COUNTRY PRIVATE SECTOR DIAGNOSTIC

CREATING MARKETS IN MALI

Mobilizing the Private Sector for Economic Resilience and Recovery

Executive Summary

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EXECUTIVE SUMMARY

Between 2014 and 2019, Mali experienced positive economic growth, which was reversed in 2020 by the COVID-19 pandemic and political instability, resulting in more constrained fiscal space.

Until the onset of the COVID-19 pandemic and despite the deteriorating security situation, Mali's economic growth averaged five percent since 2014, on par with its long-term potential.[1] This growth has been largely driven by commodities (gold exports) and agriculture, and was buoyed by high levels of remittances, foreign aid, and external borrowing. Resilient gross domestic product (GDP) growth and sound macroeconomic performance have, however, been reversed by the COVID-19 pandemic and the multiple sanctions imposed by the Economic Community of West African States (ECOWAS) since the first coup on August 18, 2020. Despite efforts by the government of Mali to contain the economic fallout of the COVID-19 pandemic and political turbulence, these factors are taking a heavy toll on Mali's private sector and economic outlook, with GDP contracting by 1.2 percent in 2020 from 4.8 percent real GDP growth in 2019—as a result of subdued global demand and the impact of restrictive measures adopted to contain the spread of the virus.[2]

Mali's fragile state status has also taken a toll on economic activity and social welfare by reducing access to markets, threatening food security, and degrading human capital indicators. The low-income country is one of the least developed in the world, ranking 184th of 189 countries, according to the 2020 Human Development Index, and faces severe challenges related to a nondiversified economy, high poverty rates, regionalized internal conflicts, political instability, and violence, hallmarks of the fragility that undermines economic resilience. Fragility has deep-seated roots in Mali, starting from weak political and economic governance and a lack of social accountability, among other underlying causes. Recent years have proved especially difficult, with a succession of military coups in 2012, August 2020, and May 2021, amid waves of protests and widespread insecurity in the north and central regions of Mali that have been slowly spreading to the southern regions.

With an increasing debt burden resulting in limited fiscal space to address persistent security risks and to combat the COVID-19 pandemic, the government of Mali is compelled to refocus the role of the state and unleash the potential of the private sector to boost productivity growth, to diversify the economy away from a narrow base, and to ensure inclusive economic and social welfare for all Malians. With a shift of priorities toward ensuring a peaceful political transition, strengthening basic services in the aftermath of the COVID-19 pandemic, and fighting endemic corruption, Mali is committed to redefine the country's economic growth model. The growth model will be readdressed around energizing investment, creating resilient markets, and building back better for a more resilient recovery via (a) improving the business environment; (b) crowding-in private participation in the delivery of infrastructure and certain public services; (c) ensuring that remaining state-owned enterprises and private firms compete on equal terms—that is, upholding competitive neutrality principles; (d) expanding public-private partnerships in key sectors, through transparent and competitive procurement; and (e) leveraging digital solutions by further enhancing digital infrastructure that would, in turn, increase the uptake of digital financial services and digital platforms for key sectors of the economy, such as agriculture, and digitize government services (e-government). These principles are embedded in the Framework for Economic Recovery and Sustainable Development (CREDD) launched by the government of Mali in 2018. CREDD still serves as a relevant policy platform for the transitional authorities, building on the premise that achieving sustainable, broad-based, and pro-poor economic growth requires private sector–led structural transformation of the economy.

The challenge lies in leveraging the role of the private sector to seize market opportunities in a more complex operating environment.

Notwithstanding a challenging context, Mali is endowed with a vibrant and resilient private sector that constitutes a veritable engine to lead a strong economic recovery post-COVID-19. This is evidenced by estimated statistics for 2021, pointing to a 3.1 GDP growth rate, with the first quarter of 2021 showing signs of recovery in agriculture and services, and an increase in goods exports. The formal private sector represents one-third of the country's GDP and three-fourths of exports. Economic resilience in the face of a fragile environment is due in part to the fact that more than 80 percent of Mali's economic activity occurs in the southern regions of the country, which have been less affected by the crisis despite an uptick in armed conflict in the northern and central regions over the recent years. Remittances representing close to six percent of GDP, well above the regional average for Sub-Saharan Africa, have also contributed to Mali's resilience.

