

Statement at the Conclusion of an IMF Mission to Mali

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A mission from the International Monetary Fund (IMF), led by Christian Josz, visited Bamako from November 1 to 14 and reached preliminary agreement on providing support to Mali under the Rapid Credit Facility.

The mission met with Cheick Modibo Diarra, Prime Minister; Tienan Coulibaly, Minister of Economy, Finance and Budget; Konzo Traore, National Director, Central Bank of West African States (BCEAO); and representatives from the National Assembly, civil society, unions, the private sector, and Mali's development partners. Following the mission, Mr. Josz issued the following statement:

"Mali's economy is traversing a difficult period. Already under stress from the very poor 2011-12 harvest, it was severely affected by the March 2012 coup d'état and its aftermath. Substantial material damages were inflicted on both public and private sector parties. The occupation of the North seriously disrupted agricultural production and trade relations. The deteriorating security situation prompted a sharp reduction of travel to Mali. This hit hard the commerce, hotel and restaurant sectors. The donors' decision to suspend all budget support and much of their project aid to the government led to a contraction of the construction and public works sector. But mining proved a stable source of growth, and the 2012-13 harvest is turning out well.

"Real GDP in 2012 is forecast to shrink by 1.5 percent, following only 2.7 percent growth in 2011. The poor harvest in 2011 and trade disruptions pushed average inflation in 2012 to an estimated 5.9 percent. The government managed its budget prudently by offsetting the loss of revenue by cutting expenditures, especially public investment, and reducing implicit subsidies on petroleum products and cooking gas. As a result, the basic budget deficit (revenue and budget grants minus domestically financed expenditure) is expected to be 1 percent of GDP in 2012.

"In 2013, real GDP is forecast to grow again, at 4-5 percent. The 2013 budget exhibits a financing gap of some CFAF 55 billion (\$110 million or 1 percent of GDP) which the authorities hope to fill with renewed donor support. Until this support is confirmed, they will freeze an equivalent amount of spending. The authorities are committed to avoiding the accumulation of domestic arrears, in order to maintain the government's

credibility and preserve financial stability.

"The government decided to cancel the current arrangement under the Extended Credit Facility (ECF), which covers 2012-14, and which was derailed by the events of early 2012. Instead it is applying for a disbursement of \$18 million (CFA 9 billion) under the Rapid Credit Facility (RCF), guided by indicators for macroeconomic performance and for continuing reforms in public finance in 2013. The mission reached agreement ad referendum on the components of such an approach. IMF Executive Board consideration is tentatively planned for early 2013.

"The mission would like to thank the authorities for their warm welcome, excellent organization, and frank and fruitful discussions."

IMF EXTERNAL RELATIONS DEPARTMENT

Public Affairs

E-mail: publicaffairs@imf.org

Fax: 202-623-6220

Media Relations

E-mail: media@imf.org

Phone: 202-623-7100