980 an attempt is being made to contain these costs by reducing the subsistence element in scholarship grants through regionalization of the school system, limiting the universal grant of scholarships through block grants to educational institutions rather than individuals, and restricting foreign study scholarships to registered full-time students.

From a functional standpoint, educational expenditures have maintained a stable 29 per cent of total personnel expenditures because of the extensive system of primary, secondary, and university training offered in Mali. Military expenditures have increased their share somewhat as a result of perceived security needs and in 1980 accounted for 26 per cent of personnel expenditures. The bulk of personnel expenditures, however, are represented by administrative and economic services, which, after steady share increases through 1979 apparently stagnated in 1980.

Capital expenditures have represented only a minor 5 per cent share of total expenditures, reflecting the fact that most capital expenditure is financed directly outside the budget through external project assistance. In fact, most budgetary capital expenditures only cover limited local personnel and maintenance costs of foreign-aided rural development projects.

2. Trends in extrabudgetary operations, 1976-80

a. Overall position

Extrabudgetary operations apparently produced worse outcomes over the period than those of the budget, with the overall extrabudgetary deficit more than doubling between 1976 and 1980 (Table 10). Although earmarked revenues from foreign trade taxes have increased steadily, this apparent deterioration is caused largely by inclusion of capital expenditures on projects wholly financed from abroad through grants and loans on concessional terms; if such expenditures are excluded, there have in fact been small but consistent surpluses represented by the changes in balances. Because of insufficient data, the estimated results of the Opérations de Développement have been included on an identical basis in both revenues and expenditures to indicate an order of magnitude; however, their 6 per cent increase over the period points up an important area of growing general government operations that appears to remain outside both the budget and the general control of the Treasury.

b. Revenue developments

Current revenues have grown steadily at an annual average rate of 13 per cent over the period, reflecting a higher annual rate of increase of 19 per cent through 1978 and a slowing down thereafter to 8 per cent (Appendix Table XXI). These revenues are derived mainly from earmarked tax receipts

Table 10. Mali: Summary Table of Extrabudgetary Government Operations, 1976-81 1/

(In billions of Mali francs)

	1976	1977	1978	1979	1980	1981 Estimate
Revenues	23.3	28.3	33.0	35.2	38.5	43.8
Expenditures	-47.7	-58.4	-75.4	-91.2	-92.3	-110.8
Deficits	-24.4	-30.1	-42.4	-56.0	-53.8	-67.0
Financed by:						
External sources	26.2	34.4	46.2	57.8	59.2	67.5
Grants	6.5	12.5	20.5	28.1	24.1	27.1
Loans	19.7	21.9	25.7	29.7	35.1	40.4
Change in balances (increase -)	-1.8	-4.3	-3.8	-1.8	-5.4	-0.5
<u>Memorandum item</u>						
Revenue/GDP	8.8	8.3	7.6	6.3	7.0	7.3
Expenditure/GDP	13.0	17.0	17.4	16.6	16.7	18.5
Overall deficit/GDP	9.2	8.3	9.9	11.3	9.4	11.2

Sources: Data provided by the Malian authorities; staff projections; and Appendix Tables XXI and XXII.

1/ Consolidated receipts and expenditures of the Road Fund, Social Security Fund, Price Regulation and Stabilization Office, Autonomous Amortization Fund, National Forestry Fund, National Transport Office, and various rural development project agencies.

from external trade; about 25 per cent of import taxes and 90 per cent of explicit export taxes are earmarked to extrabudgetary sources. Because of the evasion of import taxes due to weak customs administration and the decline in import tax receipts as a result of declining world prices, total earmarked revenue receipts stagnated after 1977. Reflecting stagnant production and price declines for cotton and groundnuts, taxes collected under the price barèmes tapered off after 1978. On the other hand, the receipts of social organizations increased steadily in line with the increasing wage bill.

c. Expenditure developments

Expenditures grew at an average annual rate of 19 per cent over the period, with an initially higher rate of 26 per cent through 1978 being followed by a lower rate of 11 per cent thereafter (Appendix Table XXII). The tapering off of expenditures was essentially due to a stagnation of direct external assistance to development projects and of capital and maintenance expenditures, especially on rural development projects. The stagnation in domestically financed capital expenditures reflects the fact that tax receipts accruing to both the Road Fund and the Autonomous Amortization Fund have been increasingly received in the form of unencashable postal checks; in addition, deposits by extrabudgetary entities with the the postal checking system (CCP) have been consistently absorbed by the Treasury.

3. Consolidated government operations

Budgetary and extrabudgetary data present only partial views of the impact of financial operations of the general government sector. In Mali the budget is especially narrow in its coverage because about 39 per cent of revenues and 52 per cent of expenditures (including almost all capital expenditures) are reflected outside it. Closer fiscal analysis is not possible because the data are neither fully comprehensive (e.g., operations of the Housing Fund are not available) nor wholly precise (e.g., estimates of the financial aggregates relating to the Operations de Développement are quite approximate). However, a consolidated account of general government operations is analytically useful because it highlights the amount of economy-wide resources being diverted to Government through taxation, the share of Government in total domestic expenditure, and the net use of resources represented by the overall deficit of the government sector (Table 11).

Aided by the effect of favorable weather conditions on agricultural output, Mali's revenue ratio increased sharply from 17.5 per cent in 1976 to 19.7 per cent in 1978, falling back to just over 17.7 per cent in 1980. The reasons for the decline in the latter half of the period have already been identified in terms of a decline in the built-in elasticity of the base -- the impact of discretionary tax changes being relatively minor -- due to erosions of the tax base through exemptions and growing evasion

Table 11. Mali: Summary of Consolidated Government Operations, 1976-81

(In billions of Mali francs)

	1976	1977	1978	1979	1980	1981 Projection
<u>Revenues</u>	<u>60.1</u>	<u>76.7</u>	<u>85.3</u>	<u>90.1</u>	<u>97.9</u>	<u>112.4</u>
Budgetary	36.8	48.4	52.3	54.9	59.4	68.6
Extrabudgetary	23.3	28.3	33.0	35.2	38.5	43.8
<u>Expenditures</u>	<u>-95.9</u>	<u>-115.2</u>	<u>-139.6</u>	<u>-165.9</u>	<u>-175.7</u>	<u>-198.9</u>
Budgetary	-48.2	-56.8	-64.2	-74.7	-83.4	-88.1
Extrabudgetary	-47.7	-58.4	-75.4	-91.2	-92.3	-110.8
Consolidated government deficit	-35.8	-38.5	-54.3	-75.8	-77.8	-86.5
Financed by						
External sources	31.5	39.3	50.0	64.2	73.4	82.7
Domestic sources	4.3	-0.8	4.3	11.6	4.4	3.8
<u>Memorandum items</u>						
Consolidated deficit/GDP	12.5	10.8	12.6	14.6	14.1	14.4
Revenues/GDP	17.5	18.7	19.7	17.4	17.7	18.7
Tax revenues/GDP	16.0	17.4	18.3	15.3	15.4	10.4
Expenditures/GDP	28.1	28.2	32.3	31.9	31.6	33.1
External financing/ consolidated deficit	87.9	102.1	92.1	84.7	94.3	95.6
Extrabudgetary revenues/ Total revenues	38.8	36.9	38.8	39.1	39.3	39.1
Extrabudgetary expenditures/ Total expenditure	49.7	50.7	54.0	55.0	52.5	55.8

Source: Tables 7 and 10.

because of weak tax administration. In fact, until 1978 Mali's tax performance ranked quite favorably with that of the surrounding countries and was above the average of 16.1 per cent for 47 selected developing countries. 1/

The size of Government reflected in the share of government expenditures in total expenditures also increased from 28.1 per cent in 1976 to 32.3 per cent in 1978, before tapering off to 31.6 per cent in 1980, largely because of a slowing down in external project assistance in 1979 and 1980. There has also been some slackening in personnel, material, and educational expenditures. Nevertheless, the size of Government appears to have grown perceptibly, and rough indications suggest that it is somewhat larger than that of most surrounding countries. More significantly, Mali's expenditure pattern suggests that it is spending somewhat more than might be expected on public administration, defense, and education; furthermore, the economic balance in its expenditure composition is weighted more heavily toward wages than the purchase of goods and services. 2/

Because consolidated expenditure growth has outpaced consolidated revenue growth, the consolidated government deficit has more than doubled in absolute terms, from MF 35.8 billion in 1976 to MF 77.8 billion in 1980; correspondingly, its ratio to GDP increased from 12.5 per cent to 14.1 per cent. There has always been a consistently large dependence, reaching up to 95 per cent, on foreign financing of the deficit; this reflects the very meager availability of mobilized domestic financial resources because the system is already under strain, as reflected in the buildup of illiquid financial assets and unpaid bills.

V. State Enterprise Sector

1. Background and institutional setting

In the absence of an active private sector, development of the state enterprise sector has been a major instrument of development policy in Mali since independence. However, the Government has recently shifted its emphasis toward promoting private economic activities and has been exploring the possibility of converting some of the state enterprises into mixed companies with private participation, especially in trade activities. Nevertheless, it intends to exercise its control over, and to maintain its majority equity capital in the "strategic" state enterprises. 3/

Industrial and commercial state enterprises, which are owned in whole or in part by the Government, dominate the modern sector of the economy. There are at present 38 public enterprises, together accounting for 70 per

1/ See Alan A. Tait, Wilfred L. M. Gratz and Barry J. Eichengreen, "International Comparisons of Taxation for Selected Developing Countries, 1972-76," Staff Papers, March 1979, International Monetary Fund.

2/ Alan A. Tait and Peter S. Heller; "International Comparisons of Government Expenditure: A Starting Point for Discussion," unpublished, July 1981, International Monetary Fund.

3/ These will include at least two mixed companies (EDM and SMECMA) and six fully government-owned (Air Mali, SOMIEX, COMATEX, PPM, COMANAV, SOCIMA).

cent of industrial output, with monopoly marketing of grain and the exports of cotton and groundnuts (Appendix III). In 1979 their total sales amounted to about MF 136 billion, or 26 per cent of GDP, and the number of salaried workers reached about 19,000, or nearly one third of all public sector employees. However, because of cumulatively poor operational performance, they have become excessively dependent on recourse to bank credit (Table 12).

The 38 public enterprises, which operate mainly in agriculture, industry, transportation, and the trade and service sectors, are linked to government ministries. The Ministry of State Enterprises controls 18 wholly government owned enterprises and 7 "mixed companies." The 13 other public enterprises are supervised by various ministries (Ministry of Finance and Commerce, Ministry of Agriculture, Ministry of Public Works and Transportation, Ministry of Industrial Development and Tourism), according to the main function of the enterprise. Control is exercised on both a technical and a financial basis by the ministry directly related to the enterprise. Although close financial oversight is not carried out by the Ministry of Finance, the Ministry of Planning and each supervisory ministry maintain close relationships to assure that government policies vis-à-vis the sector, especially investment policy, are being carried out. Analysis of the public enterprise sector in Mali, however, is difficult because there is no centralized data gathering and no index of public enterprises containing basic information. Although the accounting systems, particularly in the larger firms, have recently been improved, they still do not facilitate current cost analysis or provide a sufficient basis for control by the Government.

The state enterprise sector carries out a number of noncommercial functions, including stabilizing consumer prices and ensuring the distribution of basic commodities and agricultural inputs. Therefore, very few of them are profitable, and, in the past years, their performance usually fell far short of expectations. This has been due at least in part to their inability to pursue independent pricing policies and to the Government's requirement that these enterprises emphasize social objectives over profit in their operations. Exogenous factors (climatic conditions, variations in world market prices, inflation) as well as unfavorable domestic conditions (inadequate market size, high transport costs, lack of skilled labor) and internal management difficulties (overmanning, inexperienced management, maladapted capital equipment, unrealistic selling prices) have also had adverse effects on this sector.

2. Global financial performance (1975-79)

The principal focus in this review of the performance of the state enterprises is on their financial performance, because of its fiscal and monetary implications. The review is restricted to the aggregate performance of 12 major state enterprises whose total sales amounted in 1979 to MF 120 billion, or 85 per cent of total sales for the sector (Table 13). No comprehensive data are available for 1980. Separate

Table 12. Mali: Structure of the State Enterprises Sector, 1979

	Number in sector	Staff (Number)	(In billions of Mali francs)			
			Turnover	Gross capital and reserves	Operating results	Bank credit outstanding
Trade and service	(6)	4382	84.3	23.0	-18.6	70.7
Agriculture and industry	(19)	9355	38.8	34.6	-7.9	25.6
Transportation	(13)	4971	12.9	23.9	-3.8	4.7
Total	(38)	18708	136.0	81.5	-30.3	101.0

Source: Appendix Tables III and IV.

Table 13. Mali: Selected Data on Major Public Enterprises, 1975-79 1/

(In billions of Mali francs)

	1975	1976	1977	1978	1979
<u>Current transactions</u>					
Sales	76.2	100.9	128.4	115.7	120.1
Gross value added <u>2/</u>	30.6	38.4	43.9	39.4	38.5
Operating expenses	-31.9	-39.3	-44.5	-49.1	-58.7
Exceptional profits	3.0	1.6	1.2	1.1	-1.7
Profits taxes	-1.2	-2.8	-1.8	-0.9	-1.2
Net profits	-1.4	-5.9	-6.4	-16.7	-25.6
Change in bank credit	24.3	17.2	-6.6	16.4	11.7
<u>Balance sheet</u>					
Accounts receivable	48.3	62.6	68.7	71.1	74.1
Other assets <u>3/</u>	77.7	89.9	83.1	83.4	90.9
Short-term debt	87.8	115.1	117.4	133.7	133.8
Of which: bank credit	70.7	87.9	67.1	83.6	95.3
Long-term debt	10.1	13.9	15.8	14.3	29.8
Net capital	28.2	23.5	18.6	6.6	3.9
(In per cent)					
<u>Other data</u>					
Personnel costs (billions MF)	4.8	6.0	7.1	7.9	8.8
Employment (number of persons)	10,578	11,084	11,585	11,701	12,084
Duties and taxes (billions MF)	8.2	12.5	13.8	14.3	11.5
Tax arrears (billions MF)	3.9	8.2	6.3	6.5	5.4
<u>Memorandum items:</u>					
Gross value added/Sales	40.1	38.5	34.1	34.0	32.0
Net profits/Sales	-1.8	-5.8	-5.0	-14.4	-21.3
Net profits/Gross value added	-4.5	-15.3	-14.5	-42.3	-63.8
Account receivable/Sales	63.4	62.0	53.5	61.4	61.6
Total bank credit/Sales	92.7	87.1	52.2	72.2	79.3
Short term debt/Purchases	92.5	84.2	38.9	75.2	63.4

Sources: Data provided by the Malian authorities; and Appendix Tables XXII and XXIV.

1/ SOMIEX, OPAM, SCAER, Air Mali, COMATEX, EDM, ITEMA, PPM, SEPAMA, SEPOM, SMECMA, and SONATAM.

2/ Sales minus purchases plus increase in stocks.

3/ Includes current operational and fixed assets.

mention is made of noteworthy aspects of the performance of SOMIEX, OPAM, and the Société de Crédit Agricole d'Équipement (SCAER, whose shares bulk large in the aggregated data.

The overall financial performance of the 12 major enterprises over the period has generally been weak, other than in 1977, when very favorable results were recorded largely because of enhanced world cotton prices. This performance can be analyzed from the standpoint of their operating results as well as their net worth. As a group, these enterprises have consistently recorded increasing net after-tax operating losses; in fact, only two enterprises, Pharmacie Populaire du Mali (PPM) and Société Malienne d'Étude et de Construction de Matériel Agricole (SMECMA), have registered profits over the whole period (Table 14). Whereas in 1975 such losses represented less than 1 per cent of sales, by 1979 this ratio had greatly expanded to 21.3 per cent. Correspondingly, there was a significant reduction in the gross value added, from 40 per cent to 32 per cent of sales (Appendix Table XXIII). Further, the net capital of these enterprises declined continuously, the decline being especially marked after 1978, as a result of operating losses recorded specially by OPAM, SCAER, Air Mali, and Société d'Exploitation des Produits Oléagineux du Mali (SEPOM).

The weak performance of public enterprises resulted from several factors. Cost containment has not been practiced or, if practiced, has not been successful because of inefficiencies due to inadequate management, excess staffing, and poor maintenance of fixed capital. For example, while personnel costs almost doubled from MF 4.8 billion in 1975 to MF 8.9 billion in 1979, nominal labor productivity in the same period, represented by the average gross value added per employee, increased only marginally from MF 2.9 million to MF 3.1 million, and most likely declined in real terms. Furthermore, there have been no adjustments to correct for the impact of the rapid increase in petroleum prices on transport costs of trade distribution and transport enterprises (e.g., SOMIEX, SCAER, Air Mali).

The accumulation of operating losses, together with a sharp increase in accounts receivable, representing mainly unpaid bills, has resulted in a stringent liquidity position for these enterprises with current liabilities exceeding current assets by a wide margin. This has been reflected in the higher short-term debt/purchase ratio compared with the accounts receivable/sales ratio. The sharp reduction in short-term debt in 1977 resulted from the transformation of short-term debt into long-term debt and into government equity holdings. Consequently, there has been increasing reliance on bank credit for financing (Appendix Table XXIV). After 1977, however, the availability of seasonal and nonseasonal short-term credit to state enterprises has been tightened considerably, causing them to use up their capital.

In such operating conditions the financial contributions of the state enterprises to the budget would necessarily be limited. However, the financial position of state enterprises has also been adversely affected by non-operational factors. These include the fact that the Treasury,

Table 14. Mali: Net Profits of the Main Public Enterprises, 1975-79

(In billions of Mali francs)

	1975	1976	1977	1978	1979
<u>Net profits 1/</u>					
SOMIEX	0.8	2.2	1.4	-6.9	-7.7
Export activities	(1.9)	(2.4)	(8.1)	(-3.5)	(0.6)
Distribution activities	(-0.6)	(1.7)	(-6.1)	(-2.7)	(-8.3)
Others	(-0.5)	(-1.9)	(-1.9)	(-0.5)	(--)
OPAM 2/	-1.9	-3.9	-4.2	-2.2	-5.9
SCAER 3/	0.0	0.2	-0.3	-3.4	-3.5
Air Mali	-0.7	-1.1	-0.7	-0.7	-1.3
COMATEX	0.1	-0.2	-1.4	-0.6	-0.4
EDM	0.0	-0.3	0.0	-0.3	-0.5
ITEMA	0.3	0.1	0.0	-0.2	-0.4
PPM	0.1	0.2	0.2	0.1	0.1
SEPAMA	--	0.1	-0.1	-0.5	-1.7
SEPOM	0.5	-3.2	-0.9	-2.1	-4.5
SMECMA	0.0	0.0	0.0	0.1	0.1
SONATAM	0.1	0.1	-0.2	-0.0	0.2
Total	-0.7	-5.8	-6.2	-16.7	-25.5

(In per cent)

<u>Net profits/gross value added</u>					
SOMIEX	6.5	10.5	6.4	-40.8	44.4
Export activities	(36.7)	(22.5)	(44.6)	(-51.4)	(6.1)
Distribution activities	(-7.6)	(16.3)	(-219.0)	(-26.0)	(-110.0)
OPAM	-93.5	-263.0	-320.0	-83.6	-1,400.0
SCAER	--	--	--	--	--
Air Mali	-16.2	-23.9	-14.0	-14.2	-27.5
COMATEX	4.7	-7.1	-77.7	-21.4	-11.3
EDM	0.5	-13.8	0.7	-11.6	-17.8
ITEMA	13.7	5.0	1.3	-8.5	-23.5
PPM	7.1	14.3	11.1	5.5	6.0
SEPAMA	--	23.3	-4.5	-20.8	-143.3
SEPOM	20.0	--	-29.0	-123.0	-375.0
SMECMA	5.0	8.0	10.1	25.0	2.0
SONATAM	3.3	3.0	-6.2	-0.6	4.5
Total	-2.3	-15.3	-14.1	-42.3	-66.2

Source: Data provided by the Malian authorities.

1/ Operating profits.

2/ Fiscal year: September 1-August 31 (does not include contribution from ORSP).

3/ Fiscal year: October 1-September 30 (does not include government subsidies).

because of its endemic liquidity shortage, has accumulated arrears with the state enterprises for government purchases, thereby, in part, causing them to delay their tax payments. Further, state enterprises, although they have incurred consistent operating losses, are still subject to a 1 per cent turnover tax in lieu of business profits tax, which they have been unable to pay fully because of liquidity constraints. These factors have given rise in the past few years to the evolution of an intricate network of claims and counter-claims between the Treasury and state enterprises leading to periodical compensatory adjustments and a buildup of arrears of MF 5.4 billion by end-1979. Consequently, the determination of the contribution of state enterprises to the budget has not been a straightforward matter, and year-to-year movements have quite limited significance. In 1979 duties and tax liabilities due by state enterprises amounted to MF 11.6 billion, or just under 20 per cent of budgetary revenue indirect taxes. When account is taken of the growth of tax arrears, however, their combined contribution is substantially lower.