A private sector–driven development trajectory is crucial for generating job opportunities for a labor force that is estimated to grow by estimated 235,000 workers every year, with more than one-half of the country's population younger than age 24. There is a paucity of good job opportunities in formal businesses and self-employment for Mali's large and growing pool of young workers. Unemployment in 2020 was estimated at 7.3 percent[3] nationally but is much higher among the youth (approximately 40 percent). Further, about one-half of all Malian enterprises are informal small and medium enterprises (SMEs) and 90 percent of all jobs are in the informal sector. Beyond these firms, about one in every six households operates a household enterprise. The enterprises provide full-time jobs for 280,000 Malians and part-time jobs for 545,000 Malians.

Absorbing the growing youth bulge will require strengthening the nascent entrepreneurial ecosystem while leveraging technological innovation and upgrading skills. Indeed, skills enhancement is a key theme in the Private Sector Orientation Law adopted in December 2011. Mali fares relatively poorly in entrepreneurship. The country ranked 123th of 137 countries in the 2019 Global Entrepreneurship Index published by the Global Entrepreneurship and Development Institute, and it scores particularly low in the areas of start-up skills and risk acceptance (entrepreneurial attitudes), opportunity start-up and human capital (entrepreneurial abilities), as well as internationalization and risk capital (entrepreneurial aspirations). Focusing on reducing the gender inequality gap will be especially important, given that Mali scores 60.6 out of 100 in the Women, Business, and the Law index, meaning that the economy gives women approximately one-half the rights of men.[4]

Reinforcing Mali's growth potential through policies for structural economic transformation and a sustainable post-COVID-19 recovery requires focusing on its comparative advantages and on a gradual diversification of productive sectors in the economy into areas, such as agribusiness.

Structural transformation and economic diversification are key to boosting growth and reducing volatility in Mali. Mali is one of the least diversified exporters in the world and the fifth least-diversified economy in Sub-Saharan Africa. Diversification requires improving overall productivity, either by reallocating resources to high-productivity sectors (such as some manufacturing activities) or by creating productivity gains within a sector through process and product improvements. Given its high share of output, employment, and external trade in Mali, light agro-industry holds the most promising scope for productivity improvements and enhanced performance—with the potential to raise farmers' income, generate employment, and reduce food prices.

- **Agriculture (including livestock):** Representing 40 percent of GDP and 58 percent of direct and indirect employment of Mali's working-age population, the sector provides livelihood to 11 million Malians. With 6.4 million hectares of land, Mali has more arable land than Senegal and Côte d'Ivoire combined. Mali has the opportunity to use its comparative advantage to move toward more sophisticated production systems, using digital technologies. Nonrice subsistence farming is expected to contribute just over US$2.43 billion per year (29 percent) to agricultural GDP on average for the period 2019–23. Meanwhile, livestock production is expected to represent 37.5 percent of agricultural GDP or an average of US$3.14 billion per year. Whereas most agricultural production is focused on meeting domestic demand, cotton represents Mali's top agricultural export. There is untapped investment potential in several agricultural subsectors, with the possibility to raise value addition and intensity of processing, increase food security, create jobs, and expand exports. Value chains such as fonio, sesame, cotton, livestock, and mango- for instance, remain largely underexploited and provide unique opportunities for investors. Harnessing the potential of these value chains to increase private sector investment and create more and better jobs requires addressing several specific constraints in the next three to five years. Specifically, constraints linked to (a) an unharmonized legal and regulatory environment governing the agricultural sector; (b) governance, institutional fragmentation and weak capacity; (c) inadequate financial infrastructure, lack of access to finance, and lack of transparency and traceability of financial flows; and (d) suboptimal uptake of agricultural technologies to move toward climate-smart agriculture, with a lack of qualified skills in light agro-industry.
- **Agribusiness special economic zones (SEZs)—as reinforced by digital network platforms—can provide the private sector with the economic foundation to expand agricultural transformation in Mali.** Establishing SEZs can help Malian farmers gradually (a) expand the complexity of products along the entire agribusiness value chain through mechanization and innovation, (b) improve human capital through an expanded knowledge base, (c) upgrade skills, and (d) streamline and rationalize transport and information and communication technology (ICT) connectivity. The strategic development of essential infrastructure and services through implementing innovative SEZ public-private partnerships (PPPs) can further take advantage of the positive value-chain attributes of SEZs. Such a strategy can then be replicated in Mali's Trans-Sahel region neighbors, many of whom are also conflict-affected and fragile nations. To date, there is no SEZ law in Mali. The existing legal framework consists of one article in Mali's investment code. Given the complexity of SEZs, that article is not adequate to make a compelling business case to entice seasoned foreign investors to make SEZ investments in the West African nation.

