

## **Investment Climate Mali**

### ***Macroeconomic Situation:***

In 1997, the government continued its successful implementation of an IMF-recommended structural adjustment program that is helping the economy grow, diversify, and attract foreign investment. Economic forecasts look positive for Mali, mostly due to strong performance in agriculture. Annual growth of around 5% is predicted for 1999 and 2000 and inflation expected to remain below 5%.<sup>1</sup> Nevertheless, Mali is still heavily indebted, has a significant trade deficit and low per capita GDP.

Economic activity is largely confined to the riverine area irrigated by the Niger, where 80% of the labor force is engaged in either farming or fishing. Industrial activity is largely concentrated on the processing of agricultural products.

### ***Business Environment:***

Mali's adherence to economic reform, and the 50% devaluation of the African franc (FCFA) in January 1994, has pushed up economic growth. Several multinational corporations increased gold mining operations in 1996-98, and the government anticipates that Mali will become a major Sub-Saharan gold exporter in the next few years.

The Government has been encouraging private enterprises to take the lead on renewable energy commercialisation issues such as distribution, installation, and maintenance of systems. In 1996, DNHE (National Water and Energy Directorate) signed contracts with 15 private companies for the distribution, installation, and maintenance of solar energy units. As of early 1999, there were more than 20 companies in direct co-operation with the government. The potential exists for more public private partnerships<sup>2</sup>.

**Comment on micro-economic activity, availability of commercial and end-user finance (e.g. rural credit facilities, etc)**

### ***Privatisation/Regulation:***

The government is pushing to speed up privatisation but the issue remains contentious amongst trade unions.

### ***Power Sector:***

In the electricity sector, Mali produced 288 million kWh in 1996 (nothing more recent?), of which fossil fuel constituted 22% and hydro 78%. Only 10% of the population has access to electricity, although imported petrochemicals still constituted 11% of Mali's total imports for 1998.

**Comment on the level of energy pricing subsidies, whether IPPs exist, etc.**

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<sup>1</sup> Youba Sokona, Enda-Tm, Mali report, p.2

### Price Index (1998 estimates)

Energy source	Cost	Note
Petroleum products	\$/litre	Domestic rate
Electricity tariffs	96 FCFA / kWh (\$__)	2000 domestic rate ?
PV Panels Costs	8,000 to 10,000 FCFA/W <sub>p</sub>	Retail or wholesale prices ?
SWH Costs	\$/m <sup>2</sup>	Retail or wholesale price ?
Water pumped by PV	200 to 250 FCFA/m <sup>3</sup> water	

### Taxes and Duties

The Economic and Monetary Union of West Africa (UEMOA) recently applied an across-the-board 6% tax to all photovoltaic-related equipment imported from outside the union after January 1. However, the Permanent Interstate Committee for Drought Control in the Sahel (CILSS) has from January 1, 1999 been applying a temporary tax to all photovoltaic equipment of at least 10%.

**E.g. Corporate tax** ??????/ **Tax holidays** ??????/ **Locational incentives** ??????/ **Capital expenditure** ??????  
**Accelerated depreciation allowance** ??????/ **Loss/carry-over** ??????/ **Reduced import duties** ??????

### Country-specific Barriers

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