The overall financial position and performance of the 12 major state enterprises is dominated by the outturn recorded by SOMIEX, which accounts for about 53 per cent of total sales and 45 per cent of value added (Table 15). In addition to controlling the exports of cotton, SOMIEX has been responsible for the distribution of the most important basic necessities under a regime of administered prices. The overall operating results of SOMIEX were positive through 1977, largely because profits on export activities were sufficiently large (especially in 1977) to mask losses incurred on distribution activities. In 1978 and 1979 a marked deterioration in the overall operating position of SOMIEX set in. This deterioration was due mainly to a decline in the gross margin from export sales of cotton, which declined from MF 18.2 billion in 1977 to MF 9.6 billion in 1979. The decline in the gross profitability of export activities was compounded by poor performance as regards its distribution activities. The sharp increase of general operating expenses between 1977 and 1979 reflected the writing off of stock losses and bad debts. The decline in the gross margin arises from the failure to adjust fully administered domestic prices for basic foodstuffs by the increases in import prices and transport costs, together with inadequate financial management. A substantial part of SOMIEX's operational losses was financed by bank credit, which by end 1979 stood at MF 26.8 billion, or one fifth of total credit outstanding to the economy. In 1980, however, its operational losses are likely to have been stanchied, owing to substantial price increases for most basic foodstuffs and the initial steps taken under a plan adopted in November 1980 to restructure SOMIEX. This plan will involve a reduction in the scope of its distribution activities and internal restructuring of its financial and personnel management.

In addition to SOMIEX, the other major enterprises sustaining losses are OPAM and SCAER, both of which show negligible and even negative gross value added. OPAM holds a monopoly for marketing cereals within the country and operates administered prices for both purchase and sale of cereals.

Table 15. Mali: Income Statement of SOMIEX, 1975-79

(In billions of Mali francs)

	1975	1976	1977	1978	1979
<u>Distribution activities</u>					
Purchases	24.2	14.4	24.4	23.0	24.2
Sales	23.3	25.0	32.2	33.5	34.3
Change in stocks	8.4	0.1	-5.0	-0.4	-2.3
Gross margin	7.5	10.7	2.8	10.1	7.8
Operating expenses	7.2	7.9	7.8	11.7	15.2
Personnel	(0.6)	(0.7)	(1.0)	(1.2)	(1.5)
Transport	(2.6)	(2.4)	(1.9)	(3.5)	(3.2)
Duties and taxes	(3.1)	(3.5)	(2.6)	(4.6)	(3.5)
Depreciation, others	(0.9)	(1.3)	(2.3)	(2.4)	(8.0)
Financial costs	0.9	1.1	1.2	1.1	0.9
Operating profits	<u>-0.6</u>	<u>1.7</u>	<u>-6.1</u>	<u>-2.7</u>	<u>-8.3</u>
<u>Export activities</u>					
Purchases	8.7	18.8	19.7	19.7	23.3
Sales	11.4	29.8	38.3	27.4	29.5
Change in stocks	2.6	-0.3	-0.4	-0.9	3.5
Gross margin	5.3	10.7	18.2	6.8	9.6
Operating expenses	3.0	7.8	9.3	9.5	8.8
Personnel	(0.2)	(0.3)	(0.2)	(0.2)	(0.2)
Transport	(1.4)	(4.2)	(4.1)	(4.1)	(3.4)
Duties and taxes	(0.0)	(2.2)	(4.3)	(3.9)	(1.9)
Depreciation, others	(1.4)	(1.1)	(0.7)	(1.3)	(3.3)
Financial costs	0.4	0.5	0.7	0.8	0.2
Operating profits	<u>1.9</u>	<u>2.4</u>	<u>8.1</u>	<u>-3.5</u>	<u>0.6</u>
<u>Consolidated situation</u>					
Operating profits	1.4	4.1	2.0	-6.2	-7.7
Exceptional profits	0.3	0.4	0.7	-0.1	0.6
Gross profits	<u>1.7</u>	<u>4.5</u>	<u>2.7</u>	<u>-6.3</u>	<u>-7.1</u>
Profit taxes	0.8	2.3	1.3	0.6	0.6
Net profits	<u>0.8</u>	<u>2.2</u>	<u>1.4</u>	<u>-6.9</u>	<u>-7.7</u>

Source: Income statement of SOMIEX.

Operating losses stemmed largely from the domestic sale of foreign-purchased and domestically produced grain at artificially lower retail prices. Over the period 1975-79 total operating losses were around MF 18 billion along a generally increasing trend. These deficits have been financed up to 1977 largely by borrowing from deposit money banks and thereafter by utilizing the counterpart of food aid and by growing subventions received from the (ORSP). In 1976, OPAM's total bank indebtedness amounted to MF 40 billion; of this figure, MF 16 billion was transformed into an increase in the Government's shareholding in 1977 and MF 14 billion into a medium-term loan. Despite these consolidations and government subsidies, total bank debts of OPAM have climbed steadily, from MF 25.8 billion in 1977 to a provisional level of MF 31.9 billion in 1980. SCAER, which is the only supplier of subsidized agricultural machinery and inputs, incurred operating losses of MF 3.4 billion and MF 3.5 billion in 1978 and 1979, respectively, because its allocations under the barèmes were inadequate. Furthermore, its financial position was aggravated by the inability to obtain reimbursement from farmers for inputs it provided them. This has necessitated its increasing resort to bank credit, rising from MF 5.1 billion in 1975 to MF 15.1 billion in 1979. SCAER was wound up in 1980, and a fundamental reorganization of OPAM's structure and operations is under active consideration. Air Mali has also shown a poor financial performance, which has led to the accumulation of external current payments arrears of about MF 7 billion.

VI. Money and Banking

1. The monetary and banking system

a. The monetary system

The Malian financial system operates within the framework of a monetary agreement concluded between Mali and France in 1967 and renewed in May 1977, pending Mali's entry into the West African Monetary Union (WAMU). Under its terms, France agreed to guarantee the convertibility of the Mali franc, through the mechanism of an operations account which provides overdraft facilities to the Central Bank of Mali (BCM) with the French Treasury. The agreement was revised in 1977 and, inter alia, provided that financing under the operations account be made subject to three progressively stricter regulatory limits: should the account's operating balance 1/ exceed MF 52 billion for over three consecutive months, the Central Bank would be required to lower the rediscount ceiling applicable to commercial banks by 10 per cent; should it exceed MF 55 billion, the Central Bank would be required to reduce rediscounts by an additional 10 per cent of the original ceiling and reduce the existing level of statutory advances to the Treasury equivalent to 15 per cent of the previous year's revenues by 5 per cent; finally, should it exceed MF 64 billion, full convertibility of the Mali franc would be suspended 2/. In addition, Mali undertook to redress the financial imbalance of the public sector.

1/ The operating balance is defined as Mali's total debit position under the operations account less accrued interest charges and MF 16 billion of consolidated OPAM debt.

2/ At the end of June 1981 the operating balance stood at MF 52.3 billion. Operations account liabilities amounted to MF 110.1 billion.

In line with the revised 1977 agreement, the BCM has tightened its control over the volume and distribution of credit extended by the deposit money banks for seasonal and nonseasonal use. The BCM's primary instrument of credit policy remains its rediscount ceiling for deposit money banks and for large state enterprises. Two important changes in its use have been instituted in recent years. First, as part of the 1977 monetary agreement, the Central Bank discontinued the use of these facilities for the purpose of financing current losses of state enterprises. Second, the system of rediscount ceilings was simplified in September 1980 to allow deposit money banks a greater flexibility in meeting the productive credit needs of the economy; the earlier, more complex structure, comprising three rediscount ceilings with several safety margins, was replaced by two ceilings and a single safety margin. Ceiling A relates to seasonal credit and is set in accordance with the expected value of the marketed crop; Ceiling B covers all nonseasonal credit and is based on the projected evolution of the deposit money banks' own resources and the economy's credit requirements. In addition, a single safety margin provides some degree of flexibility to the system, permitting the rediscount ceilings to be exceeded at two progressive penalty rates -- 9 per cent for the utilization of the first half of the margin and 12 per cent for the second half. However, the Central Bank's basic rediscount rate of 6 per cent has remained unchanged since January 1977.

As a secondary instrument of credit policy, the BCM has established a limit on annual increases in nonrediscountable credits by deposit money banks. This limit, originally set at 12 per cent in 1977, was reduced to 10 per cent in 1978. In March 1979 sub-limits of 25 per cent for industrial credit and 6 per cent for commercial credit were imposed within the overall limit. On the other hand, since September 1980 deposit money banks have not been required to maintain blocked deposits with the BCM when these credit ceilings are exceeded; rather, an agreed time schedule is established between them for the elimination of any excess credit.

b. The banking system

The commercial banking system comprises three deposit money banks: the Banque de Développement du Mali (BDM), by far the largest and entirely government-owned; the Banque Malienne de Crédit et de Dépôt (BMCD), in which the Government has a majority participation, and the Banque Internationale pour l'Afrique Occidentale (BIAO), which is entirely foreign-owned. In conjunction with the 1977 revision of the Franco-Malian monetary agreement, commercial banking legislation similar to that in WAMU countries was passed in late 1980 and is currently being implemented. Included in its provisions is a minimum share capital level of MF 500 million for banks; the Ministry of Finance was granted standing authority to impose reserve requirements on bank deposits, to specify required liquidity ratios, and to limit the amount of credit granted to a single borrower or closely connected group of borrowers. The obligation of the banks to report certain data to the Central Bank is also specified by the new legislation.

Other financial institutions which perform some banking operations are the Treasury, the Post Office, and the SCAER. However, the latter, which was set up in 1972 to channel medium- and long-term credit to the agricultural sector, is in liquidation because of its heavy financial losses. It will be replaced by the Banque Nationale de Développement Agricole (BNDA), which is expected to begin its operations in 1981. The capital of BNDA amounts to MF 2 billion, with the participation of the Government (MF 1.1 billion), the French Caisse Centrale de Coopération Economique (MF 300 billion), the BCM (MF 300 million) and the BDM (300 million). Although the BNDA will provide short-term credit, particularly for crop financing, its main function is to provide medium and long-term credit for the purchase of equipment and for agricultural purposes. The BNDA will extend credit to village associations and cooperatives, in close coordination with the "Opérations de Développement", which will be responsible for the provision of technical assistance to them. In the poorer regions, it will use funds provided by foreign donors or by the Government to provide risk credit to individual peasants.

2. Overall monetary and credit developments (1972-80)

For the period as a whole Mali recorded a consistent negative net foreign assets position despite substantial foreign assistance, because the expansion in net domestic credit substantially exceeded the demand for money (Table 16 and Appendix Table XXIX). Expansion of net foreign liabilities, broad money, and domestic credit was especially marked up to 1977 and decelerated markedly thereafter, reflecting increasingly restrictive credit policies following the renewal of the Franco-Malian accord. However, while these aggregates displayed broadly similar long-term trends, their behavior differed substantially over shorter periods, reflecting the influence of exogenous factors (e.g., fluctuations in weather conditions and the terms of trade) on real output, the balance of payments, and, hence, the domestic money supply. Thus, while the rate of growth in net domestic credit declined to only 4 per cent in 1977, money and quasi-money continued to expand at a rapid rate (23 per cent) in response to increased foreign exchange receipts from sharply rising export earnings and foreign assistance (Table 17). With the decline in exports and the return of an overall balance of payments deficit in 1978, a continued rapid increase in the growth of the money supply (25 per cent) was sustained by a much greater expansion in domestic credit (18.5 per cent). For the period 1979-80, however, the growth rates of the three aggregates tended to decelerate. Thus, a more moderate average annual increase in net domestic credit (10 per cent) led to a smaller growth in net foreign liabilities (8 per cent) and together held the growth rate in broad money to 11 per cent.

The deceleration in the growth of broad money after 1978 was accompanied by a significant change in its composition, as the importance of currency in circulation increased relative to bank deposits. Several factors help explain this trend. The exceptional volume and value of the marketed crop in 1978/79 called for a rapid expansion in rediscounted seasonal credit, which translated into a substantial increase of 24.3 per cent in currency

Table 16. Mali: Monetary Survey, 1972-80

(In billions of Mali francs; end of period)

	1972	1976	1977	1978	1979		1980	
					June	December	June	December
Foreign assets (net) 1/	-33.1	-102.5	-92.3	95.9	-94.1	-103.9	-104.6	-112.4
Central Bank	-35.6	-97.8	-91.3	-95.6	-94.2	-104.9	-106.9	-111.2
Deposit money banks	2.5	-4.7	-1.0	-0.3	0.1	1.0	2.3	-1.2
Domestic credit	81.9	194.9	203.3	241.0	248.6	270.2	285.0	287.7
Claims on Government	47.7	72.3	96.4	107.7	109.7	118.0	123.0	123.7
Claims on the economy	34.2	122.6	106.9	133.1	138.9	152.2	162.0	164.0
Of which: short-term to large enterprises	(25.2)	(94.2)	(71.7)	(77.3)	(81.5)	(91.5)	(98.7)	(97.1)
Money and quasi-money	35.2	78.8	96.9	118.4	129.4	136.1	147.0	144.4
Money	32.9	77.3	94.5	112.4	121.3	129.4	139.9	137.8
Currency in circulation	21.0	45.0	54.8	61.4	67.5	76.3	79.4	81.2
Demand deposits	10.7	31.0	37.2	46.2	49.1	44.9	51.4	45.1
Deposits with the Postal Checking System	1.2	1.3	2.5	4.8	4.7	8.2	9.1	11.5
Quasi-money	2.3	1.5	2.4	6.0	8.1	6.7	7.1	6.6
Medium- and long-term foreign liabilities	-3.8	-4.9	-5.4	-5.2	-5.2	-5.2	-5.2	4.9
SDR allocation	4.2	4.2	4.3	4.3	5.8	5.8	7.2	7.2
Other items (net)	5.6	4.5	4.4	17.2	14.1	19.2	21.0	-19.8

Source: Data provided by the Central Bank of Mali.

1/ Including Trust Fund loans or their counterpart in local currency deposits.

Table 17. Mali: Monetary Survey: Growth Rates and Selected Ratios, 1972-80

(In per cent)

	<u>1972-76</u> Annual average	1977	1978	1979	1980
<u>Annual growth rates</u>					
Net foreign assets <u>1/</u>	-52.4	9.9	-10.5	-8.3	-7.4
Net domestic credit	34.5	4.3	18.5	12.1	6.2
Net claims on Government <u>1/</u>	12.9	33.0	11.9	9.4	4.2
Credit to the economy	64.6	-12.8	24.4	14.4	7.7
Money and quasi-money	30.9	23.0	25.3	14.9	5.6
Of which: currency in circulation	2.8	21.8	12.0	24.3	6.5
<u>Selected ratios</u>					
	<u>1972</u>				
Domestic credit/GDP	55.0	51.0	56.9	51.6	50.6
Money <u>2/</u> and quasi-money/GDP	19.9	24.3	26.4	26.4	23.4
Of which: currency in circulation/GDP	11.9	13.8	14.5	14.6	14.3
Claims on Government/Domestic credit	58.2	47.4	44.7	43.7	42.9
Currency in circulation/Bank deposits	161.5	138.4	117.6	147.9	180.7
Rediscounts/Claims on the economy	54.6	47.8	54.6	62.7	59.1
Net foreign liabilities/Domestic credit	40.4	45.4	39.8	38.5	39.9

Source: Table 16.

1/ Including the Trust Fund loans, or their counterpart in local currency.
Excluding long-term borrowing by banks.

2/ Excluding the Postal Checking System.

in circulation in 1979. Conversely, demand deposits with the commercial banking system, which represented 41 per cent in 1978, declined to 33 per cent in 1980. This fall in the relative share of bank demand deposits reflected not only the rapid growth of currency in circulation mentioned above; it also was due to a mistrust in the financial system, engendered by seizure of private sector bank deposits by the tax authorities to settle outstanding tax liabilities, and the increasing illiquidity of the Treasury and of the postal checking system.

3. Credit to Government

About 90 per cent of total claims on the Government is held by the Central Bank, the balance being distributed between deposit money banks and the postal checking system (Table 18). Of the Central Bank's total outstanding claims on Government at the end of 1980, one half had been accumulated before 1978 in the form of long-term loans stemming mainly from the liquidation of the Banque de la République du Mali in 1967 (MF 38.3 billion) and the financing of emergency cereals imports by OPAM in 1974/75 (MF 16 billion). Of the MF 9.3 billion increase in central bank claims on the Government granted in 1979-80, MF 6.8 billion corresponded to disbursements from the Trust Fund. Interest charges accrued under the operations account, which the Central Bank adds to its claims on Government, increased by only MF 900 million during the same period, as part of the central bank profits was used to offset some of these claims. Statutory advances to the Treasury, which are limited to 15 per cent of the previous year's revenues, grew by MF 1.6 billion over the two-year period, and continued to represent less than 10 per cent of the Central Bank's claims on Government. Claims on the Government by the postal checking system have more than doubled since 1978, while claims on deposit money banks have remained essentially unchanged. Reflecting these various influences, the rate of increase in total claims on the Government, which averaged 14.6 per cent during 1972-78, decelerated to just 9.4 per cent in 1979 and 4.2 per cent in 1980; this trend is expected to continue in 1981.

4. Credit to the economy

Net credit to the economy increased nearly fivefold over the period 1972-80, while its share in total domestic credit rose from 42 per cent to 57 per cent (Table 19). Underlying these overall growth figures, however, the rate of expansion in credit to the economy has varied widely over the period. Thus, after increasing by an average 6.5 per cent per annum during the period 1972-76, growth in credit to the economy came to a full stop in 1977; credit then accelerated over the next two years, increasing by 8 per cent in 1978 and 14 per cent in 1979, only to fall back to an 8 per cent growth rate in 1980.

Table 18. Mali: Claims on Government, 1972-80

(In billions of Mali francs; end of period)

	1972	1976	1977	1978	1979		1980	
					June	Dec.	June	Dec.
Central Bank	43.1	69.4	92.8	100.8	103.0	108.0	111.9	110.1
Liquidation of BRM operations	34.3	38.3	38.3	38.3	38.3	38.3	38.3	38.3
OPAM consolidated debt	--	--	16.0	16.0	16.0	16.0	16.0	16.0
Trust Fund loan	--	--	--	5.1	8.8	8.8	11.3	11.9
Statutory advances	2.3	4.3	5.6	7.4	8.3	8.3	8.3	9.0
Accrued interest charges	6.6	27.3	23.0	34.0	35.3	36.6	38.0	34.9
Special advances 1/	--	--	--	--	--	--	--	--
Minus: government deposits	--	-0.5	-0.1	--	--	--	--	--
Deposit money banks	3.4	1.6	1.1	2.3	2.0	1.8	2.0	2.1
Advances to the Treasury	2.6	6.7	--	1.1	1.1	0.5	0.5	0.5
Deposits at the Treasury	0.8	0.9	1.1	1.2	0.9	1.3	1.3	1.6
Private deposits with the Postal Checking System	1.2	1.3	2.5	4.8	4.7	8.2	9.1	10.8
Total	47.7	64.6	96.4	107.9	109.7	118.0	123.0	123.7

Source: Data provided by the Central Bank of Mali.

1/ Mali franc counterpart of purchase under the compensatory financing facility.

Table 19. Mali: Distribution of Credit to the Economy, 1972-80

(In billions of Mali francs; end of period)

	1972	1976	1977	1978	1979		1980	
					June	Dec.	June	Dec.
Credit to large enterprises	20.1	94.2	71.7	77.3	81.5	91.5	99.4	97.1
Seasonal credit	...	34.1	22.7	38.2	41.6	49.1	57.8	48.9
OPAM	...	...	...	5.4	4.6	4.9	7.3	5.4
SOMIEX	...	...	...	4.6	4.0	11.7	9.4	3.8
SCAER	...	...	...	15.3	14.4	15.1	12.5	12.6
CMDT	...	...	...	9.4	12.5	13.1	19.8	20.1
SOMASAC	...	...	...	0.8	0.7	0.6	0.6	0.6
SEPAMA	...	...	...	2.7	4.4	3.7	7.5	5.8
Office du Niger	...	...	...	--	--	--	0.7	0.6
Nonseasonal credit	...	60.1	49.0	39.1	39.9	42.4	41.6	48.2
OPAM	...	...	...	10.5	10.7	11.5	12.0	12.5
SEPOM	...	...	...	10.3	11.3	10.4	11.7	11.8
SOMIEX	...	...	...	13.4	12.0	13.1	11.5	17.9
COMATEX	...	...	...	3.3	4.1	5.5	5.5	5.4
SMECMA	...	...	...	1.6	1.8	1.9	0.9	0.6
Other credit 1/	14.1	28.4	35.2	55.8	57.4	60.7	62.6	67.4
Total credit to the economy	34.2	122.6	106.9	133.1	138.9	152.2	162.0	169.5
Memorandum items:								
Total nonseasonal credit	14.1	88.5	84.2	94.9	97.3	103.1	104.2	115.6
Credit rediscounted by Central Bank	18.7	81.7	...	72.9	80.7	95.4	103.6	96.9
Credit financed from other sources	15.5	40.9	...	60.2	58.2	56.8	58.4	67.6

Source: Data provided by the Central Bank of Mali.