Boosting private investment requires alleviating five key cross-cutting constraints.

Analysis of bottlenecks to the development of agribusiness and agricultural value chains in Mali identified key cross-cutting constraints to private sector development in the country. Those bottlenecks are (a) energy supply, (b) transport and logistics, (c) digital infrastructure, (d) access to finance, and (e) business environment. Over the coming five years, Mali will need to address these bottlenecks as a priority if the country is to fully harness its private sector and steer it toward achieving better development outcomes.

- **Energy**: Despite significant progress over the past two decades, access to reliable electricity supply in Mali remains low, particularly in rural areas. The national electrification rate in Mali reached 51 percent in 2018, surpassing for the first time Sub-Saharan Africa's average rate of electricity access of 48 percent. This increase was driven predominantly by a relatively high electricity access rate in urban areas of 86 percent, compared with 78 percent in Sub-Saharan Africa. Whereas the rural access rate also improved, reaching 25 percent at the end of 2018, it remains extremely low (albeit close to Sub-Saharan Africa's average of 32 percent). The energy sector in Mali requires a profound transformation to make it an efficient and more sustainable sector, with a lower subsidy requirement, supporting long-term energy infrastructure development and spurring Mali's transition to a light agro-industrial economy. Key areas for improvement revolve around enhancing the current performance and sustainability of the sector, prioritizing four objectives: (a) improving financial and operational performance of EDM-SA (the national power utility), (b) developing a comprehensive electricity sector master plan including a clear methodology to select new generation capacity based on a least-cost approach, (c) fostering the development of domestic on-grid renewables solutions and benefiting from regional electricity imports, and (d) setting the conditions for an effective deployment of mini-grid programs to increase access in rural areas.
- **Transport**: Mali's overall transport infrastructure quality and density is well below regional standards. The country ranked 96th of 160 countries on the 2018 Logistics Performance Index. The proportion of the rural population with access to all-season roads is about 22 percent, below the average of 34 percent in Sub-Saharan Africa—hampering the growth potential of key agricultural value chains. The transport sector in Mali presents several opportunities that could materialize over different time frames. In the short to medium term, the following priorities should be emphasized: (a) restoring and maintaining access roads to existing and potential agriculture production areas through long-term output and performance-based contracts, and (b) upgrading and maintaining the northern Dakar–Bamako road corridor through long-term PPP contracts. Although longer-term solutions are not the immediate focus of the Country Private Sector Diagnostic (CPSD), laying the foundations for achieving these objectives must start in the short term to enable light agro-industry to take off. Those foundations include: (c) constructing and operating new inland terminals and logistics platforms, (d) renewing the heavy cargo long-haul trucking fleet, (e) privatizing the management and operations of the Bamako airport, (f) improving traffic flow and mass transit in Bamako, and (g) restoring and maintaining high-demand truck roads through long-term PPP contracts.