1/ Excluding MF 16 billion of OPAM's debt that was transferred in October 1977 as claims on the Government, but including MF 14 billion of OPAM's debt that was consolidated into a medium-term loan in early 1978.

These significant variations in the growth of credit to the economy can be traced to two principal factors: first, year-to-year changes in the value of the marketed crop and second, a redefinition of central bank policy regarding access to rediscountable seasonal credit. Thus, large increases in seasonal credit in 1976, 1978, and 1979 corresponded to rapid growth in agricultural exports, particularly cotton, in the preceding crop year. SOMIEX and CMDT were the main beneficiaries of these increases. Conversely, the outstanding volume of seasonal credit fell by one third in 1977 and stagnated in 1980, reflecting the poor harvests of the 1977/78 and 1980/81 crop seasons.

The lower rate of expansion in seasonal credit was also influenced by a stricter definition of seasonal credit by the Central Bank in 1979. Only short-term credit granted to SOMIEX for commercialization of export crops, to CMDT, SCAER, SOMASAC, and SEPAMA, as well as that part of credit to OPAM which is to be fully repaid before the next crop, was to be treated as seasonal credit. Furthermore, to stop state enterprises from habitually using seasonal credit to finance their operating losses, only those enterprises which could project a positive operational balance in the following year were to be eligible for rediscounting.

Much of the increase in nonseasonal lending to the large state enterprises in recent years has been the result of a reclassification of existing credits rather than the granting of new credits or of repayments (Appendix Table XXV). Thus, in October 1977 MF 16 billion of OPAM debt arising from rediscounted credit was transformed into a claim by the Central Bank on the Government, and in early 1978 short-term bank credit of MF 14 billion of OPAM debt was consolidated into a medium-term credit at a concessional interest rate. In addition, MF 5.9 billion in seasonal credit to SOMIEX was transformed into a nonseasonal credit in December 1980. Other net changes in nonseasonal credit have been relatively minor, amounting to only MF 3 billion during the period 1979-80; of this amount, the largest net increase went to COMATEX (MF 2.2 billion in 1979), to permit settlement of its debt with CMDT, and to OPAM (MF 2 billion over the two year period) for the distribution of imported foodstuffs. A net repayment of MF 1 billion was made during the period by SMECMA.

Short-term credit to the private sector and to small state enterprises not included in the above discussion increased by MF 3.6 billion (11 per cent) in 1979 and by MF 3.4 billion (9 per cent) in 1980 (Appendix Table XXV). Of this amount, credit to industry increased by MF 1.3 billion (29 per cent) in 1979 and MF 2.4 billion (41 per cent) in those years, respectively. Short-term credit for construction and public works increased by MF 1.4 billion in 1979 but decreased by MF 500 million in 1980 as work on the Sélingué dam drew to a close. Credit for transportation and other miscellaneous uses declined marginally in both years. Medium- and long-term credit, which grew by just MF 1.3 billion in 1979, increased by MF 2.7 billion in 1980, with most of the latter increased financing to HUICOMA, a new cotton oil refinery.

Throughout most of the recent period the relative importance of rediscounts from the Central Bank was increasing (Appendix Table XXVI). Thus, the proportion of credit to the economy that was financed by re-discounts increased from 55 per cent in December 1978 to 66 per cent in September 1980. The dominant part of the rediscounted credit was for short-term seasonal financing purposes. As of the latter date, however, commercial banks are no longer required to hold blocked deposits with the Central Bank when ceilings on the growth of nonrediscountable credit have been exceeded; consequently, the proportion of rediscounts in total credit to the economy fell to 57 per cent by year's end.

5. Structure of interest rates

With a single exception, interest rates in Mali have remained unchanged since January 1977; only the penalty discount rates charged when rediscount ceilings are exceeded have been changed, as mentioned above, in September 1980 (Appendix Table XXVII). As regards lending rates, deposit money banks are charged a 6.0 per cent rate by the BCM on rediscounted loans made within the ceilings; they, in turn, charge borrowers of such loans 7.5 per cent for seasonal credit and 9.5 per cent for nonseasonal credit use. The revised penalty discount rates (9 per cent in the first half and 12 per cent in the second half) of the safety margin provide strong incentives for deposit money banks to keep within the rediscount ceilings in their lending operations. Rediscountable loans to the private sector are charged interest rates ranging from 10 per cent for priority investment to 15 per cent for regular commercial loans. On the deposit side, differentiated interest rates exist for time and demand deposits depending on their level and maturity. Rates on time deposits range from 4 to 6 per cent. Rates are also in force for demand deposits in excess of MF 1 million, the maximum being 1 per cent on deposits greater than MF 100 million. As the rate of inflation exceeded the average level of interest rates, both real lending and deposit rates have remained negative during the whole period. This negative trend in real rates, together with the negligible spread between them, has probably caused the demand for loanable funds to greatly exceed their supply, leading to increased credit rationing and accentuated dependence on the rediscount mechanism.

VII. External Sector

1. Overall balance of payments developments (1972-80)

Mali's external position, as represented by the overall balance, has deteriorated consistently over the period, albeit less sharply between 1978 and 1980, (Table 20). Whereas in 1972 the overall deficit was SDR 7.4 million, by 1980 this had climbed to SDR 19 million, or 1.9 per cent of GDP, at an annual average rate of 12 per cent.

Table 20. Mali: Summary Balance of Payments, 1972-80

(In millions of SDRs) 1/

	1972	1978	1979	1980
Exports, f.o.b.	41.9	88.7	114.1	157.5
Imports, f.o.b.	-64.0	-164.2	-194.7	-249.1
<u>Trade balance</u>	<u>-22.1</u>	<u>-75.5</u>	<u>-80.6</u>	<u>-91.6</u>
Nonfactor services receipts	17.3	26.7	35.3	45.9
Nonfactor services payments	-36.5	-106.9	-132.8	-145.8
Of which: freight & insurance	(-13.8)	(-63.4)	(-74.6)	(-95.4)
Factor services (net)	-4.9	-8.7	-9.1	-11.1
Private transfers (net)	9.7	31.3	26.7	29.6
<u>Current account</u>	<u>-36.5</u>	<u>-133.1</u>	<u>-160.5</u>	<u>-173.0</u>
Official transfers (net)	18.1	83.0	82.6	83.2
Nonmonetary capital receipts	12.8	57.0	71.1	95.4
Private sector	0.9	10.1	13.6	15.6
Public sector long-term	5.4	45.5	54.0	78.3
Other	6.5	1.4	3.5	1.5
Nonmonetary capital payments	-5.6	-15.4	-12.5	-14.3
Errors and omissions	3.8	-7.8	1.7	-10.2
<u>Overall balance</u>	<u>-7.4</u>	<u>-16.0</u>	<u>-17.6</u>	<u>-18.9</u>
Change in reserves (increase -)	<u>7.4</u>	<u>16.0</u>	<u>17.6</u>	<u>18.9</u>
SDR allocation	2.3	—	2.7	2.7
Trust Fund	--	9.0	6.7	5.6
Central Bank	5.7	-1.6	10.2	5.8
Operations account	6.5	4.4	13.3	9.1
IMF (net)	...	-1.4	-4.0	0.7
Other	...	-4.6	0.9	-4.0
Commercial banks 2/	-0.6	8.6	-2.4	2.6
Change in arrears 3/	--	--	0.4	2.2

Sources: Central Bank of Mali; Appendix Table XXX; and staff estimates and projections.

1/ Mali francs have been converted at a period average rate of SDR 1 = MF 556 for 1972 ; SDR 1 = MF 565 for 1978; SDR 1 = MF 549.7 for 1979; SDR 1 = MF 550.6 for 1980.

2/ Includes bilateral accounts.

3/ For the period 1978-80 includes only the arrears of the public enterprises.

The relatively moderate deterioration during 1978-80, however, masks growing disequilibrium of the trade current balance due to the combined effect of recurrent droughts and the adverse evolution of the terms of trade because of higher petroleum prices, and growing transportation costs associated with Mali's landlocked position. The current account worsened by 30 per cent between 1978 and 1980; in 1979 increases in exports were offset by a deterioration in the service account due to an increase in freight charges, and in 1980 Mali experienced a sharp deterioration in its terms of trade. These overall deficits have been financed mainly by official transfers through long-term borrowing, which increased sharply from SDR 45.5 million in 1978 to SDR 78.3 million in 1980. Borrowing was principally made under the operations account with France; other sources included the SDR allocation, borrowing from the IMF under the Trust Fund, an increase in recorded current payments arrears, and, in 1978, reduction of balances under the bilateral accounts. The deficits would be significantly increased if total current payments arrears were included. ^{1/}

2. Merchandise trade

In the absence of customs data after 1977, the trade balance has been derived using settlements data provided by the Central Bank, estimates of traditionally unrecorded border trade (especially for livestock), transactions data from SOMIEX, and statements from bilateral donor countries and multilateral lending institutions.

a. Exports

During the period 1972-80 overall exports grew in volume at an average rate of about 18 per cent a year; however, the growth was especially rapid during 1978-80, when a 20 per cent growth rate was registered. Between 1972 and 1978 export value declined from 12.4 per cent to 11.6 per cent of GDP; this decline was followed by an increase in 1979 to 12.1 per cent and in 1980 to 15.7 per cent (Table 21 and Appendix Tables XXXI and XXXII). This resulted from a sharp increase in export receipts from cotton, livestock, and sheanuts. Cotton export receipts increased by 30 per cent as a result of both an increase in production and a reduction of stocks accumulated in 1979. Whereas in 1972 cotton accounted for just over one quarter of total export value, by 1980 its share had increased to about one half. Cotton export value is overwhelmingly represented by the export of fiber, cotton seeds and cakes accounting for only a minuscule relative share.

Exports of livestock represent the second most important element in total imports, taking place mostly as part of unrecorded traditional border trade, which has had to be estimated both as to volume and unit value. On this basis, it appears that between 1978 and 1980 a 50 per cent increase in livestock volume following herd reconstitution, rather than

^{1/} Because of inadequate recording of current payments arrears, the balance of payments data shown in this section reflect only the arrears of state enterprises.

Table 21. Mali: Composition of Exports (f.o.b.), 1972-80
(Value in billions of MF; volume in metric tons; unit value in MF per kilo)

	1972	1978	1979	1980	1981 Projection
<u>Cotton</u>					
Value	7.9	24.9	33.9	43.6	34.5
Cotton fiber					
Value	7.3	24.3	31.9	41.0	31.8
Volume	23,306	40,003	47,476	51,876	37,428
Unit value	313	607	672	790	830
Cotton seeds					
Value	0.6	0.1	0.1	0.4	—
Volume	28,439	4,764	2,025	7,399	—
Unit value	21	21	49	54	—
Cotton cakes					
Value	—	0.2	0.3	0.8	0.6
Volume	—	3,585	3,568	3,470	7,500
Unit value	—	56	84	84	80
Cotton threads and materials					
Value	—	0.3	1.6	1.9	2.1
Volume	—	868	3,555	3,600	4,200
Unit value	—	346	456	500	500
Cotton oil					
Value	—	—	—	—	—
Volume	—	—	—	—	—
Unit value	—	—	—	—	—
<u>Groundnuts</u>					
Value	4.0	5.7	2.9	2.0	4.7
Shelled groundnuts					
Value	2.9	2.1	—	0.2	0.3
Volume	22,495	7,917	—	—	2,220
Unit value	129	265	—	—	135
Groundnut oil					
Value	0.7	3.1	2.5	1.3	3.9
Volume	3,158	7,221	6,970	4,300	7,003
Unit value	222	428	360	307	561
Groundnut cakes					
Value	0.4	0.5	0.4	0.5	0.5
Volume	9,190	9,609	8,650	10,300	10,090
Unit value	44	52	50	50	49
<u>Hides and leather</u>					
Value	0.2	0.3	0.4	0.6	1.0
Volume	476	459	669	569	667
Unit value	420	654	598	703	1,500
<u>Livestock</u>					
Value	4.7	14.7	15.1	25.1	27.9
Volume	25,000	36,016	34,508	53,633	55,800
Unit value	190	408	438	468	500
<u>Fish</u>					
Value	0.9	0.8	0.9	1.0	1.3
Volume	3,320	1,847	2,064	2,000	2,200
Unit value	271	433	436	500	575
<u>Gum arabic</u>					
Value	0.6	0.2	0.4	0.5	0.6
Volume	3,815	1,210	2,353	2,857	3,500
Unit value	157	165	170	175	171
<u>Basket and esparto products</u>					
Value	0.6	0.2	—	0.3	0.3
Volume	1,883	889	—	1,330	1,200
Unit value	319	225	—	225	250
<u>Sheanuts</u>					
Value	—	0.3	4.6	4.0	3.1
Volume	—	5,773	45,327	37,383	25,000
Unit value	—	53	101	107	124
<u>Miscellaneous</u>					
Value	4.4	3.0	4.5	9.5	7.9
Volume	13,750	9,677	13,636	27,142	21,500
Unit value	320	310	330	350	367
<u>Total</u>	<u>23.3</u>	<u>50.1</u>	<u>62.7</u>	<u>86.6</u>	<u>81.8</u>

Sources: For 1978-80: estimates prepared by the Central Bank of Mali and for 1981, staff projections.

price increases, has been mainly responsible for a sharp increase in export value of 70 per cent, especially in 1980. This increase probably includes the repatriation of proceeds from previous years and short term-capital inflow or private transfers which cannot be identified because of lack of data.

Among other significant exports are groundnuts and sheanuts. Whereas in 1972 groundnut exports accounted for 17 per cent of total exports, this share has declined precipitously to just over 2 per cent in 1980. The decline was largely due to a very marked falling off in production of shelled groundnuts caused by a combination of low world and domestic producer prices. Sheanut exports, following an apparent three-year cycle of production and steeply higher prices, reached their peak in 1979, when their export value share represented just over 7 per cent, before declining.

b. Imports

During the period 1972-78 both the volume and value of imports increased at a faster rate than exports, as a result of increases in volume and prices of capital goods, foodstuffs, and petroleum products. The ratio of imports to GDP grew from 23 per cent in 1972 to 30 per cent in 1978 and 34 per cent in 1980 (Table 22 and Appendix Tables XXXIII and XXIV). During 1978-80 the rate of increase in import volume was relatively small (3.3 per cent in 1979 and 4.3 per cent in 1980), but substantial increases in the price of sugar, cereals, and oil were responsible for overall import price changes of 10.5 per cent and 21.8 per cent in 1979 and 1980, respectively.

Imports consist of both food and nonfood items. The largest imported item is machines and vehicles, accounting for slightly over 36 per cent of total imports; most of these imports are financed directly from foreign sources. Imports of petroleum products are the second largest item, their share having doubled between 1972 and 1980 to about 22 per cent, largely because of a fourfold increase in unit value. In 1979 and 1980 unit value increased 12 per cent and 43 per cent, respectively, compared with corresponding volume increases of 7 per cent and 3 per cent, respectively. Despite a volume reduction, due to enhanced domestic production, the value of food imports, mainly cereals, sugar, rice, and milk products, increased between 1978 and 1980 because of much higher prevailing world prices. In particular, the increased cost of rice imports reflects the loss of preferential treatment accorded by the U.S.S.R. and China to Mali. Imports of construction materials have declined since 1979, following the winding down of the Sélingué project.

c. Terms of trade

Mali's terms of trade have deteriorated progressively over the period 1972-80 (Table 23). During the years 1972-78 the deterioration averaged 2.3 per cent a year. After a marginal improvement in 1979, a sharp increase

Table 22. Mali: Composition of Imports (c.i.f.), 1972-80
(Value in billions of MF; volume in metric tons; unit value in MF per kilo)

	1972	1978	1979	1980	1981 Projections
Foodstuffs					
Value	11.4	23.6	20.4	33.3	47.5
Sugar					
Value	3.4	4.1	2.8	6.8	7.2
Volume	22,098	20,116	14,324	23,450	16,000
Unit value	154	206	197	290	450
Cola nuts					
Value	1.1	1.8	0.6	0.4	0.7
Volume	12,839	8,147	2,764	1,739	3,000
Unit value	86	221	225	230	240
Cereals					
Value	3.3	8.5	6.7	12.4	23.3
Volume	63,517	73,275	60,558	59,690	97,000
Unit value	52	116	111	207	240
Flour					
Value	0.7	2.7	2.3	3.8	4.0
Volume	1,188	19,600	16,352	15,782	15,500
Unit value	76	140	142	241	260
Milk					
Value	0.5	1.2	1.9	1.2	2.0
Volume	7,077	2,130	3,979	2,000	3,300
Unit value	464	584	483	600	600
Tea and coffee					
Value	0.9	2.0	2.2	2.1	2.8
Volume	841	1,859	1,212	797	1,000
Unit value	1,070	1,315	1,833	2,635	2,800
Other beverages					
Value	0.3	0.3	0.4	0.6	0.7
Volume	2,630	2,842	2,813	2,334	2,600
Unit value	114	121	150	257	260
Other					
Value	1.2	3.0	3.5	6.0	6.8
Volume	16,352	23,480	18,343	29,126	27,755
Unit value	73	128	192	206	245
Textiles and leather					
Value	2.3	3.0	4.8	5.6	4.9
Volume	4,080	4,431	6,888	8,615	7,000
Unit value	564		677	700	650
Machines and vehicles					
Value	12.0	39.0	50.1	58.1	64.6
Volume	11,849	22,286	25,303	25,925	26,900
Unit value	1,012	1,750	1,980	2,241	2,400
Construction materials					
Value	2.1	15.1	18.1	21.1	22.3
Volume	19,396	30,200	30,203	30,150	30,000
Unit value	108	500	600	700	744
Chemical products					
Value	3.6	12.0	17.8	19.4	21.6
Volume	23,391	34,286	47,525	48,500	48,500
Unit value	154	350	375	400	445
Petroleum products					
Value	4.1	19.7	23.6	35.0	42.0
Volume	87,501	157,600	168,728	174,129	182,000
Unit value	47	125	140	201	231
Other					
Value	7.8	16.2	13.2	17.0	19.8
Volume	61,417	67,592	54,088	61,818	60,000
Unit value	127	240	244	275	300
Total	43.3	128.6	148.0	189.5	220.9

Sources: For 1978-80 estimates prepared by the Central Bank of Mali; and staff; for 1981 staff projections.

Table 23. Mali: Foreign Trade Indices, 1972-80

(Indices expressed in Mali francs; 1980=100)

	1972	1978	1979	1980
Exports				
Export volume	48.1	67.7	81.9	100.0
Export price	46.8	81.9	90.7	100.0
Imports				
Import volume	62.7	92.9	95.9	100.0
Import price	36.9	74.3	82.1	100.0
Terms of trade	126.8	110.2	110.4	100.0
(Annual percentage changes)				
	1972-78			
	<u>Average</u>			
Export volume	5.9		21.0	22.1
Import volume	6.8		3.3	4.3
Export price	9.8		10.7	10.2
Import price	12.3		10.5	21.8
Terms of trade	-2.3		0.2	-9.1

Sources: Appendix Tables XXXI, XXXII, and XXXIV.

in the price of some imports (particularly sugar, cereals, machines and vehicles, and petroleum) caused an even sharper deterioration in 1980 of 9.1 per cent. The negative effect of the terms of trade on the trade balance in 1980 is estimated at MF 10 billion, or 20 per cent of the actual trade deficit in 1980.

d. Direction of trade

Mali's trade lines reflect its past political links, its landlocked position, and its more recently forged political associations (Appendix Table XXXV). France remains Mali's most important trading partner, and accounted for about one quarter of its exports and just over one third of its imports in 1979; however, its share in Mali's trade has declined somewhat since 1972. Together with France, the other EC countries, especially Germany and Great Britain, have raised their shares significantly since 1972, and by 1979 accounted for 60 per cent of Mali's exports and 55 per cent of its imports. Owing to its landlocked position, trade with neighboring countries (especially Ivory Coast) has always been important; whereas the export share of these countries declined sharply from 46 per cent in 1972 to about 15 per cent in 1979, the corresponding import share has climbed from 20 per cent to 30 per cent. These movements are due partly to changes in recording procedures. The share of trade with the U.S.S.R., Eastern European countries, and China, which grew after 1972, appears to have peaked in 1978, and by 1979 represented only 10 per cent of exports and about 4 per cent of imports.

3. Services

The service account of the balance of payments shows a threefold deterioration in the net balance between 1972 and 1980 (Appendix Table XXX). This deterioration reflects the sharp increases in freight and insurance on merchandise trade necessitated by the world fuel price increases. Between 1978 and 1980 such changes had increased by about 46 per cent, accounting in 1980 for 38 per cent of the value of imports, f.o.b., in comparison with 22 per cent in 1972. Of lesser importance is the negative balance on investment income account, caused mainly by interest payments on Mali's growing public liabilities.

4. Private unrequited transfers

Net private unrequited transfers have tapered off somewhat to around MF 16 billion (Appendix Table XXX). Inward transfers comprise remittances by Malians working abroad (MF 13 billion on average), which are on the increase, and French government pension payments to Malian nationals formerly employed in the French civil and military services. Outward transfers represent mainly remittances by foreign experts employed in various technical assistance programs.

5. Unrequited official transfers

Foreign grants have been an important source of financing. About three fifths of the assistance was received in kind in the form of equipment to sponsored development projects and foodstuffs for drought relief. The balance is equally split between cash assistance for budgetary operations and other development operations, technical assistance, and scholarships. France, Germany, the United States, and some Arab countries are among the principal bilateral donors, and their assistance turnover is supplemented by technical and food assistance from multilateral agencies. In 1981 unrequited official transfers are projected to grow sharply, because of a large increase in food aid, to partially offset the drought-induced increase in imports of foodstuffs.

6. Capital movements

Between 1978 and 1980 net capital movements had more than doubled (Appendix Table XXX). Net capital inflows after 1978 reflect overwhelmingly the disbursements of long-term financing for infrastructure and agriculture projects. In 1980, however, inflows also included budgetary subventions necessitated by the unfavorable budgetary outcome and the Treasury's liquidity shortage. Net capital movements expanded from MF 32.2 billion (17 per cent of imports) in 1979 to MF 38.9 billion (21 per cent of imports) in 1980. Repayments of debt were negligible because of the easy terms of almost all of Mali's external debt. Private capital movements include mainly transactions of petroleum companies and airline and transport forwarding agents.

7. Foreign assets and liabilities of the banking system

The overall reserve position of the banking system has been one of continuous and growing net liabilities; indeed, its net liabilities have recorded a slightly more than threefold increase between 1972 and 1980 (Table 24). The Central Bank holds only a small and formal fraction of its foreign assets outside the operations account with the French Treasury; these are Mali's SDR holdings, its reserve position with the IMF, and its working balances in the form of bank notes, which together amounted to MF 6.9 billion or one and one half week's imports at end-1980. The preponderant part (almost 90 per cent) of its liabilities at end December 1980 of MF 118.1 billion arise under the operations account, the balance being due to the IMF, its Trust Fund, and other multilateral organizations. Despite a significant increase in negative private sector and Treasury transactions, cumulative drawings under the operations account increased at a slower rate to MF 98.6 billion in 1980 compared with 1979, largely reflecting substantial receipts and borrowing under the Fund's compensatory financing facility. (Appendix Table XXXVI.)

Table 24. Mali: Foreign Assets and Liabilities of the Banking System,
1972-80

(In billions of Mali francs; end of period)

	1972	1978	1979	1980
Commercial banks				
Foreign assets	5.1	4.7	4.3	4.4
Of which: bilateral accounts	(2.4)	(3.4)	(0.1)	(0.1)
Foreign liabilities <u>1/</u>	2.6	5.0	3.3	(5.6)
Of which: bilateral accounts	(1.4)	(0.9)	(0.9)	(0.9)
Net assets	2.5	-0.3	1.0	-1.2
Of which: bilateral accounts	(1.0)	(2.5)	(-0.8)	(-0.8)
Central Banks				
Foreign assets	1.9	3.7	3.7	6.9
Foreign exchange	0.5	2.3	3.0	3.8
SDR holdings	1.4	1.4	0.7	--
Reserve position in the Fund	--	--	--	3.1
Foreign liabilities	37.5	99.3	108.6	118.1
Use of Fund credit	4.6	5.7	3.5	5.0
Trust Fund loans outstanding	--	5.1	8.8	11.9
Operations account	31.5	86.3	93.6	98.6
Consolidated liabilities <u>2/</u>	(--)	(16.0)	(16.0)	(16.0)
Accrued interest	(5.7)	(35.0)	(37.2)	(39.4)
Operating balance	(25.8)	(35.3)	(40.4)	(43.2)
Other	1.4	2.2	2.7	2.6
Net assets	-35.6	-95.6	-104.9	-111.2
Total banking system				
Foreign assets	7.0	8.4	8.0	11.3
Foreign liabilities <u>1/</u>	-40.1	-104.3	-111.9	-123.7
Net assets <u>1/</u>	-33.1	-95.9	-103.9	-112.4

Source: Data provided by the Central Bank of Mali.

1/ Excluding medium- and long-term borrowing.

2/ Related to emergency imports of cereals.

8. Foreign debt

Mali's external position is characterized by a large foreign debt. At the end of 1980 the level of loans committed (excluding IMF and operations account) was SDR 717 million, of which SDR 492 million (equivalent to about 46 per cent of GDP) had already been disbursed (Table 25). About one fourth of the disbursed loans (about SDR 117 million) come from multilateral organizations (SDR 75 million from IDA), the great bulk (SDR 363 million) being represented by loans from friendly countries. Of these, about 70 per cent corresponds to loans from China and the U.S.S.R. committed before 1975 and now nearly wholly disbursed.

Most of the loans are project-related; however, in 1980 Mali's authorities contracted a SDR 17 million loan for budgetary support purposes. Loan disbursements are linked to the rate of implementation of projects. The pace of disbursements has accelerated in recent years; in 1980 disbursements amounted to SDR 89 million, of which SDR 61 million corresponded to project-related loans and SDR 17 million to budgetary support. The flow of new commitments slowed down somewhat in 1978 and 1979 following an upsurge in 1976 and 1977; it increased again during 1980, when new commitments (SDR 88 million) just about matched disbursements.

Mali's debt profile is extremely favorable and has changed only marginally over time (Table 26). At the end of 1980 the average rate of interest on Mali's debt was 1.1 per cent, the average maturity was 23, years and the grace period was 6.7 years, which is equivalent to a grant element of 60 per cent of the debt. In spite of the favorable structure of its debt, Mali has had difficulty in meeting its debt obligations. Arrangements for alleviating the servicing of debt were drawn up in 1977, when Canada, Germany, France, and the United States canceled part of their loans; again in 1979, when Germany canceled the remaining part of its loan; and yet again in 1980, when the U.S.S.R. and China conceded a two-year moratorium of their loans. As a result of these arrangements and the concessional character of most of the external debt, total debt service as a percentage of the exports of goods and services declined between 1978 and 1980 from 9.3 per cent to 7.3 per cent (Table 27).

VIII. Exchange and Trade System ^{1/}

1. Exchange rate system

The currency of Mali is the Mali franc, which is pegged to the French franc, the intervention currency, at the rate of MF 1 = F 0.01. There is also a fixed rate of MF 2 = CFAF 1. At present, exchange transactions in French francs take place at the official rate of F 1 per MF 100. The exchange rates for all currencies which are officially quoted on the Paris exchange market are based on the fixed rate of the French franc and the Paris exchange market rate for the currency in question. There are no

^{1/} A detailed description of Mali's exchange and trade system is to be found in the IMF, Annual Report on Exchange Arrangements and Restrictions, 1981.

Table 25. Mali: Official Public Debt as of December 31, 1980,
and Transactions During the year 1/

(In millions of SDRs)

	Dec. 31, 1980		Transactions during 1980			
	Outstanding committed	Of which: disbursed	Disbursements	Amortization payments	Interest payments	New commitments
<u>Suppliers' credits</u>	<u>5.1</u>	<u>5.1</u>	<u>—</u>	<u>0.3</u>	<u>0.1</u>	<u>—</u>
Germany	5.1	5.1	—	0.3	0.1	—
<u>Financial institutions</u>	<u>8.1</u>	<u>5.6</u>	<u>0.8</u>	<u>0.8</u>	<u>0.6</u>	<u>—</u>
BNP-BIAO	2.6	0.1	0.1	—	—	—
Multiple loan	5.5	5.5	0.7	0.8	0.6	—
<u>Multilateral loans</u>	<u>248.2</u>	<u>117.5</u>	<u>32.9</u>	<u>0.4</u>	<u>1.3</u>	<u>37.2</u>
African Development Bank	48.8	22.5	8.5	0.3	0.3	9.7
BADEA/ABEDA	23.5	6.7	1.2	—	0.5	8.0
EEC	8.2	—	—	—	—	8.2
EIB	6.3	2.6	2.1	—	—	—
FAC	1.7	1.7	—	—	—	—
IDA	137.7	74.6	16.1	0.1	0.5	6.3
IDF	6.3	—	—	—	—	—
OPEC	15.7	9.4	5.0	—	—	5.0
<u>Bilateral loans</u>	<u>455.5</u>	<u>363.5</u>	<u>44.7</u>	<u>2.9</u>	<u>1.3</u>	<u>40.4</u>
Abu Dhabi	3.1	1.6	0.2	—	0.1	—
Algeria	0.8	0.8	—	0.6	—	—
Bulgaria	0.3	0.3	—	—	—	—
China	146.7	126.3	9.5	—	—	—
Czechoslovakia	0.4	0.4	—	0.1	—	—
Egypt	17.0	17.0	—	—	—	—
France	38.7	27.6	8.1	1.7	0.9	8.8
Ghana	1.1	1.1	—	0.3	—	—
Iraq	11.8	11.8	11.8	—	—	11.8
Kuwait	26.6	6.7	1.3	—	0.2	12.3
Libya	2.7	2.7	—	—	—	—
Qatar	3.1	1.6	0.2	—	0.1	—
Saudi Arabia	35.5	11.2	4.6	—	—	7.5
United States	4.7	4.7	—	0.1	—	—
U. S. S. R.	162.7	149.4	9.0	—	—	—
Yugoslavia	0.3	0.3	—	0.1	—	—
Total	716.9	491.7	78.4	4.4	3.3	77.6
<u>Memorandum items:</u>						
<u>IMF Trust Fund</u>	<u>21.4</u>	<u>21.4</u>	<u>5.6</u>	<u>—</u>	<u>0.1</u>	<u>5.6</u>
<u>Other IMF</u>	<u>8.1</u>	<u>8.1</u>	<u>5.1</u>	<u>2.2 2/</u>	<u>0.5</u>	<u>5.1</u>
Compensatory financing facility	5.1	5.1	5.1	—	—	5.1
Oil facility	3.0	3.0	—	2.2	—	—
<u>Operations account</u>	<u>171.8</u>	<u>171.8</u>	<u>9.1</u>	<u>—</u>	<u>3.8</u>	<u>9.1</u>
<u>Total public debt</u>	<u>918.2</u>	<u>693.0</u>	<u>98.2</u>	<u>6.6</u>	<u>7.7</u>	<u>97.4</u>

Sources: Caisse Autonome d'Amortissement; the Ministry of Finance; and IBRD.

1/ The debt outstanding at the end of 1980 is converted in SDRs at the rate of exchange prevailing on December 31, 1980. The transactions during the year are converted at the average rates of exchange for 1980, with the exception of the new commitments, which are evaluated at the rates prevailing on December 31, 1980.

2/ Excluding repurchases ex schedule B, par. 4.

Table 26. Mali: Structure and Terms of External
Public Debt on Debt Outstanding and Disbursed,
December 31, 1975 and December 31, 1980 ^{1/}

	Dec. 31, 1975	Dec. 31, 1980
	<u>(In per cent)</u>	
<u>Interest rate</u>	<u>0.6</u>	<u>1.1</u>
Suppliers' credits	2.7	2.7
Financial institutions	5.0	8.9
Multilateral loans	0.8	1.2
Bilateral loans	0.5	0.8
	<u>(In years)</u>	
<u>Maturity</u>	<u>20.9</u>	<u>23.3</u>
Suppliers' credits	15.0	15.0
Financial institutions	7.0	10.6
Multilateral loans	49.3	39.6
Bilateral loans	16.0	16.1
<u>Grace period</u>	<u>6.3</u>	<u>6.7</u>
Suppliers' credits	3.0	3.0
Financial institutions	2.4	3.2
Multilateral loans	10.1	8.6
Bilateral loans	5.8	6.0
	<u>(In per cent)</u>	
<u>Grant element</u>	<u>60.3</u>	<u>59.6</u>
Suppliers' credits	39.8	40.2
Financial institutions	17.6	4.2
Multilateral loans	82.4	71.7
Bilateral loans	57.7	55.8

Source: IBRD.

^{1/} Includes only the loans included in the World Bank tables (SDR 487 million on the total of SDR 513 million). Excludes the operations account and the obligations to the Fund with the exception of the Trust Fund.

Table 27. Mali: Service of Debt, 1978-81

(In millions of SDRs) ^{1/}

	1978	1979	1980	1981
<u>Suppliers' credits</u>	--	0.2	0.4	0.4
Amortization	--	0.2	0.3	0.3
Interest	--	--	0.1	0.1
<u>Financial institutions</u>	0.5	0.4	1.4	1.4
Amortization	--	--	0.8	0.7
Interest	0.5	0.4	0.6	0.7
<u>Multilateral loans</u>	0.8	1.2	1.7	3.2
Amortization	0.2	0.2	0.4	1.2
Interest	0.6	1.0	1.3	2.0
<u>Bilateral loans</u>	3.7	4.7	4.2	8.0
Amortization	2.5	4.0	2.9	5.3
Of which:				
China	--	--	--	--
U.S.S.R.	--	--	--	--
Interest	1.2	0.7	1.3	2.6
Of which:				
U.S.S.R.	--	--	--	--
<u>IMF - Trust Fund</u>	--	--	0.1	0.1
Amortization	--	--	--	--
Interest	--	--	0.1	0.1
<u>Other IMF</u>	1.9	2.3	2.7	2.2
Repurchases ^{2/}	1.2	1.7	2.2	1.6
Of which:				
Oil facility	(1.2)	(1.7)	(2.2)	(1.6)
CFF	--	--	--	--
Interest	0.7	0.6	0.5	0.4
<u>Operations account ^{3/}</u>	3.8	4.0	3.8	4.7
<u>Service of the debt</u>	10.7	12.8	14.3	19.7
Amortization	3.9	6.1	6.6	9.1
Interest	6.8	6.7	7.7	10.6
<u>Memorandum item:</u>				
Debt service ratio	9.3	8.6	7.3	10.6

Sources: Caisse Autonome d'Amortissement, IBRD; and staff estimates and projections.

^{1/} For the period 1978-80 evaluated at the average rate of exchange for each year.

^{2/} Excluding repurchases ex schedule B, para. 4.

^{3/} Interest payments.

taxes or subsidies on purchases or sales of foreign exchange. The effective imported weighted exchange rate, which was fairly stable in 1978 and 1979, remained so in 1980 despite the appreciation of the U.S. dollar in the second half of the year.

2. Trade and payments system

a. Administration

Mali's exchange system is free of restrictions on payments and transfers for current international transactions, especially as regards France, Monaco, and all other countries whose bank of issue is linked with the French Treasury by an operations account (Benin, Cameroon, the Central African Republic, Chad, the Comoros, the Congo, Gabon, Ivory Coast, Niger, Senegal, Togo, and Upper Volta). There have been no significant changes since the last consultation discussions; the main elements of the system are given below.

The Minister of Finance and Commerce has sole authority in exchange control matters. The BCM has authority over the repatriation of exports proceeds. The bilateral payments agreements accounts are operated by the Development Bank of Mali. Licenses for imports and exports are issued by the Directorate-General of Economic Affairs in the Ministry of Finance and Commerce.

b. Trade

The import licensing system introduced in 1977 distinguishes five categories of imports: (i) imports subject to quotas and requiring an import license (Régime A); (ii) imports admitted freely and requiring only an import certificate (Régime B); (iii) imports without settlement in foreign exchange (Régime C); (iv) imports by government monopolies (Régime D); and (v) imports subject to special prohibitions for reasons of security, public health, etc. (Régime E). Imports originating in a member country of the West African Economic Community (CEAO) are subject to Régime B; some products from EC countries, such as foodstuffs and other basic necessities not reserved for state monopolies, are also included in Régime B. Other products from the EC countries, such as luxury consumer goods and products which compete with local production, are subject to quota under Régime A, as are all commodities from all other countries. Imports financed directly from foreign resources like grants, foreign investment, or development loans are admitted virtually freely under Régime C. Foodstuffs (including cereals, sugar, tea, salt, milk, and canned tomatoes), tobacco products, cement, and fertilizers can only be imported by state agencies designated as monopolies under Régime D. Imports from Israel, Korea, and South Africa are prohibited.

Imports are licensed in accordance with an annual import program. A license is valid for six months but, if necessary, may be extended for a further three months. However, the system is implemented flexibly, and

licenses in excess of the program are issued in cases of justified need or unforeseen circumstances; thus in both 1978 and 1979 licenses issued have exceeded the amount originally programmed (Appendix Table XXXVII). Imports may be made by either private importers or state enterprises, among the most important of which is SOMIEX, with its monopoly over basic commodities. An allocation commission establishes quotas for each private importer on the basis of his turnover.

Exports to foreign countries must be recorded with an authorized bank, and all export proceeds, including those originating in France and other operations account countries, must be repatriated and surrendered within 90 days of the arrival of the goods at their destination. Exports to countries outside the West African Economic Community require individual licenses; those to countries of the West African Economic Community require only a certificate. The export of cotton and groundnuts is reserved, in principle, for SOMIEX and that of meat and hides and skins for the Société Malienne du Bétail, des Peaux et des Cuirs (SOMBEPEC); in practice, hides and skins may also be exported by private firms and individuals. The marketing of cereals is the responsibility of OPAM.

c. Invisibles

Payments for invisibles to France, Monaco, and operations account countries are permitted freely; those to other countries are subject to approval. Payments for invisibles related to trade are permitted freely when the basic trade transaction has been approved or does not require authorization. Transfers of income accruing to nonresidents in the form of profits, dividends, and royalties are subject to approval. Annual exchange allocations are in force for vacation and business travels. Entire salary transfers are permitted to foreigners within a stipulated time period where there are reciprocity agreements with the foreigners' countries of nationality.

d. Capital movements

Capital movements between Mali, France, and operations account countries are free of exchange controls; capital transfers to all other countries require exchange control approval.

3. Bilateral payments agreements

Mali's bilateral payments agreements with Czechoslovakia, the German Democratic Republic, Ghana, Poland, and Yugoslavia have been terminated and are in the process of being settled. Although six agreements remain in force (the People's Republic of China, the U.S.S.R., Hungary, Morocco, Romania, and Viet Nam), only two of them, i.e., those with the People's Republic of China and the U.S.S.R., are still operative. Largely because of movements on these two accounts, the net balance on bilateral accounts declined sharply from a creditor position of MF 2.5 billion in 1978 to a debtor position of MF 0.8 billion in 1980 (Appendix Table XXXVIII).