- **Digital Infrastructure**: In 2019, the cost of 500 megabytes (MB) mobile internet represented 20.5 percent of monthly income, compared to an average 9.6 percent in Sub-Saharan Africa. In Mali, where more than 50 percent of the population lives in rural areas subsisting on agricultural activities, the availability of connectivity increases productivity and value generation, improving women's livelihoods in particular. A World Bank study on the welfare effects of broadband[5] indicates that increasing mobile penetration from 70 percent to 79 percent is expected to increase GDP levels by 0.3 percent. Increasing mobile broadband penetration from 20 percent to 39 percent is expected to increase GDP levels by 1.6 percent. Increasing 3G/4G coverage is expected to create about 20,000 new jobs; and increased broadband penetration is expected to reduce poverty levels, potentially lifting 100,000 people out of poverty as an immediate effect. A strong recovery that allows the Malian economy to reap the benefits of a robust digital economy requires urgent and significant action by the government of Mali, the regulator, and the private sector to avoid widening the digital gap at the national and regional level. The first level of actions proposed relate to the removal of inefficient regulatory barriers that are preventing increased investments, particularly at the wholesale and infrastructure-sharing levels. The second phase of intervention should focus on accelerating the harmonization in availability of digital infrastructure across the territory. The disparities between rural and urban areas are still too significant to guarantee the full economic potential of digital transformation across the population. Finally, the development of digitally enabled platforms such as e-health, e-education, e-government, and m-money must be pursued at a sustained pace to increase economic inclusion and efficient administration in light of recent socioeconomic instability. These reforms can unlock private sector investment in the digital sector and contribute to economic growth, jobs, and poverty reduction.
- **Access to Finance**: Access to finance remains heavily constrained for most Malian businesses and entrepreneurs—in particular outside of urban areas and for underserved segments such as the informal sector, agricultural communities, women, and young entrepreneurs. Key constraints affecting financial inclusion include supply- and demand-side obstacles, such as the low financial literacy rates and capabilities in the general population; the information asymmetries and risk aversion of banks, which constrain credit to small businesses and farmers; and the limited competition and lack of level playing field between banks, microfinance institutions, and other emerging, nonfinancial players such as mobile money providers—all of which result in high prices and low innovation in product development. Whereas much of the regulatory work in this area is taking place at the regional level (that is, West African Economic and Monetary Union and the Central Bank of West African States [WAEMU and BCEAO]), several directions can be suggested to increase the financial inclusion of farmers, businesses, and entrepreneurs in Mali by removing constraints from both the supply and the demand sides. These include: (a) leveraging mobile money and digital financial services as an entry point to financial inclusion—and a powerful tool for integrating disadvantaged people into the formal financial sector; (b) revitalizing the microfinance sector through strengthened governance and capabilities for better outreach to rural farming communities; (c) reactivating the existing Private Sector Guarantee Fund to make it an effective platform for liquidity-starved micro, small, and medium enterprises (MSMEs) and a trusted partner for businesses hit hard by the COVID-19 crisis; and (d) rolling out financial literacy programs to educate the general population, particularly the youth, on opportunities and risks inherent to financing their business.

- **Business Environment**: The investment climate remains unfavorable for development of SMEs and hampers the development of value chains. A robust business environment is a prerequisite to any private sector growth. The government of Mali would need to take significant action to improve its currently weak business environment and make it more conducive to private sector investment. The first level of actions proposed relates to improving the tax framework by streamlining cumbersome procedures, by moving toward dematerialization of processes, and by introducing more fiscal transparency. These measures would provide incentives for firms to become formal while improving the transparency of the overall fiscal system. The second level of proposed actions pertains to improving land administration. Steps toward achieving this include establishing a national cadaster system combined with assigning unique identifier numbers for each land parcel and establishing an online one-stop shop.

Governance emerges as a key reform pillar in notably every section of the CPSD. In a society dominated by consensus politics and growing insecurity, standard technocratic reforms (such as the liberalization of the agricultural or transport sector) that ignore Mali's current geopolitical and political economy realities are probably destined to fail. The CPSD therefore prioritizes governance as a cross-cutting policy measure that will help Mali emerge from its current status as a failed state. This outcome is of paramount importance to enable the West African Sahelian nation to generate private sector investment, both domestic and foreign, that can sustain economic growth and development and poverty alleviation in the new COVID-19 and fragile world.