Table I. Mali: GDP at Constant 1980 Prices by Sector, 1972-80

	1972	1978	1979	1980
(In billions of Mali francs)				
Primary sector	<u>134.5</u>	<u>159.5</u>	<u>184.5</u>	<u>178.8</u>
Traditional agriculture	46.8	55.6	71.7	63.0
Modern agriculture	13.3	15.8	16.8	17.3
Livestock	74.4	88.1	96.0	98.5
Secondary sector	<u>127.0</u>	<u>164.2</u>	<u>165.8</u>	<u>164.5</u>
Handicraft	38.7	42.0	43.8	44.6
Foodstuff industries	20.1	28.7	29.0	27.3
Energy and mechanical industry	21.2	29.8	30.5	31.2
Chemicals and construction materials	3.1	4.5	4.5	4.5
Textiles	2.4	3.4	3.4	2.6
Other	2.5	3.0	3.3	3.0
Construction and public works	39.0	52.8	51.3	51.3
Tertiary sector	<u>124.7</u>	<u>181.2</u>	<u>209.6</u>	<u>210.0</u>
Transportation	28.0	44.9	53.0	55.3
Trade	45.0	63.6	70.7	71.8
Public administration	41.8	54.7	64.5	62.1
Other services	9.9	18.0	21.4	20.8
Gross domestic product	<u>386.2</u>	<u>504.9</u>	<u>559.9</u>	<u>553.3</u>
(Annual percentage change)				
	1972-78 (Compounded)	1978	1979	1980
Primary sector	<u>2.5</u>	<u>-7.6</u>	<u>15.7</u>	<u>-3.1</u>
Traditional agriculture	2.5	-20.0	29.0	-12.1
Modern agriculture	2.5	-17.1	6.3	3.0
Livestock	2.4	2.7	9.0	2.6
Secondary sector	<u>3.7</u>	<u>-5.5</u>	<u>1.0</u>	<u>-0.8</u>
Handicraft	1.2	1.8	4.3	1.8
Foodstuff industry	5.2	-20.0	1.0	-5.9
Energy and mechanical industry	4.9	10.3	2.3	2.3
Chemicals and construction materials	5.5	—	—	—
Textiles	5.1	-17.0	—	-23.5
Other	2.6	—	10.0	-9.1
Construction and public works	4.4	1.0	-2.8	—
Tertiary sector	<u>6.4</u>	<u>4.5</u>	<u>15.7</u>	<u>0.2</u>
Transportation	8.2	4.1	18.0	4.3
Trade	5.9	3.7	11.2	1.6
Public administration	4.6	5.0	17.9	-3.7
Other services	10.5	—	18.9	-2.8
Gross domestic product	<u>4.6</u>	<u>-1.4</u>	<u>10.9</u>	<u>-1.2</u>

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

Table II. Mali: GDP at Current Market Prices by Sector, 1972-80

	1972	1978	1979	1980
(In billions of Mali francs)				
Primary sector	<u>56.2</u>	<u>136.0</u>	<u>168.4</u>	<u>178.8</u>
Traditional agriculture	22.7	49.8	65.7	63.0
Modern agriculture	6.0	15.5	19.0	17.3
Livestock	27.5	70.6	83.7	98.5
Secondary sector	<u>80.6</u>	<u>142.8</u>	<u>159.3</u>	<u>164.5</u>
Handicraft	17.1	33.8	38.8	44.6
Foodstuff industry	15.5	24.7	31.9	27.3
Energy and mechanical industry	14.1	29.9	30.2	31.2
Chemical and construction materials	1.8	3.9	4.3	4.5
Textiles	2.5	3.1	3.1	2.6
Other	2.4	3.0	3.2	3.0
Construction and public works	27.2	44.6	47.8	51.3
Tertiary sector	<u>51.3</u>	<u>153.8</u>	<u>189.9</u>	<u>210.0</u>
Transportation	9.8	39.3	50.2	55.3
Trade	12.8	51.4	65.1	71.8
Public administration	21.7	47.1	55.3	62.1
Other services	7.0	16.0	19.3	20.8
Gross domestic product	<u>188.1</u>	<u>432.6</u>	<u>517.6</u>	<u>553.3</u>
(Annual percentage change)				
	<u>1972-78</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Primary sector	<u>15.9</u>	<u>6.3</u>	<u>23.8</u>	<u>6.2</u>
Traditional agriculture	14.0	-2.7	31.9	-4.1
Modern agriculture	17.1	-7.1	22.6	-8.9
Livestock	17.0	17.7	18.6	17.7
Secondary sector	<u>10.0</u>	<u>13.1</u>	<u>11.6</u>	<u>3.3</u>
Handicraft	12.0	10.1	14.8	14.9
Foodstuff industry	8.1	38.0	29.1	-14.4
Energy and mechanical industry	13.4	-11.8	1.0	3.3
Chemicals and construction materials	13.8	11.4	10.3	4.7
Textiles	3.7	3.3	—	-16.1
Other	3.8	15.4	6.7	-6.3
Construction and public works	8.6	28.2	7.2	7.3
Tertiary sector	<u>20.1</u>	<u>-0.6</u>	<u>23.5</u>	<u>10.6</u>
Transportation	26.1	12.0	27.7	10.2
Trade	26.1	-22.4	26.7	10.3
Public administration	13.8	20.5	17.4	12.3
Other sources	14.8	11.1	20.6	7.8
Gross domestic product	<u>14.9</u>	<u>5.7</u>	<u>19.6</u>	<u>6.9</u>

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

Table III. Mali: Origin and Use of Resources,
1972 and 1978-80

	1972	1978	1979	1980
(In billions of Mali francs)				
Gross domestic product	188.1	432.6	517.6	553.2
Consumption	176.0	389.6	494.2	538.3
Domestic savings	<u>12.1</u>	<u>43.0</u>	<u>23.4</u>	<u>14.9</u>
Traditional sector	9.3	21.4	22.0	24.0
Central Government	-2.1	-5.5	-13.9	-17.9
State enterprises	-1.5	-14.1	-20.0	-20.0
Financial savings	3.9	23.2	17.7	7.6
Other	2.5	18.0	17.6	21.2
Investment	<u>29.9</u>	<u>131.0</u>	<u>122.0</u>	<u>121.6</u>
Traditional sector	9.3	21.4	22.0	24.0
Modern sector	20.6	109.6	100.0	97.6
Resource gap	-17.8	-88.0	-98.6	-106.7
Exports of goods and nonfactor services	39.8	65.2	82.1	111.9
Imports of goods and nonfactor services <u>1/</u>	-57.6	-153.2	-180.7	-218.6
(In per cent of GDP)				
<u>Memorandum items:</u>				
Consumption	93.6	90.1	95.5	97.3
Domestic savings	6.4	9.9	4.5	2.7
Investment	15.9	30.3	23.6	22.0
Resource gap	-9.5	-20.4	-19.1	-19.3
Exports of goods and nonfactor services	17.2	15.1	15.9	20.2
Imports of goods and nonfactor services	-27.8	-35.5	-35.0	-39.5

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

1/ Excludes undetermined amount of current payments arrears.

Table IV. Mali: Price Schedule (Barème)
for Sorghum/Millet, 1977/78-1980/81

(In Mali francs per metric ton)

	1977/78	1978/79	1979/80	1980/81
Producer price	36,000	40,000	50,000	70,000
Bulking and delivery	7,286	7,781	7,790	12,346
Bags, financial charges, and losses (5 per cent)	3,700	5,918	6,983	9,332
Transportation costs	8,000	12,000	12,600	16,027
OPAM overhead	7,500	8,055	8,055	9,500
Total	62,486	73,754	85,428	117,205
Rounded to:	62,500	73,750	85,428	117,205
Retail margin	3,000	3,000	3,000	3,000
Less:				
Subsidy from ORSP	(9,000)	(11,750)	(11,428)	(36,205)
Retail prices in Bamako				
Controlled	56,500	65,000	77,000	85,000
Free market	165,100	108,300	200,300	191,000

Source: Data provided by the Office de Régulation et de Surveillance des Prix (ORSP).

Table V. Mali: Price Schedule (Barème) for Rice
from Office du Niger, 1977/78-1980/81

	1977/78	1978/79	1979/80	1980/81
(In Mali francs per metric ton)				
Producer price for paddy	45,000	50,000	60,000	75,000
Bulking, delivery, etc.	<u>22,843</u>	<u>25,178</u>	<u>27,438</u>	<u>37,388</u>
Unit cost to rice mills	67,843	75,178	87,438	112,388
Unit cost equivalent to 1 ton of rice <u>1/</u>	109,424	121,255	141,079	181,271
Factory cost	10,434	8,775	9,215	10,615
Transportation cost	4,137	4,765	4,130	7,495
Overhead cost and other	--	<u>1,040</u>	<u>1,025</u>	<u>-1,351</u>
Unit cost in Segou	123,995	133,755	153,349	198,030
Price paid by OPAM	(110,000)	(120,000)	(149,222)	(160,000)
Subsidy from ORSP	(13,995)	(13,755)	(4,127)	(38,030)
(In Mali francs per kg)				
Retail price				
ELB	148.6	180.0	283.0	225.0
RM 25	141.1	170.0	231.0	200.0
RM 40	136.6	150.0	180.0	177.5
BB	118.6	130.0	160.0	157.5
(In Mali francs per kg)				
World wholesale price (Bangkok)	139.0	197.0	204.0	...

Sources: Data provided by the Office de Régulation et de Surveillance des Prix (ORSP); and IMF, International Financial Statistics.

1/ Rate of conversion from paddy to rice: 62 per cent.

Table VI. Producer Prices of some Agricultural Prices in Mali
and in the Member Countries of the Western Africa Monetary
Union (WAMU). Crop years 1976/77-1980/81

(In CFA francs per kilogram)

	1976/77	1977/78	1978/79	1979/80	1980/81
<u>Groundnuts (shelled)</u>					
Mali	22.5	25.0	30.0	40.0	40.0
Niger	37.0	46.0	50.0	50.0	...
Senegal	41.5	41.5	41.5	45.5	50.0
Upper Volta	25.0	29.0	36.0	36.0	37.0
<u>Millet-sorghum</u>					
Mali	16.0	18.0	20.0	25.0	35.0
Niger	25.0	30.0	40.0	40.0	40.0
Senegal	35.0	35.0	40.0	40.0	40.0
Upper Volta	21.0	32.0	40.0	40.0	40.0
<u>Cotton grains</u>					
Mali	37.5	45.0	47.5	57.5	57.5
Benin	50.0	55.0	55.0	55.0	60.0
Ivory Coast	80.0	80.0	80.0	80.0	80.0
Niger	47.0	55.0	62.0	62.0	62.0
Senegal	49.0	49.0	49.0	55.0	60.0
Togo	50.0	60.0	60.0	60.0	60.0
Upper Volta	40.0	55.0	55.0	55.0	55.0
<u>Rice paddy</u>					
Mali	16.0	18.0	20.0	25.0	35.0
Ivory Coast	65.0	65.0	65.0	65.0	65.0
Niger	35.0	39.0	45.0	45.0	55.0
Senegal	41.5	41.5	41.5	41.5	41.5
Upper Volta	55.0	55.0	63.0	63.0	63.0
<u>Maize</u>					
Mali	16.0	18.0	20.0	25.0	35.0
Senegal	35.0	37.0	37.0	37.0	37.0
Upper Volta	21.0	32.0	40.0	40.0	40.0

Sources: For the crop years 1976/77-1979/80, CCCE, Conjoncture Economique dans les pays de l'Afrique Noire et l'Ocean Indien. For the crop years 1980/81-1981/82, IBRD elaborations on data provided by various government agencies.

Table VII(a). Mali: Production and Distribution of Marketed Cotton, 1971/72-1980/81

(In metric tons)

	1971/72	1977/78	1978/79	1979/80	1980/81
Marketed production					
Unginned cotton	67,900	135,428	127,697	150,545	132,000
Equivalent in fiber	(25,293)	(51,192)	(48,014)	(56,605)	(49,632)
Rate of conversion (per cent)	(37.25)	(37.80)	(37.60)	(37.60)	(37.60)
Distribution of fiber					
Local industries	1,987	11,189	538	5,680	2,482
Exports	23,306	40,003	47,476	50,925	39,630

Table VII(b). Mali: Production and Destination of Marketed Groundnuts, 1971/72-1980/81

(In metric tons)

	1971/72	1977/78	1978/79	1979/80	1980/81
Marketed production (unshelled)	59,500	37,490	73,500	34,000	35,800
Destination					
Local consumption and industries	26,419	26,180	73,361	34,000	35,800
Of which: oil exports	(3,158)	(7,221)	(6,970)	(3,142)	(1,700)
Exports	33,081	11,310	139	(--)	(--)
Equivalent shelled	22,495	7,917	97	--	--

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

Table VIII. Mali: Price Schedule (barème) for Cotton, 1976/77-1980/81

(In Mali francs per metric ton)

	1976/77	1977/78	1978/79	1979/80	1980/81
Producer price (average)	74,000	86,000	90,000	110,000	110,000
Collection cost, handling, and insurance	11,811	14,064	12,500	13,901	17,875
Extension service expenses	12,656	12,657	10,710	11,146	17,131
SCAER levy <u>1/</u>	13,000	17,975	18,000	10,000	12,500
Other	--	7,863 <u>2/</u>	8,397	3,362	3,313
Unit cost to ginneries	111,467	138,559	139,607	148,409	160,819
Unit cost equivalent to 1 ton fiber <u>3/</u>	296,455	366,558	371,295	394,704	427,710
Ginning	45,451	54,692	44,617	49,428	69,613
Inland transportation and storage cost	8,170	8,579	8,836	8,836	9,181
Insurance	1,922	2,486	1,747	2,619	2,932
Financial charges	19,223	38,025	33,850	34,467	41,032
Government taxes	52,116	55,224	49,914	48,849	37,112
CMDT levy	17,672	22,137	21,798	23,234	25,011
Stabilization Fund levy	15,000	15,000	15,000	15,000	15,000
F.o.b. unit cost, Malian border	456,009	562,701	547,057	577,137	627,591
Rail freight to Abidjan	28,029	29,431	29,970	29,970	33,372
Transit and storage costs	15,604	22,610	23,516	23,512	25,161
Marketing cost	--	--	--	--	--
CFDT/CMDT overhead	--	--	--	--	--
F.o.b. unit cost, Abidjan	499,642	614,742	600,543	630,619	686,124
Cost from f.o.b. to c.i.f.	42,583	50,252	56,964	60,284	67,590
C.i.f. unit cost	542,225	664,994	657,507	690,903	753,714
Profit or loss (-)	311,991	17,299	16,720	84,987	7,746
Average export unit price, c.i.f.	854,216	682,293	674,227	775,890	761,460

Source: Data provided by the Office de Régulation et de Surveillance des Prix (ORSP).

1/ Advances and subsidies on farm inputs.

2/ Consists of MF 5,210 for the financing of a cotton factory, MF 2,000 for pest control, and MF 653 for development of agricultural roads.

3/ Rate of conversion from unginned cotton to fiber: 37.60 for 1976/77, 37.80 for 1977/78, and 37.6 for 1978/79, 1979/80, and 1980/81.

Table IX. Mali: Price Schedule (barème) for Groundnuts, 1974/75-
(In Mali francs per metric ton)

	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
Producer price	40,000	40,000	45,000	50,000	60,000	80,000	80,000
Collection costs, bagging and handling	12,164	12,681	10,007	12,628	13,930	13,271	13,892
"Operation Arachide" levy 1/	9,520	9,909	8,160	8,500	16,000	27,400	27,400
SCAER levy	8,930	8,936	5,000	10,000	11,410	--	--
Pest control levy 2/	--	--	--	1,000	1,000	1,000	1,000
Selling price to SOMIEX/SEPOM/SEPAMA	70,614	71,526	68,167	82,128	102,340	121,671	...
Dessication loss and bag allowance	3,810	3,810	2,810	2,810	3,112	3,254	3,254
Interest charges	--	--	--	4,106	5,227	--	--
Unit cost, delivered to shelling dump	74,424	75,336	70,977	89,044	110,679	124,925	125,546
Unit cost, equivalent to 1 ton shelled 3/	109,447	107,623	101,396	127,206	158,113	179,286	180,009
Shelling cost 4/	2,450	2,450	2,695	3,100	3,100	...	...
Handling/unloading	1,385	1,385	1,522	1,010	986	986	1,084
Inland transport insurance	1,132	1,115	--	--	--	--	--
Financial charges	2,736	3,236	3,036	5,646	8,109	6,848	6,522
Road/rail freight to Malian border	7,035	7,025	7,025	15,130	16,233	--	--
Government taxes	12,666 5/	12,636 5/	7,520	9,514	9,826	--	--
Stabilization fund levy	25,000	20,000	--	20,000	15,000	--	--
Bagging charge	--	--	--	5,980	5,980	--	--
f.o.b. unit cost, Malian border	161,851	155,470	123,194	187,586	217,347	--	--
Rail freight border to port	8,944	8,944	12,655	12,655	14,789	--	--
Port charges	4,407	5,726	6,075	9,730	11,057	--	--
f.o.b. unit cost, Dakar	175,202	170,140	141,924	209,971	243,193	--	--
Cost from f.o.b. to c.i.f.	37,500	20,000	20,000	22,000	28,100	--	--
c.i.f. unit cost	212,702	190,140	161,924	231,971	266,293	--	--
Profit or loss (-)	19,149	15,530	106,806	42,414	30,707	--	--
Average export unit price	231,851	205,670	268,730	274,385	297,000	--	--

Source: Data provided by the Office de Régulation et de Surveillance des Prix (ORSP).

1/ Levied only on groundnuts marketed through "Operation Arachide" to finance extension services.

2/ Advances and subsidies on farm inputs.

3/ Rate of conversion from unshelled to shelled: 68 per cent for 1974/75, 70 per cent from 1975/76.

4/ Mechanically shelled by COMIFEX

Table X. Mali: Production and Marketing of Livestock, 1976-81
(In thousands of head)

	1976		1977		1978		1979		1980		1981 proj.	
	Cattle	Sheep, goats	Cattle	Sheep, goats	Cattle	Sheep, goats	Cattle	Sheep, goats	Cattle	Sheep, goats	Cattle	Sheep, goats
Net births ^{1/}	572	3,924	586	3,946	622	3,992	676	4,278	712	4,285	587	4,014
Exports	113	265	102	105	103	154	137	388	179	359	190	380
Controlled	27	101	32	95	47	113	...	...	...	...	...	...
Uncontrolled	86	164	70	185	56	41	...	...	...	...	...	...
Slaughterings	315	3,132	323	3,284	332	3,371	343	3,454	351	3,547	360	3,653
Controlled	122	293	102	237	...	...	...	...	...	...	...	...
Uncontrolled	193	2,839	221	3,047	...	...	...	...	...	...	...	...
Herd size (end of period)	3,915	11,130	4,076	11,687	4,263	12,154	4,459	12,640	4,661	13,019	4,700	13,000
Domestic price ^{2/} (MF per head)	72,000	15,000	83,000	17,000	85,000	17,000	92,140	18,428	103,750	20,750	114,165	22,825

Sources: Office Mallen du Bétail et de la Viande; and staff estimates.

^{1/} Net losses other than from slaughtering.

^{2/} Wholesale meat prices at the Bamako and Kati meat terminals.

Table XI. Mali: Volume of Industrial Production, 1976-80

	1976	1977	1978	1979	1980
<u>(In thousands of metric tons)</u>					
Ginned cotton	42.0	46.3	45.7	48.6	51
Cottonseeds	56.6	62.0	61.8	68.6	72
Rice	37.4	50.7	32.8	35.7	30
Oil (groundnut and cottonseed)	10.5	14.8	10.3	10.7	8
Groundnut cake	13.6	22.0	17.0	15.7	6
Soap	2.1	2.2	3.0	2.1	1
Sugar	8.0	15.6	19.7	17.8	13
Cement	38.4	35.2	34.4	26.8	20
<u>(In thousands of units)</u>					
Cigarettes (cartons)	47.8	44.7	41.5	43.5	46
Matches (cartons)	30.6	23.2	29.4	24.8	26
Bags	2,694.9	2,870.3	2,668.0	2,274.2	854
Bicycles and motorcycles	18.6	28.3	21.9	22.9	23
Tire tubes	272.6	329.0	267.0	216.0	142
Ploughs	11.0	12.0	10.0	11.0	12
Plastic shoes (pairs)	737.0	1,012.0	1,011.0	1,051.7	872
Leather shoes (pairs)	19.3	22.1	...	...	.
<u>(In millions of meters)</u>					
Textiles	14.2	15.7	16.6	13.6	12
<u>(In thousands of slaughtered head)</u>					
Cattle	48.1	51.8	56.5	55.2	55
Sheep	23.5	32.8	34.8	30.3	28
Goats	33.0	37.1	33.5	29.9	33
<u>(In thousands of kilowatt hours)</u>					
Total electricity production	81.0	89.0	...	...	.
Of which: in Bamako	(68.1)	(75.1)	(83.8)	(85.8)	(.

Source: Direction Nationale de la Statistique et de l'Information.

Table XII. Mali: Price Index for Basic Foodstuffs in Bamako, 1976-80

(1962/63 = 100)

	Controlled (cooperatives)		Uncontrolled (free market)		Weighted index ^{1/}	
	Index	Percentage change ^{2/}	Index	Percentage change ^{2/}	Index	Percentage change ^{2/}
Annual average						
1976	348.9	10.3	376.0	7.3	369.2	8.0
1977	384.8	10.3	472.8	25.7	450.8	21.9
1978	466.7	21.3	630.5	33.3	589.6	30.8
1979	518.8	11.2	605.9	-3.9	584.1	-0.1
1980	592.0	14.5	738.6	22.0	702.0	20.2
1977						
I	367.0	10.5	422.0	21.3	408.3	18.6
II	366.5	5.9	428.2	15.3	412.8	13.0
III	398.1	10.1	499.9	25.8	474.5	21.9
IV	407.5	12.5	543.3	36.3	509.4	30.4
1978						
I	411.2	12.0	576.5	36.6	435.2	31.1
II	452.9	23.6	601.4	40.4	564.3	36.7
III	505.5	27.0	704.4	40.9	654.7	38.0
IV	492.3	20.9	639.6	13.0	602.8	18.3
1979						
I	478.8	16.4	560.4	-2.8	540.0	0.9
II	500.4	10.5	579.8	-3.6	560.0	-0.8
III	530.7	5.0	625.8	-11.2	602.0	-8.0
IV	561.3	14.0	655.9	2.5	632.3	4.9
1980						
I	519.1	8.4	643.3	14.8	612.3	13.4
II	571.3	14.2	719.3	24.1	682.3	21.8
III	635.5	19.7	806.9	28.9	764.1	26.9
IV	642.3	14.4	784.1	19.7	749.4	18.5

Sources: Direction Nationale de la Statistique et de l'Informatique, Bulletin Mensuel de Statistique; and Eléments de Conjoncture (quarterly issues).

^{1/} Weights: Three quarters uncontrolled market; one quarter controlled market.

^{2/} From corresponding quarter of previous year.

Table XIII. Mali: Official Retail Prices of Selected
Local and Imported Goods, 1976-80

(In Mali francs)

	December				
	1976	1977	1978	1979	1980
Local products					
Cement (per ton)	45,000	45,000	60,000	85,000	100,000
Refined groundnut oil (per liter)	435	435	600	600	850
Soap (250 grs)	145	145	145	145	155
Millet (per kg)	52	57	57	65	77
Rice (average per kg)	112	112	137	150	178
Beef meat with bones (per kg)	550	550	550	800	1,000
Water (per cubic meter)	81	81	81	81	99
Electricity: basic rate (per kwh)	81	88	88	88	97
Imported products					
Sugar cubes (per kg)	500	500	500	500	650
Sugar (per kg)	430	430	430	430	560
Flour (per kg)	220	220	220	260	260
Salt (per kg)	60	60	60	75	85
Powdered milk (can of 250 grs)	670	670	670	670	670
Sweet concentrated milk (can)	275	275	275	275	275
Gasoline, regular (per liter)	165	180	180	200	315
Kerosene	145	150	150	160	200

Source: Direction Nationale des Affaires Economiques.

Note: All above prices reflect controlled prices with the exception of meat, fish, and chicken, for which uncontrolled (free market) prices are shown.

Table XIV. Mali: Evolution of Minimum Wages, 1953-80

(In Mali francs per hour) 1/

Date	Minimum wage for unskilled agri- cultural workers (SMAG) <u>2/</u>	Minimum wage for workers outside agriculture (SMIG) <u>2/</u>
1953 - August	10.00	16.90
1953 - December	16.00	17.25
1954 - May	16.90	18.20
1955 - January	17.45	18.20
1956 - July	19.55	21.00
1957 - February	21.90	23.00
1957 - July	22.50	27.00
1959 - March	27.00	32.00
1973 - January	38.54	43.54
1974 - July	64.50	69.50
1976 - March	67.20	72.71
1978 - January	68.68	74.46
1980 - January	71.81	78.16
1980 - March	74.00	88.30

Source: Data provided by the Malian authorities.

1/ At the rate of 173.33 hours per month.

2/ Includes special and cost-of-living allowances from 1973.

Table XV. Mali: Monthly Wages and Salaries, February 1976-March 1980

(In Mali francs per month)

	1976	1978		1980	
	February	March	July	January	March
Contractual workers					
Minimum wage for unskilled agricultural workers (SMAG)	<u>11,648</u>	<u>11,648</u>	<u>11,905</u>	<u>12,446</u>	<u>12,827</u>
Basic wage	5,148	5,148	5,405	5,946	12,827
Special allowance	2,000	2,000	2,000	2,000	--
Cost-of-living allowance	4,500	4,500	4,500	4,500	--
Minimum wage for unskilled workers outside agriculture (SMIG)	<u>12,602</u>	<u>12,907</u>	<u>13,547</u>	<u>13,547</u>	<u>15,305</u>
Basic wage	6,102	6,407	6,407	7,847	--
Special allowance	2,000	2,000	2,000	2,000	--
Cost-of-living allowance	4,500	4,500	4,500	4,500	--
Government officials					
Grade 71	<u>28,000</u>	<u>28,205</u>	<u>28,205</u>	<u>30,725</u>	<u>30,72</u>
Salary	25,000	25,205	25,205	27,725	27,72
Housing allowance	3,000	3,000	3,000	3,000	3,00
Grade 300	<u>78,000</u>	<u>109,500</u>	<u>109,500</u>	<u>120,150</u>	<u>120,15</u>
Salary	75,000	106,500	106,500	117,150	117,15
Housing allowance	3,000	3,000	3,000	3,000	3,00
Grade 650	<u>178,000</u>	<u>233,750</u>	<u>233,750</u>	<u>256,825</u>	<u>256,82</u>
Salary	175,000	230,750	230,750	253,825	253,82
Housing allowance	3,000	3,000	3,000	3,000	3,00

Source: Direction Nationale du Travail.

Table XVI. Mali: Wage Earners, 1973-80

	1973	1974	1975	1976	1977	1978	1979	1980
Central administration	40,000	43,000	47,000	49,300	51,400	56,200	56,460	62,034
Civil servants	25,220	26,220	26,704	27,539	29,463	31,690	34,509	37,787
Other ^{1/}	14,780	16,780	20,296	21,761	21,937	24,510	24,951	24,247
Enterprise sector	35,000	39,500	43,000	44,700	46,700	52,000	53,630	59,023
Public enterprises	9,942	10,516	12,121	12,164	12,341	12,441	...	...
Other	24,058	28,984	30,879	32,536	34,359	39,559	...	...
Other sectors	11,500	12,500	14,500	15,100	15,800	17,100	18,260	20,069
Total wage earners	86,500	95,500	104,500	109,100	113,900	125,300	131,350	141,129

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

^{1/} Includes the armed forces, regional and communal governments, public organizations, and "Operations de Développement Rural."

Table XVII. Mali: Planned and Actual Investment
Expenditures, 1974-80

(In billions of Mali francs)

	Planned	Actual	Actual/Planned (In per cent)
Primary sector	220.0	152.6	69.3
Agriculture	145.7	103.2	70.8
Forests	2.9	1.6	55.2
Livestock	57.0	33.5	58.9
Feasibility studies	14.4	14.3	99.3
Secondary sector	264.2	162.0	61.3
Mines	20.8	21.3	102.4
Energy and water	102.2	41.0	40.1
Industry	36.8	55.3	150.3
Airports	95.5	4.0	4.2
Roads	53.3	23.1	43.3
Railroads	17.8	7.7	43.2
River transportation	3.8	2.1	55.3
Telecommunications	11.6	4.4	42.2
Tourism	2.4	2.6	108.3
Tertiary sector	58.8	102.3	174.0
Public administration	18.6	77.5	316.7
Education	25.7	12.6	49.0
Health and social activities	10.8	8.4	77.8
Information	1.8	1.2	66.7
Other	1.9	2.6	1.4
Total	543.0	416.9	76.8

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

Table XVIII. Mali: Financing of Development Expenditures, 1974-80

(In billions of Mali francs)

Type	Amount
External financing	<u>300.4</u>
Loans	184.2
Multilateral	74.4
Of which: IBRD (IDA)	(46.3)
African Development Fund	(7.9)
OPEC Special Fund	(7.8)
African Development Bank	(7.0)
Arab Development Bank	(3.8)
Bilateral	104.2
Of which: China	(24.8)
Germany, Federal Republic of	(20.7)
France	(16.8)
USSR	(13.3)
Iraq	(7.1)
Saudi Arabia	(6.4)
United States	(2.3)
Suppliers' credits and private financial institutions	5.6
Grants	116.2
Domestic financing	<u>116.5</u>
Central Government	11.3
Rest of public sector	29.4
Private sector	75.8
Total	<u>416.9</u>

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

Table XIX. Mali: Treasury Revenues, 1976-81 ^{1/}

(In millions of Mali francs)

	1976	1977	1978	1979	1980	1981 Est.
Tax revenues	35,170	46,193	50,087	53,044	56,675	65,534
Taxes on net income and profits	10,124	13,354	15,064	14,715	13,518	10,778
General income tax	3,015	3,420	3,846	4,791	5,796	6,529
Business profits tax	3,347	4,226	5,395	6,632	4,883	4,249
Other (including unallocable arrears)	3,762	5,708	5,823	3,292	2,839	...
Taxes - payroll or manpower	336	562	527	864	923	1,000
Taxes on property	2,122	2,680	2,296	2,568	2,382	3,288
Recurring taxes on immovable property	199	337	448	481	456	725
Tax on financial/capital transactions	962	1,356	885	1,028	1,301	1,345
Tax on livestock	961	987	963	1,059	1,095	1,218
Taxes on domestic goods and services	3,452	4,645	5,552	8,079	7,801	8,705
General sales tax	2,630	3,747	4,522	6,823	6,599	7,017
Excises	822	898	1,030	1,256	1,202	1,688
Taxes - use/permission to use goods	608	709	1,103	945	943	1,796
Business and professional licenses	176	175	228	141	165	250
Motor vehicle taxes	277	300	648	640	621	1,346
Other	155	234	227	164	157	200
Taxes on international trade transactions	14,688	19,648	19,802	19,878	24,668	32,129
Import duties	12,190	13,471	16,623	17,492	22,708	30,125
Customs duties	843	1,265	1,260	1,248	1,252	1,526
Sales tax on imports	6,112	6,452	8,150	9,400	9,038	11,488
Other charges	5,235	5,754	7,213	6,844	12,418	17,111
Of which: petroleum products	(300)	(420)	(511)	(413)	(5,090)	(5,623)
Export duties	2,283	5,944	2,931	2,160	1,644	1,561
Other	215	233	248	226	316	443
Other taxes	3,840	4,595	5,743	5,995	6,440	7,838
Of which: head tax	(3,450)	(4,302)	(4,514)	(4,430)	(4,496)	(2,340)
stamp taxes	(390)	(454)	(1,229)	(1,409)	(1,788)	(4,008)
Nontax revenues	1,604	2,223	2,225	1,876	2,727	3,108
Property income	243	70	72	24	—	196
Administrative fees, charges, etc.	420	644	747	726	542	1,015
Fines and forfeits	530	421	378	499	438	1,282
Miscellaneous	411	1,088	1,028	619	1,747	615
Total budgetary revenues	36,774	48,416	52,312	54,920	59,402	68,642

Source: Data provided by the Malian authorities.

^{1/} National and regional government budgets and Treasury accounts.

Table XX. Mali: Treasury Expenditures by Economic Function, 1976-81 ^{1/}

(In millions of Mali francs)

	1976	1977	1978	1979	1980	1981 Est.
Current expenditures	44,505	51,757	57,848	68,791	75,691	80,485
Expenditures on goods and services	38,115	43,421	49,696	57,532	61,325	66,161
Compensation of employees	30,440	32,222	37,129	43,220	48,743	51,467
Education	8,970	9,434	10,603	11,066	14,170	13,157
Defense	7,367	8,442	9,081	10,147	12,113	11,817
Health	2,506	2,639	2,812	3,058	3,597	2,850
Administrative & economic services	11,597	11,707	14,633	18,949	18,863	23,637
Purchase of materials	7,675	11,199	12,567	14,312	12,582	14,700
Education	402	444	492	605	1,041	...
Defense	2,588	3,708	4,400	4,588	4,181	...
Health	408	1,486	1,939	1,678	1,011	...
Administration & economic services	4,277	5,561	5,736	7,441	6,349	...
Interest payments	--	--	--	--	--	--
Subsidies and current transfers	6,390	8,336	8,152	11,259	14,356	14,324
Of which: scholarships	(3,760)	(4,845)	(5,519)	(7,529)	(7,580)	(5,953)
Capital expenditures ^{2/}	2,315	3,137	3,384	3,698	3,669	3,863
Unallocable expenditures (net)	1,400	1,900	3,000	2,200	4,000	3,800
Total budgetary expenditures	48,220	56,794	64,232	74,689	83,350	88,148
<u>Memorandum items:</u>						
Committed expenditures	(400)	(800)	(1,500)	(1,700)	(2,200)	--
Extrabudgetary expenditures (net) ^{3/}	(1,000)	(1,100)	(1,500)	(500)	(1,800)	(3,800)
Total unallocable expenditures	1,400	1,900	3,000	2,200	4,000	3,800

Source: Data provided by the Malian authorities.

^{1/} National and regional government budgets and Treasury accounts.

^{2/} Represents mainly wage expenditures related to agricultural development projects.

^{3/} Net of extrabudgetary receipts as recorded in the Treasury accounts. Relates to maintenance expenditures.

Table XXI. Mali: Extrabudgetary Revenue Operations, 1976-81 ^{1/}
(In billions of Mali francs)

	1976	1977	1978	1979	1980	1981 Estimate
<u>Special funds</u>	<u>7.1</u>	<u>10.4</u>	<u>11.2</u>	<u>12.7</u>	<u>13.9</u>	<u>17.2</u>
Autonomous Amortization Fund	1.9	2.7	5.3	6.8	5.7	5.4
Road Fund	2.8	3.4	2.6	3.2	5.1	5.8
Price Regulation & Stabilization Fund	1.9	3.6	2.6	2.0	2.5	5.3
National Transport Office	0.2	0.3	0.3	0.3	0.3	0.4
Forestry Fund	0.1	0.1	0.1	0.1	0.1	0.1
National Lottery	0.2	0.3	0.3	0.3	0.2	0.2
<u>Municipalities</u>	<u>1.7</u>	<u>1.7</u>	<u>1.6</u>	<u>1.7</u>	<u>2.3</u>	<u>2.3</u>
<u>Social organizations</u>	<u>4.8</u>	<u>5.8</u>	<u>6.8</u>	<u>7.8</u>	<u>9.3</u>	<u>10.3</u>
Social Security Fund	3.0	3.7	4.8	4.9	5.8	6.5
Government Employees Retirement Fund	1.5	1.7	1.5	2.2	2.8	2.8
Cooperative Assistance Fund	0.3	0.4	0.5	0.7	0.7	1.0
<u>Development agencies</u>	<u>9.7</u>	<u>10.4</u>	<u>13.4</u>	<u>13.0</u>	<u>13.0</u>	<u>14.0</u>
Cotton	6.4	7.5	11.3	9.9	10.0	10.5
Groundnuts	2.2	1.4	0.9	1.1	1.0	1.5
Paddy	1.1	1.5	1.2	2.0	2.0	2.0
Total	23.3	28.3	33.0	35.2	38.5	43.8

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

^{1/} Consolidated receipts of the Road Fund (FR), Social Security Fund (INPS), Price Regulation and Stabilization Office (ORSP), Autonomous Amortization Fund (CAA), National Forestry Fund (FFN), National Transport Office (ONT), National Lottery, Government Employees' Retirement Fund, Cooperative Assistance Fund, and various rural development project agencies (Opérations de Développement Rural).

Table XXII. Mali: Extrabudgetary Expenditure Operations, 1976-81 ^{1/}
(In billions of Mali francs)

	1976	1977	1978	1979	1980	1981 Estimate
<u>Special funds</u>	<u>6.5</u>	<u>7.6</u>	<u>9.4</u>	<u>12.9</u>	<u>9.6</u>	<u>18.2</u>
Autonomous Amortization Fund	1.8	1.8	2.7	4.7	3.1	8.7
Road Fund	2.1	3.1	3.6	5.0	3.6	4.0
Price Regulation & Stabilization Office	1.7	1.8	2.1	2.0	2.5	5.1
National Transport Office	0.1	0.1	0.2	0.2	0.2	0.2
Forestry Fund	0.1	0.1	0.1	0.1	0.1	0.1
National Lottery	0.7	0.8	0.7	0.9	0.1	0.1
<u>Municipalities</u>	<u>1.6</u>	<u>1.7</u>	<u>1.8</u>	<u>1.9</u>	<u>2.5</u>	<u>2.4</u>
<u>Social organizations</u>	<u>3.7</u>	<u>4.3</u>	<u>4.6</u>	<u>5.6</u>	<u>8.0</u>	<u>8.7</u>
Social Security Fund	2.1	2.3	2.8	3.0	5.0	5.7
Government Employees Retirement Fund	1.5	1.7	1.5	2.2	2.4	2.4
Cooperative Assistance Fund	0.1	0.3	0.3	0.4	0.6	0.6
<u>Development agencies</u>	<u>9.7</u>	<u>10.4</u>	<u>13.4</u>	<u>13.0</u>	<u>13.0</u>	<u>14.0</u>
Cotton	6.4	7.5	11.3	9.9	10.0	10.5
Groundnuts	2.2	1.4	0.9	1.1	1.0	1.5
Paddy	1.1	1.5	1.2	2.0	2.0	2.0
<u>Public investments</u>	<u>26.2</u>	<u>34.4</u>	<u>46.2</u>	<u>57.8</u>	<u>59.2</u>	<u>67.5</u>
Total	47.7	58.4	75.4	91.2	92.3	110.8

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

^{1/} As in Table XXI.

Table XXIII. Mali: Gross Value Added of the Major Public Enterprises, 1975-79

(In billions of Mali francs)

	1975	1976	1977	1978	1979
<u>Sales</u>					
SOMIEX	34.8	54.8	70.5	60.8	63.8
Export activities	(11.3)	(30.1)	(38.3)	(27.4)	(29.5)
Distribution activities	(23.4)	(24.6)	(32.1)	(33.4)	(34.3)
OPAM	6.7	9.5	12.5	9.1	8.4
SCAER	3.0	4.1	4.8	7.2	7.3
Air Mali	4.5	4.8	5.3	5.0	4.8
COMATEX	6.0	4.3	4.7	4.4	5.7
EDM	4.3	5.0	5.8	5.3	5.3
ITEMA	2.9	3.1	3.5	3.7	3.4
PPM	2.6	3.0	3.4	3.8	4.5
SEPAMA	--	0.4	4.9	5.9	4.1
SEPOM	6.0	5.1	6.0	3.5	3.8
SMECMA	1.8	2.9	2.9	1.8	1.2
SONATAM	4.1	4.2	4.2	5.2	6.9
Total (12 enterprises)	76.2	100.9	128.4	115.7	120.1
<u>Gross value added</u>					
SOMIEX	12.8	21.4	21.1	16.9	17.4
Export activities	(5.3)	(10.7)	(18.2)	(6.8)	(9.6)
Distribution activities)	(7.5)	(10.7)	(2.8)	(10.1)	(7.8)
OPAM	2.0	1.5	1.3	2.5	0.4
SCAER	-2.2	-1.5	-1.4	-1.0	-1.5
AIR MALI	4.3	4.6	5.0	3.9	4.8
COMATEX	2.1	2.8	1.8	2.8	3.7
EDM	2.1	2.2	2.7	3.0	2.8
ITEMA	2.2	2.0	2.2	2.1	1.7
PPM	1.4	1.4	1.8	1.8	2.0
SEPAMA	--	0.3	2.3	2.4	1.2
SEPOM	2.6	-3.0	3.1	1.7	1.2
SMECMA	0.4	0.5	0.7	0.4	0.4
SONATAM	3.1	3.3	3.2	3.0	4.4
Total	30.6	38.4	43.9	39.4	38.5
<u>Gross value added/Sales</u>					
			(In per cent)		
SOMIEX	38.8	39.0	29.8	27.8	25.3
Export activities	(46.0)	(35.2)	(47.5)	(24.8)	(32.5)
Distribution activities	(32.5)	(43.4)	(8.7)	(30.2)	(22.7)
OPAM	29.8	14.7	10.4	27.4	4.3
AIR MALI	95.1	96.2	95.2	78.0	100.0
COMATEX	35.0	51.2	37.7	63.1	64.9
EDM	49.0	42.8	47.2	56.0	52.8
ITEMA	76.2	63.6	62.9	54.9	50.0
PPM	55.0	47.6	53.8	46.0	44.5
SEPAMA	--	87.5	46.1	41.0	29.2
SEPOM	42.6	-58.8	52.0	48.5	31.5
SCAER	-74.6	-37.8	-29.1	-14.0	-20.0
Total	40.1	38.0	34.1	34.0	32.0

Source: Data provided by the Malian authorities

Table XXIV. Mali: Bank Credit to Public Enterprises, 1975-79

(In billions of Mali francs)

	1975	1976	1977	1978	1979
<u>Bank credit outstanding</u>					
(end of year)					
SOMIEX	16.1	22.7	10.6	18.0	26.8
OPAM	36.1	40.1	25.9 <u>1/</u>	29.9 <u>1/</u>	28.9 <u>1/</u>
SCAER	5.1	8.0	14.0	15.3	15.1
Air Mali	0.8	1.0	0.9	1.6	2.2
COMATEX	1.7	2.2	2.7	3.2	4.1
EDM	0.5	0.4	0.6	0.3	0.2
ITEMA	0.5	0.3	0.0	0.5	0.6
PPM	--	--	--	--	--
SEPAMA	--	2.2	3.1	2.7	3.7
SEPOM	8.6	9.5	7.9	10.4	11.9
SMECMA	1.3	1.4	1.4	1.6	1.7
SONATAM	--	--	--	--	--
Total	<u>70.7</u>	<u>87.8</u>	<u>67.1</u>	<u>83.5</u>	<u>95.2</u>
Total credit to the economy	102.2	122.6	106.9	133.1	152.2
Credit to public enterprises as a per cent of total credit to the economy	69.2	71.6	62.8	62.8	62.5
<u>Annual change in bank credit</u>					
SOMIEX	7.8	6.6	-12.0	7.4	8.8
OPAM	10.2	3.9	--	4.0	-0.9
SCAER	0.7	3.0	5.9	1.4	-0.2
Air Mali	0.8	0.2	-0.1	0.6	0.6
COMATEX	0.1	0.6	0.5	0.5	0.8
EDM	0.2	-0.1	0.1	-0.3	-0.0
ITEMA	0.3	-0.2	-0.3	0.5	0.0
PPM	--	--	--	--	--
SEPAMA	--	2.2	0.9	-0.4	1.0
SEPOM	3.2	0.9	-1.6	2.5	1.5
SMECMA	1.0	0.1	0.0	0.2	0.1
SONATAM	--	--	--	--	--
Total	<u>24.3</u>	<u>17.2</u>	<u>-6.6 <u>1/</u></u>	<u>16.4</u>	<u>11.7</u>

Source: Data provided by the Central Bank of Mali.