While the CPSD analyzes the cross-cutting and vertical sectors separately, it prioritizes reforms that will enable the value-added sectors to the economy—that is, those that are expected to deliver the most impact, keeping in mind the limited capacity of the transitional government and the drivers of fragility. To that end, the CPSD draws on success factors and lessons learned from previous policy design and implementation experiences in both Mali and peers (comparator and aspirational), across the agribusiness sector and other cross-cutting areas such as the business environment. Further, using IFC's Contextual Risk Framework, a screening and deep dive analysis of the country's fragility identified key risks and opportunities for building resilience. The CPSD carefully takes into consideration these indicators in the various chapters of the document, notably on infrastructure, agriculture, and business environment, with a cross-cutting gender and governance lens. A careful assessment of these risks would allow Mali to preemptively implement mitigation measures to attenuate the potential negative effects on private sector investment.

Table ES.2 proposes a strategic reform agenda for the next five years. This agenda is aimed at supporting the development of the private sector to help sustain inclusive growth and to foster job creation. However, given the limited tenure of the transition government, it is critical that several key actions be undertaken immediately to lay the groundwork for more comprehensive reforms in the short to medium term. These immediate-term reforms are in table ES.1. The core of this report provides more detailed analysis and justifications for the proposals.

TABLE ES.1. IMMEDIATE-TERM ACTIONS AND REFORMS TO BE UNDERTAKEN BY THE TRANSITION GOVERNMENT

SECTOR	PROPOSED IMMEDIATE TERM ACTIONS
Agriculture	Conduct a feasibility study of the digitization of the phytosanitary and other certification services to reduce time and costs and improve international competitivity for high-value crops.
	Lay the groundwork for the establishment and operationalization of a WRS to increase access to credit and dispose of professional storage infrastructure by (a) creating a WRS public-private sector steering committee to support development and adoption of necessary laws and decrees, including a future regulatory agency, and (b) conducting a feasibility study to examine the potential for the expansion of agricultural insurance to increase access to agricultural credit and other services.
Special economic zones	Adopt the draft SEZ law (pending approval by the transitional Malian Council of Ministers).
Energy	Improve the financial and operational performance of EDM-SA by (a) Increasing efficiencies in fuel procurement and management via a reduction of diesel consumption, new renewable generation capacities, and competitive procurement of fuel and (b) strengthening the PC between EDM and the government of Mali by defining KPIs, setting out a clear action plan, and appointing an independent auditor of this PC.
	Improve the government of Mali's planning and execution capabilities by finalizing the master plan and prioritizing least-cost competitive new generation investments and by upgrading the transmission and distribution networks in a coordinated fashion.
Digital infrastructure	Revise the regulatory framework to facilitate all types of infrastructure-sharing arrangements, which can involve the sharing of various components of mobile networks, including both passive and active sharing.
	Investigate sharing-agreement opportunities, including the introduction of TowerCos on the market at both passive and active layers of the last mile to increase network coverage of the population. (Within the past five years, specialized infrastructure companies known as "TowerCos" have emerged around the world to buy tower infrastructure from operators and then lease back their services.)
Access to finance	Adopt a pro-DFS Ministerial Decree instituting an implementation schedule for the digitization of government payments (to be cosigned by Minister of Finance and Minister for the Digital Economy) over one to three years.
	Finalize membership of Mali's Treasury to WAEMU's GIM-UEMOA program.
Business environment	Redesign the single combined tax by modifying its text through the 2022 finance law that has been prepared in September 2021.
	For access to land, adoption of a decree defining the legal and regulatory framework for the single window.

Note: DFS = digital finance services; EDM-SA = Mali's national power utility; GIM-UEMOA = Regional Interbank Electronic Banking Group; KPI = key performance indicator; PC = performance contract; SEZ = special economic zone; WAEMU = West African Economic and Monetary Union; WRS = warehouse receipts system.

Table ES.2 summarizes the constraints and recommended priority interventions to increase the role of the private sector in the Malian economy. Short-term denotes within the next 2-3 years and medium-term denotes within the next 3-5 years.