1/ Does not include MF 14 billion of OPAM's short-term bank credit transformed into a medium-term loan in early 1978.

Table XXV. Mali: Distribution of Credit to the Economy
by Termstructure, and Sector, 1972-80

(In billions of Mali francs; end of period)

	1972	1978	1979	1980
Short-term credit	30.0	110.2	128.0	137.0
Large state enterprises	20.1	77.3	91.5	97.1
Other	9.9	32.9	36.5	39.9
Industries	0.9	4.5	5.8	8.2
Construction and public works	1.4	1.7	3.1	2.6
Transportation	0.8	4.0	3.8	3.4
Petroleum distribution	0.2	0.3	0.3	0.2
General commerce	1.5	9.2	11.9	12.7
Miscellaneous	5.1	13.2	11.6	12.8
Medium-term credit <u>1/</u>	2.6	18.4	18.5	20.5
Long-term credit	1.6	4.5	5.7	6.5
Of which: subject to ceiling	(--)	(30.4)	(34.2)	(40.6)
Total credit to the economy	34.2	133.1	152.2	164.0

Source: Data provided by the Central Bank of Mali.

1/ Including MF 14 billion of OPAM's short-term bank credit that was consolidated into a medium-term loan in early 1978.

Table XXVI. Mali: Central Bank Rediscounts, 1972-80

(In billions of Mali francs; end of period)

	1972	1977	1978	1979	1980
Short-term credit	17.3	57.9	57.8	79.9	81.0
Ceiling A	11.7	54.8	41.2	45.8	43.2
Ceiling B	5.4	2.6	--	8.7	36.0
Ceiling C <u>1/</u>	--	0.2	1.2	1.2	--
Customs duty bills	0.1	0.1	0.1	0.1	0.1
Safety margin 1st half	--	--	--	--	0.1
2nd half	--	--	--	--	0.1
Other margins <u>2/</u>	--	0.2	15.2	24.1	1.6
Medium-term credit	1.4	0.8	15.2	15.5	15.8
Total rediscounts (1)	18.7	58.8	72.9	95.4	96.8
Total bank credit to the economy (2)	34.2	122.9	133.1	152.6	169.5
Ratio (1) : (2) (in per cent)	54.6	47.8	54.6	62.7	57.1

Source: Data provided by the Central Bank of Mali.

1/ Abolished on September 23, 1980.

2/ Abolished on September 23, 1980. Prior to that date, they included:

(a) an ordinary margin, at the penalty rate of 8 per cent;

(b) a compensatory margin, at the penalty rates of 8 per cent - 10.5 per cent.

This margin was established for commercial banks which had to maintain blocked deposits with the Central Bank for having exceeded ceilings on nonrediscountable credits.

(c) a special margin, at the penalty rate of 12 per cent for BDM;

(d) a special margin, at the rate of 6 per cent for OPAM; and

(e) a super penalty rate of 15 per cent imposed on commercial banks which had exceeded all margins.

Table XXVII. Mali: Structure of Interest Rates, 1977-80

(In per cent per annum)

	Before January 1, 1977 ^{1/}	From Jan. 1, 1977 to September 23, 1980	Since September 23 1980
Central Bank			
Discount rates	3.5	6.0	6.0
Special discount rates for OPAM			
Imports	2.1	2.1	3.5
Distribution	3.5	3.5	
Special discount rate for OPAM	--	2.5	2.5
Penalty rate	6.0-8.0	8.0-15.0	
Within the first half of the margin	...	...	9.0
Within the second half of the margin	...	...	12.0
Deposit money banks			
Lending rates			
Crop financing			
Regular	5.0	7.5	7.5
Overdrafts	7.0	9.5	9.5
State enterprises	7.0	9.5	9.5
Private enterprises			
Regular	13.0	15.0	15.0
Special	8.0-11.0	10.0-13.0	10.0-13.0
Deposit rates			
Demand deposits			
Up to MF 1 million	--	--	--
MF 1 million to MF 5 million	0.25	0.25	0.25
MF 5 million to MF 50 million	0.25	0.50	0.50
MF 50 million to MF 100 million	0.50	1.00	1.00
Above MF 100 million	0.75	1.00	1.00
Time deposits			
3 months	2.00	4.00	4.00
6 months	2.00	4.50	4.50
1 year	2.75	5.25	5.25
2 years	3.50	6.00	6.00
Savings deposits	2.50-3.25	4.00	4.00

Source: Data provided by the Central Bank of Mali.

^{1/} The preceding revision of interest rates took place on July 19, 1972.

Table XXVIII. Mali: Financial Operations of Deposit Money Banks, 1972-80

(In billions of Mali francs; end of period)

	1972	1977	1978	1979	1980
Use of resources					
Credit to the economy	34.2	106.9	133.1	152.2	164.0
Credit to the Government	3.4	1.1	2.3	1.8	2.0
Clearing accounts (net)	1.0	4.7	2.5	-0.8	-0.8
Other <u>1/</u>	1.9	4.8	5.8	14.0	2.8
Total	<u>40.5</u>	<u>117.5</u>	<u>143.7</u>	<u>167.2</u>	<u>168.0</u>
Financing					
External borrowing	3.8	5.4	5.2	5.2	4.9
Rediscounts from Central Bank	18.7	58.7	72.9	95.3	96.9
Demand deposits	10.7	37.3	46.2	44.9	46.2
Time deposits	2.3	2.4	6.0	6.7	6.6
Capital accounts (net)	5.0	13.7	13.4	15.1	13.4
Total	<u>40.5</u>	<u>117.5</u>	<u>143.7</u>	<u>167.2</u>	<u>168.0</u>

Source: Data provided by the Central Bank of Mali.

1/ Includes blocked deposits with the BCM.

Table XXIX. Mali: Assets and Liabilities of the Central Bank, 1972-80

(In billions of Mali francs; end of period)

	1972	1977	1978	1979	1980
Gross foreign assets <u>1/</u>	2.0	2.7	3.7	3.7	6.9
Gross domestic assets	63.4	156.6	179.2	208.1	211.7
Claims on Government <u>2/</u>	43.2	93.2	100.8	108.0	110.1
Of which: accumulated interest	(6.6)	(33.0)	(34.0)	(36.6)	(34.9)
Claims on deposit money banks	18.7	58.7	72.9	95.4	96.8
Other assets	1.5	4.7	5.5	4.7	4.8
Assets - Liabilities	65.4	159.3	182.9	211.8	218.6
Gross foreign liabilities	37.5	94.0	99.3	108.6	118.1
Operations account	31.5	83.7	86.3	93.6	98.6
Of which: accumulated interest	(5.7)	(10.3)	(35.0)	(37.2)	(39.4)
Use of Fund credit	4.6	6.4	5.7	3.5	5.0
Trust Fund loans	--	--	5.1	8.8	11.9
Other	1.4	3.9	2.2	2.7	2.6
Gross domestic liabilities	23.7	61.0	79.3	97.4	93.3
Reserve money	21.5	55.9	64.3	77.7	82.1
Currency in circulation	(21.3)	(55.4)	(63.3)	(76.9)	(81.8)
Bank deposits	(0.2)	(0.5)	(1.0)	(0.8)	(0.3)
Government deposits	--	0.6	2.2	0.2	1.7
Treasury	(--)	(0.1)	(--)	(--)	(--)
Other	(--)	(0.5)	(2.2)	(0.2)	(1.7)
Other liabilities	2.2	4.5	12.8	19.5	9.5
Counterpart of SDR allocation	4.2	4.3	4.3	5.8	7.2
<u>Memorandum items</u>					
Net domestic assets (including interest) <u>3/</u>	61.3	151.5	164.2	188.4	200.5
Net domestic assets (excluding interest) <u>3/</u>	54.7	118.5	120.2	151.8	165.6
Net foreign liabilities (including interest)	35.6	91.3	95.6	104.9	111.2
Net foreign liabilities (excluding interest)	29.9	58.3	60.6	67.7	71.8

Source: Data provided by the Central Bank of Mali.

1/ Includes reserve position with the Fund.2/ Includes the counterparts of Trust Fund loans in local currency.3/ Gross domestic assets minus government deposits and other domestic liabilities.

Table XXX. Mali: Balance of Payments, 1972-81

(In billions of Mali francs)

	1972	1978	1979	1980 ^{1/}	Projection 1981
Exports f.o.b.	23.3	50.1	62.7	86.6	81.3
Imports f.o.b.	-35.6	92.8	07.0	-136.9	-159.7
Trade balance	-12.3	42.7	44.3	-50.3	-78.4
Service receipts	9.6	15.1	19.4	25.3	30.2
Freight and insurance on merchandise	0.3	2.0	2.3	2.5	3.3
Other transportation	1.0	3.0	3.3	3.7	4.2
Travel	0.9	3.8	4.9	8.8	11.0
Investment income	—	—	—	—	—
Government, n.i.e.	4.4	5.2	7.0	7.9	9.0
Other services	3.0	1.1	1.9	2.4	2.7
Service payments	-23.0	65.3	78.0	-86.5	-104.9
Freight and insurance on merchandise	-7.7	35.8	41.0	-52.6	-61.2
Other transportation	-1.4	-5.8	8.5	-9.5	-10.6
Travel	-3.4	-7.2	-7.7	-8.3	-9.0
Investment income	-2.7	-4.9	-5.0	-6.1	-9.3
Government, n.i.e.	-5.2	-6.3	-9.7	-6.0	-6.8
Other services	-2.6	-5.3	-6.1	-4.0	-8.0
Services (net)	-13.4	60.2	58.6	-61.2	-74.2
Private unrequited transfers	5.4	17.7	14.7	16.3	19.0
Credit	6.3	23.7	23.0	24.1	27.0
Debit	-0.9	-6.0	-8.3	-7.8	-8.0
Current account balance	-20.3	75.2	88.2	-95.2	-134.1
Official unrequited transfers	10.1	46.9	40.4	45.8	63.7
Credit	12.1	48.9	47.6	48.1	66.3
Debit	-2.0	-2.0	-2.2	-2.3	-2.6
Nonmonetary capital receipts	7.1	32.4	39.1	52.5	61.5
Private direct investment	—	3.7	4.5	5.5	5.0
Other private long-term	0.5	2.2	3.0	3.1	3.0
Central government long-term	3.0	25.7	29.7	43.1	52.7
Financing of the budget	(...)	...	...	(9.5)	(8.7)
Financing of the investment plan	(...)	...	...	(33.6)	(44.4)
Short-term	3.6	0.8	1.9	0.8	0.8
Nonmonetary capital payments	-3.1	-7.7	-6.9	-7.9	-10.1
Private direct investment	—	-3.6	-3.0	-4.0	-4.0
Other private long-term	-1.0	-2.5	-1.5	-1.5	-1.5
Central government long-term	-0.6	-1.6	-2.4	-2.4	-4.6
Short-term	-1.5	—	—	—	—
Errors and omissions	2.1	-5.4	0.9	-5.6	—
Overall balance	-4.1	-9.0	-9.7	-10.4	-19.0
SDR allocation	1.3	—	1.5	1.5	1.6
Trust fund	—	5.2	3.7	3.1	0.1
Central Bank	3.2	-0.9	5.6	3.2	17.3
Operations account	3.6	2.5	7.3	5.0	15.8
IMF (net)	...	-0.7	-2.1	0.4	—
Other ^{2/}	...	-2.7	0.4	-2.2	1.5
Commercial banks	-0.4	4.8	-1.3	1.4	—
Change in arrears ^{3/}	...	...	0.2	1.2	—

Source: Central Bank of Mali, and Fund staff estimates and projections.

^{1/} Estimated.^{2/} Includes bilateral accounts and gross reserves.^{3/} For the period includes only the arrears of the public enterprises.

Table XXXI. Mali: Export Volume Index, 1972-80

(Base 1980)

	1972	1978	1979	1980
Cotton fiber	45.0	77.2	91.5	100.0
Cotton seeds	383.8	63.5	27.0	100.0
Cotton thread	0.0	23.9	98.6	100.0
Groundnuts (shelled)	266.9	148.3	73.7	100.0
Groundnut oil	72.1	167.4	162.8	100.0
Hides and leather	82.5	78.9	117.5	100.0
Livestock	46.6	67.2	64.4	100.0
Fish	165.0	90.0	100.0	100.0
Gum arabic	135.7	42.9	82.1	100.0
Basket and esparto products	146.2	69.2	0.0	100.0
Sheanuts	0.0	15.3	121.4	100.0
Others	50.6	35.8	50.2	100.0
<u>Export volume index</u>	<u>48.1</u>	<u>67.7</u>	<u>81.9</u>	<u>100.0</u>
(In per cent)				
Average				
1972-78				
Annual rate of change	5.9	21.0	22.1	

Sources: Central Bank of Mali, Ministry of Planning; SOMIEX; staff estimates.

Table XXXII. Mali: Export Price Index, 1972-80

(Base 1980)

	1972	1978	1979	1980
Cotton fiber	39.6	76.8	85.1	100.0
Cotton seeds	38.9	38.9	90.7	100.0
Cotton thread	39.0	69.2	91.2	100.0
Groundnuts (shelled)	95.6	196.3	196.3	100.0
Groundnut oil	72.3	139.4	117.3	100.0
Hides and leather	59.7	93.0	85.1	100.0
Livestock	40.6	87.2	93.6	100.0
Fish	54.2	86.6	87.2	100.0
Gum arabic	89.7	94.3	97.1	100.0
Baskets and esparto products	141.8	100.0	100.0	100.0
Sheanuts	23.4	49.5	94.4	100.0
Others	91.4	88.6	94.3	100.0
<u>Export price index</u>	<u>46.8</u>	<u>81.9</u>	<u>90.7</u>	<u>100.0</u>
<u>Terms of trade</u>	<u>126.8</u>	<u>110.2</u>	<u>110.4</u>	<u>100.0</u>
(In per cent)				
Average 1972-78				
Annual rate of change of export prices		9.8	10.7	10.2
Annual rate of change of terms of trade		-2.3	0.2	-9.1

Sources: Central Bank of Mali; Ministry of Planning; SOMIEX; and staff estimates.

Table XXXIII. Mali: Import Price Index, 1972-80

(Base 1980)

	1972	1978	1979	1980
Sugar	53.1	71.0	67.9	100.0
Cola	37.4	96.1	97.8	100.0
Cereals	25.1	56.0	53.6	100.0
Flour	31.5	58.1	58.9	100.0
Milk	77.3	97.3	80.5	100.0
Tea and coffee	60.6	49.9	69.3	100.0
Other foodstuffs	35.4	62.1	93.2	100.0
Textiles and leather	86.8	104.2	107.7	100.0
Machines and vehicles	45.8	78.1	88.4	100.0
Construction materials	15.4	71.4	85.7	100.0
Chemical products	38.5	87.5	93.8	100.0
Petroleum products	23.4	62.2	69.7	100.0
Others	46.2	97.3	88.7	100.0
<u>Import price index</u>	<u>36.9</u>	<u>74.3</u>	<u>82.1</u>	<u>100.0</u>

(In per cent)

	Average <u>1972-78</u>		
Annual rate of change	12.3	10.5	21.8

Sources: Central Bank of Mali; Ministry of Planning; SOMIEX; and staff estimates.

Table XXXIV. Mali: Import Volume Index, 1972-80

(Base 1980)

	1972	1978	1979	1980
Sugar	53.1	71.0	67.9	100.0
Cola nuts	37.4	96.1	97.8	100.0
Cereals	25.1	56.0	53.6	100.0
Flour	31.5	58.1	58.9	100.0
Milk	77.3	97.3	80.5	100.0
Tea and coffee	60.6	49.9	69.3	100.0
Other foodstuffs	35.4	62.1	93.2	100.0
Textiles and leather	86.8	104.2	107.7	100.0
Machines and vehicles	45.8	78.1	88.4	100.0
Construction materials	15.4	71.4	85.7	100.0
Chemical products	38.5	87.5	93.8	100.0
Petroleum products	23.4	62.2	69.7	100.0
Others	46.2	97.3	88.7	100.0
<u>Import volume index</u>	36.9	74.3	82.1	100.0
(In per cent)				
Average <u>1972-78</u>				
Annual rate of change		12.3	10.5	21.8

Sources: Central Bank of Mali, Ministry of Planning, SOMIEX; and staff estimates.

Table XXV. Mali: Direction of Trade, 1972-79

(In millions of U.S. dollars and in per cent)

	1972		1978		1979	
	Value	Per cent of total	Value	Per cent of total	Value	Per cent of total
Exports						
EEC 1/	13.00	31.2	57.74	54.9	81.69	60.2
France	(11.61)	(27.8)	(32.66)	(31.1)	(35.02)	(25.8)
Germany, Federal	(0.05)	(0.1)	(11.73)	(11.2)	(14.78)	(10.9)
Republic of	(0.67)	(1.6)	(4.99)	(4.7)	(23.41)	(17.2)
United Kingdom	(0.23)	(0.6)	(2.19)	(2.1)	(3.66)	(2.7)
Italy	(0.27)	(0.6)	(5.85)	(5.6)	(4.11)	(0.3)
Netherlands	(0.17)	(0.4)	(0.32)	(0.3)	(0.71)	(0.5)
Belgium-Luxembourg						
Non-oil African countries	19.24	46.1	18.27	17.4	20.10	14.8
Of which:						
Ivory Coast	(10.18)	(25.9)	(7.46)	(7.1)	(8.21)	(6.0)
Senegal	(4.94)	(11.8)	(—)	(—)	(—)	(—)
Niger	(0.34)	(0.8)	(6.45)	(6.1)	(7.10)	(5.2)
Upper Volta	(0.75)	(1.8)	(3.21)	(3.1)	(3.53)	(2.6)
Ghana	(2.36)	(5.7)	(0.20)	(0.2)	(0.21)	(0.2)
Liberia	(0.33)	(0.8)	(—)	(—)	(—)	(—)
Mauritania	(0.03)	(0.1)	(—)	(—)	(—)	(—)
United States	0.01	—	0.36	0.3	0.27	0.3
Japan	0.07	0.2	3.41	3.2	6.58	4.8
Spain	0.48	1.2	1.07	1.0	0.97	0.6
U.S.S.R., Eastern						
Europe, China	1.75	4.2	12.79	12.3	14.07	10.4
Other	7.18	17.1	11.46	10.9	12.09	8.9
Total	41.73	100.0	105.10	100.0	135.77	100.0
Imports						
EEC 1/	45.62	58.1	130.56	49.6	180.77	55.6
France	(34.77)	(44.3)	(95.73)	(36.3)	(115.73)	(35.6)
Germany, Federal	(5.27)	(6.7)	(14.64)	(5.6)	(31.88)	(9.8)
Republic of	(2.28)	(2.9)	(6.99)	(2.7)	(14.32)	(4.4)
United Kingdom	(1.10)	(1.4)	(4.33)	(1.6)	(7.03)	(2.2)
Italy	(0.98)	(1.2)	(1.71)	(0.6)	(3.86)	(1.2)
Netherlands	(1.22)	(1.6)	(7.16)	(2.7)	(7.95)	(2.4)
Belgium-Luxembourg						
Non-oil African countries	16.05	20.4	88.71	33.7	97.77	30.1
Of which:						
Ivory Coast	(8.74)	(11.1)	(52.83)	(20.1)	(58.11)	(17.9)
Senegal	(6.27)	(8.0)	(33.54)	(17.2)	(36.89)	(11.3)
Niger	(0.25)	(0.3)	(—)	(—)	(—)	(—)
Upper Volta	(0.33)	(0.4)	(0.41)	(0.2)	(0.45)	(0.1)
Ghana	(0.17)	(0.2)	(—)	(—)	(—)	(—)
Liberia	(—)	(—)	(0.71)	(0.3)	(0.78)	(0.2)
Mauritania	(0.04)	(0.1)	(—)	(—)	(—)	(—)
United States	1.79	2.3	6.71	2.5	7.37	2.3
Japan	0.77	1.0	8.07	3.1	5.28	1.6
Spain	0.06	0.1	1.82	0.7	2.68	0.8
U.S.S.R., Eastern						
Europe, China	7.69	9.8	10.56	4.0	11.61	3.6
Other	6.55	8.3	16.93	6.4	19.74	6.0
Total	78.53	100.0	263.36	100.0	325.22	100.0

Source: IMF, Direction of Trade Yearbooks: 1979, 1980.

1/ Includes only those EEC countries listed.

Table XXXVI. Mali: Evolution of the Operations Account
with the French Treasury, 1972-80

(In billions of Mali francs)

	1972	1978	1979	1980
1. Private transactions	-7.75	-193.1	-19.67	-31.17
Banks	-16.92	-39.91	-44.90	-55.07
Postal Checking System	3.39	4.61	3.86	3.65
Mali banknotes	-4.06	-11.52	-20.74	-29.78
CFA franc banknotes	9.84	27.49	42.14	50.03
2. Mali Treasury transactions	-1.86	-3.71	-4.15	-5.53
3. French Treasury transactions	4.86 ^{1/}	6.21	6.66	7.60
4. European Development Fund	--	3.35	4.70	6.16
Net total (1 through 4)	4.74	-13.44	-12.46	-22.94
5. French aid	2.00	2.79	1.00	1.50
6. Other foreign aid	0.35	5.68	2.51	14.86
7. Debt repayments to France	0.30	--	--	--
8. IMF Trust Fund loans	--	5.11	3.69	3.02
9. Transactions with IMF (quota)	--	--	--	--
10. Transactions with IMF (subsidy account gold sales)	--	0.56	0.56	0.68
11. Transactions with IMF (credit tranches)	0.31	--	-1.22	-1.22
12. Transactions with IMF (oil facility)	--	-0.67	-0.96	-0.91
13. Transactions with IMF (compensatory financing)	--	--	--	2.83
14. Transactions with IMF (SDR accounts)	0.55	-0.48	1.76	-0.65
15. Interest payments on operations Account	1.71	-2.06	-2.19	-2.19
Net total (5 through 15)	1.20	10.91	5.15	17.92
16. Annual drawings under operations account (1 through 15)	-3.54	-2.53	-7.31	-5.02
17. Cumulative drawings under operations account (end of year)	31.54	86.27	93.58	98.60
Operating balance	25.80	35.24	40.36	43.19
Consolidated liabilities ^{2/}	--	16.00	16.00	16.00
Accrued interest payments	5.74	35.03	37.22	39.41

Source: Data provided by the Central Bank of Mali.

^{1/} Includes European Development Fund transactions.

^{2/} Related to the emergency imports of cereals.

Table XXXVII. Mali: Imports Program 1/ and Licenses (Including Certificates) Issued, 1978-80

(In billions of Mali francs, c.i.f.)

	<u>1978</u>		<u>1979</u>		<u>1980</u>
	Program	Licenses issued	Program	Licenses issued	Program
Foodstuffs, beverages, and tobacco	10.7	21.4	16.9	19.9	23.2
Textiles	4.5	4.3	3.5	4.8	4.8
Medicines, vehicles, and spare parts	33.0	40.3	36.5	37.6	39.5
Books and paper	2.8	2.2	2.7	--	--
Construction materials	11.2	10.3	12.3	15.1	23.0
Chemical products	12.1	11.1	12.0	17.6	15.7
Petroleum products	15.5	18.2	18.0	23.8	29.0
Miscellaneous	1.6	2.6	4.1	6.9	4.7
Total	<u>91.4</u>	<u>110.4</u>	<u>106.0</u>	<u>127.7</u>	<u>139.9</u>
Of which: clearing zone	(10.4)	(...)	(...)	(...)	(...)

Source: Data provided by the Directorate-General of Economic Affairs.

Table XXXVIII. Mali: Balances on Bilateral Accounts, 1978-80 1/

(In millions of Mali francs; end of period)

	Currency of account	Swing limit	<u>1978</u> <u>December</u>	<u>1979</u> <u>December</u>	<u>1980</u> <u>December</u>
China, People's Republic of	MF	1,000	2,451	7	5
Czechoslovakia <u>2/</u>	MF	100	--	--	--
Egypt	f stg.	490	13	12	13
German Democratic Republic <u>2/</u>	US\$	250	27	23	22
Ghana <u>2/</u>	US\$	500	-10	-9	-9
Hungary	Ft	100	--	2	2
Morocco	DH	390	-893	-883	-882
Poland <u>2/</u>	US\$	125	--	11	10
Romania	US\$	100	3	3	3
U.S.S.R.	MF	1,000	841	1	--
Viet Nam	CFAF	100	43	43	43
Yugoslavia <u>2/</u>	US\$	200	--	--	--
Total credit balances			3,378	102	98
Total debit balances			<u>-908</u>	<u>-892</u>	<u>-891</u>
Net balance			2,470	-790	-793

Source: Data provided by the Development Bank of Mali.

1/ Debtor position for Mali vis-à-vis a bilateral partner is indicated by a minus sign.

2/ Terminated and in process of settlement.

Structure of the Government Sector 1/

Introduction

The government sector in Mali comprises the Office of the President, 13 other central government ministries, three special funds, a number of other single-purpose funds, and some 30 government rural development agencies. The fiscal year coincides with the calendar year, but there is a complementary accounting period of two months to facilitate the settlement of expenditure claims. The national budget covers estimates of revenues (including receipts from external sources) and expenditures of central and regional governments for the following fiscal year and has traditionally been presented as a balanced budget. In addition to general government transactions reflected in the national budget, there are a number of budget-related Treasury operations, transactions of extrabudgetary special funds and of rural development agencies, which appear outside it. Furthermore, budget related capital expenditures are almost exclusively financed directly from abroad. In this section a brief overview of the nature and extent of these operations is presented to support the treatment of the government sector in the tables and text of the report.

I. Budget and Other Related operations

This section clarifies the coverage of Table 7: Summary of Treasury Operations appearing in the text (Page 18).

1. Budgetary operations

Budgetary operations cover revenue and expenditure transactions of central and regional governments which have been identified and classified by type of revenue and expenditure by the Treasury, as shown in the Execution statements; these statements are prepared on a quarterly basis 2/. Included in revenues are external receipts (recettes exceptionnelles) which are to be treated as foreign financing. Since 1980, when petroleum duty rates were raised to compensate for a reduction in global income tax rates, the budget receives the extra petroleum tax revenues by transfer from the ORSP.

2. Net Treasury operations

Because of its centralized financial role, the Treasury records a variety of receipts and expenditures which at year-end are neither identified, classified, nor appropriately posted. 3/ Receipts include both tax and nontax revenues. Tax revenues include unidentified general tax receipts; advanced payment of direct taxes; unallocated, unclassified, and

1/ This overview excludes the operations of the state enterprises.

2/ Treasury codes 101-01 and 101-02 for aggregate revenues and 101-31 and 101-32 for aggregate expenditures of national and regional governments are disaggregated in the Execution statements.

3/ Treasury codes 102-01, 102-04, 112-18, 112-33, 112-36, 112-42, and 112-45 for revenues and 112-61, 112-65, 113-01, 116-04/06, 117-20, and 125-20 for expenditure.

adjusted budgetary receipts. Nontax revenues relate to fees, fines, and other charges. Expenditures include those that are not identified, classified, adjusted, or allocated.

3. Arrears not recorded by the Treasury

The Treasury has suffered from recurring cash shortages, which have been met by a buildup of recorded arrears in the form of payment orders and settlements through deferred payment arrangements and refund accounts. ^{1/} However, there is also a buildup in unrecorded Treasury arrears to the extent that expenditure is authorized to be incurred but agent payment orders are not issued (dépenses engagés non mandatées). This item is derived from the monthly statement "Situation des Crédits" prepared by the Treasury.

4. Financing

Financing of the budget is an area which has received negligible official attention, both in the presentation of annual budget estimates for the coming fiscal year and when the current fiscal year's outcome is evaluated. The budget is always balanced ex ante by including as receipts an estimate of foreign financing to fill the budgetary gap. In the text cash figures provided by the BCM for foreign and domestic financing from the banking sector have been used in preference to Treasury data.

Budgetary financing may be distinguished into the following analytical categories:

a. External financing

This represents receipts from foreign sources toward the budget (recettes exceptionnelles). An analytical adjustment is necessary to exclude the domestic counterpart of Fund-related financing used, which is included as domestic bank financing from the monetary authorities. Discrepancies exist in respect of receipts from individual sources, between amounts received by the Central Bank and their utilization by the Treasury.

b. Domestic financing

This represents funding from the banking sector (comprising monetary authorities, deposit money banks, the postal checking system), a buildup of arrears, and a residual item representing the net effect of the balance of Treasury operations.

1. Borrowing from the monetary authorities is statutorily limited to 15 per cent of the previous year's receipts; the counterpart of drawings from the Fund of conditional and unconditional resources is included under this head, as is accrued interest in the operations account.

^{1/} Treasury code 125-01 through 09.

ii. Net borrowing for the budget from the deposit money banks is not permitted, most of their available resources being provided to the state enterprises through rediscountable seasonal and nonseasonal arrangements.

iii. Borrowing from the quasi-banking postal checking system is shown separately because it has assumed growing significance. The postal checking system is a money transfer system operated by an autonomous postal agency, Office des Postes et Télécommunications (OPI). It undertakes quasi-banking operations, accepting deposits from the private individuals especially in the rural areas, and also effects transfers between Mali and French franc zone countries. A number of funds (e.g., National Lottery, National Forestry Fund, National Transport Office) also maintain excess cash balances with it for income-earning purposes or because some have received their income in the form of postal checks (e.g., petroleum receipts of the Road Fund). There is some discrepancy between the figure of net borrowing from the postal checking system reflected in the accounts of the banking system and that shown by the Treasury (Account 119-04).

iv. Financing from net Treasury operations should represent, in principle, changes in all other below-the-line accounts such as deposit and cash balances reflecting its role as a quasi-banking institution, but in practice such financing is treated as a residual balance that also includes adjustments to the accounts for timing, coverage, and conversion to a cash basis.

II. Extrabudgetary Operations

These cover transactions of entities which, although performing general government functions, appear to be outside the procedural and financial control of the Treasury. These entities are concerned essentially with the operations of the investment program, the financing of which is derived almost wholly from external sources, and the servicing of external debt. They owe their origin primarily to an earlier insistence by both bilateral and multilateral aid agencies that the implementation of the investment program should not be constrained by accounting or financial oversight links with the Treasury.

1. Special funds

a. The Road Fund (Fonds Routier)

The Road Fund was created within the Ministry of Works in 1971 to handle all financial transactions relating to investment in new roads and maintenance of the existing road network. Its revenues stem directly from the earmarked imported tax on fuels. An increasing proportion of its tax receipts is obtained in the form of postal checks initially paid by Government to private petroleum importers. Because of the Treasury's illiquidity these postal checks are not readily encashable, leading to reduced expenditures by the Road Fund and the involuntary buildup of illiquid balances.

The Road Fund maintains its accounts with both the postal checking system and the BDM.

b. Autonomous Amortization Fund (Caisse Autonome d'Amortissement)

This fund was created in 1971 to centralize the contracting and from special taxes (Contributions pour prestations des services particuliers rendus) levied on imports and exports. It maintains its accounts with the BDM.

c. Price Stabilization Fund (Office de Régulation et de Surveillance des Prix)

This entity was originally set up in 1978 as a price stabilization fund to offset cyclical fluctuations in agricultural producer prices. However, because Mali's producer prices have consistently been well below world prices, the stabilization function has remained unexercised. Instead, the OSRP has been engaged, especially after 1977, in subsidizing grain consumption (through direct subsidies to OPAM), basic consumer goods, and petroleum products. For this purpose it has been allocated budgetary revenues levied under annually negotiated integrated price schedules (barèmes) for cotton and groundnuts exports and from levies on petroleum imports.

2. Social Security Fund (Institut National de Prévoyance Social)

This fund receives contributions based on employment income, and its expenditures cover payments to contributors relating to family welfare, health, workmen's compensation, and retirement rights. Under a joint contributory system, employers make a compulsory contribution of between 14.4 per cent and 21.4 per cent of their wage bill, the corresponding employee contribution being 1.60 per cent of wage income; contributions are thus clearly in the nature of a payroll tax on employers and, to a minor extent, only a supplemental tax on incomes of employees. The Fund maintains its accounts independently of the Treasury and deposits most of its surplus with the postal checking system.

3. Agricultural extension services

There are between 25 and 30 rural development projects collectively grouped as "Opérations de Développement Rural." These projects maintain varying degrees of autonomy from the Treasury, and are in receipt largely of direct foreign financing and, to a lesser extent, domestic financing.

They are grouped into two main categories:

a. Those dependent on specialized ministerial departments for their personnel and financial resources with no legal access to credit (e.g., more than one half of the specialized agricultural institutions such as

Opérations Riz Mopti, Abattoir Frigorifique de Bamako, Opérations Haute Vallée, Opérations Thé Sikasso, Opérations Mil Mopti, Opérations Pêche Mopti, Opérations Riz Ségou, and Opérations Aménagement et Production Forestière.)

b. Mixed institutions with independent personnel policy and financial autonomy and with access to bank credit (e.g., CMDT, Office du Niger, and Société Lybio-Malienne de Développement de l'Elevage).

As comprehensive relevant data for these projects were not available, expenditures were computed by reference to estimated cost per metric ton for paddy, cotton, and groundnuts and set equal to revenues.

4. Foreign-financed projects

Mali has received substantial bilateral technical and capital assistance to finance its development programs. This aid has been given directly to projects co-sponsored by foreign donors and the Government and, as such, is not recorded in the Treasury accounts. Estimates have had to be derived ex post from a survey conducted by the Central Bank in preparing the balance of payments.

Table I. Mali: Summary Data on Major State Enterprises, 1979

Sector/Name	Date of estab- lishment	Legal form	Purpose	Staff (number)	Turnover	Capital and reserves	Results	Bank credit	Supervising/ Ministry
					(In billions of Mali francs)				
1. Trade and service									
SOMIEX	1960	State owned	Controls imports and exports Marketing of imported foodstuffs	2,105	63.8	9.8	Deficit: -7.7	26.8	Ministry of State Enter- prises
SCAER		State owned	Promotion of agricul- tural development	269	7.2	1.2	Deficit: -3.5	15.0	Ministry of Finance
OPAM	1968	State owned	Trade of agricultural products	996	8.4	10.3	Deficit: -5.9	28.9	Ministry of Finance
PPM	1960	State owned	Purchases and sales of pharmaceutical products	560	3.9	1.1	Profit: 0.3	- -	Ministry of State Enter- prises
SHM	1971	State owned	Management of eleven hotels	400	0.9	0.4 (capital only)	Deficit: -0.06	- -	Ministry of State Enter- prises
SMERT	1975	Semipublic company	Exploitation of tourist resources	52	0.1	0.2	Deficit -0.06	- -	Ministry of Industrial Development and Tourism

Table II. Mali: Summary Data on Major State Enterprises, 1979 (Continued)

Sector/Name	Date of estab- lishment	Legal form	Purpose	Staff (number)	Turnover	Capital and reserves	Results	Bank credit	Supervising Ministry
					(In billions of Mali francs)				
II. Agricultural and industrial sectors									
EDM	1961	Semipublic company	Production and distri- bution of electricity and water	865	5.3	7.2	Deficit: -0.5	0.7	Ministry of State Enter- prises
ITEMA	1972	Semipublic com- pany (48 per cent state owned)	Textile complex	825	3.4	1.1	Deficit: -0.4	0.6	Ministry of State Enter- prises
COMATEX	1968	State owned	Production of unbleached fiber and textiles	3,144	5.7	5.9	Deficit: -0.4	5.4	Ministry of State Enter- prises
SEPAMA	1975	Semipublic com- pany (49 per cent state owned)	Production of groundnut oil (unrefined)	490	4.1	0.9	Deficit: -1.7	3.6	Ministry of State Enter- prises
SEPOM	1962	State owned	Production of groundnut oil (refined) and other oils, creams, and soap, etc.	760	3.8	-4.2	Deficit: -4.5	11.9	Ministry of State Enter- prises
SHECMA	1974	Semipublic com- pany	Manufacture of agricul- tural equipment	181	1.2	0.4	Net pro- fit: 0.08	1.7	Ministry of State Enter- prises
SONATAM	1968	State owned	Production of cigarettes and matches	856	6.9	2.3	Net pro- fit: 0.02	--	Ministry of State Enter- prises

Table III. Mali: Summary Data on Major State Enterprises, 1979 (Continued)

Sector/Name	Date of estab- lishment	Legal form	Purpose	Staff (number)	Turnover	Capital	Results	Bank credit	Supervising Ministry	
						and	reserves			
						(in billions of Mali francs)				
SOCORAM	1965	Semipublic company	Import of spare parts. Assembly of transistor radios, record players, tape recorders, and telephone systems	46	0.87	0.08 (capital only)	Net profit: 0.5	0.08	Ministry of State Enter- prises	
SOCIMA	1969	State owned	Production of cement	273	1.51	4.8 (capital only)	--	0.2	Ministry of State Enter- prises	
EMAB	1968	State owned	Manufacture and sale of wooden articles	182	0.23	0.31	Deficit: -0.05	0.4	Ministry of State Enter- prises	
EMAMA	1979	" "	Manufacture of spare parts for state machine tools	37	0.1	0.4	Deficit: -0.01	--	Ministry of State Enter- prises	
UCEMA	1966	State owned	Production of sanitary products, porcelain tableware, and ceramic tiles	201	0.10	0.27	Deficit: -0.08	--	Ministry of State Enter- prises	

Table IV. Mali: Summary Data on Major State Enterprises, 1978 (Continued)

Sector/Name	Date of estab- lishment	Legal form	Purpose	Staff (number)	Turnover	Capital	Results	Bank credit	Supervising Ministry
						and reserves	(In billions of Mali francs)		
II.									
SOCOM	1978	Semipublic com- pany (majority for state)	Canning and preserving of fruit and vegetables; production of fruit juice and tomato concentrate	50	--	0.30	--	0.4	Ministry of State Enter- prises
TAMALI	1969	State owned	Tanning. Manufacture of shoes	175	0.21	0.80	--	0.2	Ministry of State Enter- prises
EDIM	1972	State owned	Printing of documents and forms for the Government	183	0.6	0.3	Net profit: 0.02	--	Ministry of State Enter- prises
SONAREM	1961	State owned	Exploration of petrol- eum and minerals (iron and gold)	620 (+100)	3.5	13.0	--	0.04	Ministry of Industrial Development and tourism
OCINAM	1961	State owned	Import of projection equipment, and movie production	312	0.6	0.08	Deficit: -0.17	0.04	Ministry of State Enter- prises
LPM	1961	State owned	Sale of books, toys, and records	155	0.7	0.6	Net profit: 0.07	0.3	Ministry of State Enter- prises
O.N.	1961	State owned	Development and exploita- tion of Central Niger Delta	4,071 (Temporary: 5357)	--	20.2	Profit	--	Ministry of Agriculture

Table V . Mail: Summary Data on Major State Enterprises, 1979 (Continued)

Sector/Name	Date of estab- lishment	Legal form	Purpose	Staff (number)	Turnover	Capital and reserves	Results	Bank credit	Supervising Ministry
						(In billions of Mali francs)			
III. Transportation Sector									
Air Mali	1961	State owned	State airlines	722	4.8	-2.2	Deficit: -1.3	2.2	Ministry of State Enter- prises
CHTR	1970	State owned	Road transport	489	0.4	0.7	Deficit: -0.3	0.3	Ministry of State Enter- prises
RCFM	1960	State owned	Railway transport (642 km in Mali) 1,287 km to Dakar	2,484	4.6	19.6	Deficit: -1.7	1.4	Ministry of Transporta- tion and Public Works
CMN	1968	State owned	Inland waterways transport	613	0.7	1.2	Deficit: -0.1	0.2	Ministry of State Enter- prises
BETRAM	1975	State owned	Spare parts for transportation activities	30	0.1	0.6	Deficit: -0.06	--	Ministry Transporta- tion and Public Works
SAT	1975	Semipublic company	Transport of goods	162	1.2	1.5	Deficit: -0.2	--	Ministry of Transporta- tion and Public Works

Table VI Mali: Summary Data on Major State Enterprises, 1979 (Continued)

Sector/Name	Date of estab- lishment	Legal form	Purpose	Staff (number)	Turnover	Capital and reserves	Results	Bank credit	Supervising Ministry
					(In billions of Mali francs)				
III.									
CNEX/B.T.P.	1979	State owned	Cement analysis and roads projects	62	0.07	0.1	Net profit: 0.03 (1980)	--	Ministry of Transporta- tion and Public Works
SOMITRAM	1979	Semipublic company	Import and export goods transportation	--	--	0.07	--	--	Ministry of Transporta- tion and Public Works
DAM	1970	State owned	Exploitation of Malian airports	113	0.3	2.0	Net profit: 0.03	--	Ministry of Transporta- tion and Public Works
EMACI	1977	State owned	Transportation from Ivory Coast	25	0.2	0.2	Net profit: 0.09	--	Ministry of Transporta- tion and Public Works
EMASE	1977	State owned	Transportation from Senegal	33	--	--	Net profit: 0.06		Ministry of Transporta- tion and Public Works

Table VI: Mali: Summary Data on Major State Enterprises, 1979 (concluded)

Sector/Name	Date of estab- lishment	Legal form	Purpose	Staff (number)	Turnover	Capital and reserves	Results	Bank credit	Supervising Ministry
						(In billions of Mali francs)			
III.									
SONETRA	1961	State owned	Public works; roads and buildings	198	0.3	0.1 (capital only)	Deficit: -0.15	0.6	Ministry of State Enter- prises
SEMA	1961	Semipublic company	Civil engineering (road and building construction)	40	0.17	0.02 (capital only)	Deficit: -0.03	--	Ministry of State Enter- prises

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