TABLE ES.2. RECOMMENDATIONS FOR INTERVENTIONS

CATEGORY	IMPACT ON FRAGILITY DRIVERS	PRIORITY POLICY RECOMMENDATIONS	TIMEFRAME Short term: 1-2 years, Medium term: 3-5 years
AGRICULTURE, INCLUDING LIVESTOCK			
Harmonize laws and codes governing the agricultural sector, reduce institutional fragmentation, and strengthen capacity	Creates enabling environment to increase private sector participation in the agricultural sector	• Conduct a feasibility study of the digitization of the phytosanitary and other certification services to reduce time and costs and improve international competitiveness for high-value crops.	Within the next 12 months
		• Create a decree or *arrêté* by the Ministry of Economy and Finance to complement the investment code and the customs and taxes code to facilitate and simplify importing greenhouse technology.	Short term
		• Review existing laws, codes, and regulations governing the agricultural sector to determine the need for updates and existing gaps as well as recommendations for harmonization.	Short term
		• Enact institutional reforms that would consolidate the development of irrigation as well as merge the DRA with the rural engineering DRGR.	Short term
Leverage agricultural technology and move toward climate-smart agriculture and improve skills	Reduces vulnerability to climate change and improves resilience	• Provide incentives to the private sector for the investment, importation, and development of technologies and capital goods that minimize postharvest losses and waste.	Short term
		• Support private investors to boost downstream investments in bulk storage, refrigeration, processing, packaging, and quality control.	Medium term
		• Increase the proportion of the public agricultural budget that goes to R&D, focusing on recruitment and training of PhD researchers, especially female researchers.	Medium term
		• Bank and digitize agricultural flows by investing in realtime information systems on commodity prices.	Medium term

CATEGORY	IMPACT ON FRAGILITY DRIVERS	PRIORITY POLICY RECOMMENDATIONS	TIMEFRAME Short term: 1-2 years, Medium term: 3-5 years
Improve financial infrastructure	Improves financial infrastructure and promotes product development	• Create a WRS public-private sector steering committee to support development and adoption of necessary laws and decrees, including a future regulatory agency.	Next 12 months
		• Establish and operationalize a modern legislative and regulatory framework for a WRS to increase access to credit, professional storage infrastructure, and markets for agricultural commodities.	Short term
		• Conduct a feasibility study to examine the potential for the expansion of agricultural insurance to increase access to agricultural credit and other services.	Medium term
		• Leverage DFS to deliver specific assets on credit to rural households and farmers, through dedicated PAYG mechanisms.	Medium term
SPECIAL ECONOMIC ZONES			
Implement agribusiness and SAFE National Security SEZs	Reduces security risks, improves access to land, improves governance, and reduces gender disparities	• Adopt draft SEZ law (pending approval by the transitional Malian Council of Ministers).	Within the next 6 months
ENERGY			
Improve financial and operational performance of EDM-SA	Improves access to basic infrastructure; improves transparency and governance	• Increase efficiencies in fuel procurement and management via a reduction of diesel consumption, new renewable generation capacities, and competitive procurement of fuel.	Within the next 12 months
		• Strengthen the PC between EDM and the Mali government by defining KPIs, setting out a clear action plan, and appointing an independent auditor of this PC.	Within the next 12 months
		• Design a transparent mechanism for regular review of costs and sufficient funding of maximum allowed revenues against eligible expenses via a mix of compensation and tariff adjustments as deemed appropriate by the Mali government.	Short term
		• Refinance EDM-SA short-term commercial debt by on-lending by the Mali government of concessional funding and by recovering past due receivables from government for public consumption and arrears in subsidy payments.	Short term

CATEGORY	IMPACT ON FRAGILITY DRIVERS	PRIORITY POLICY RECOMMENDATIONS	TIMEFRAME Short term: 1-2 years, Medium term: 3-5 years
Develop a comprehensive electricity sector master plan that includes a least-cost generation plan	Improves access to basic infrastructure and improves transparency and governance	• Improve the government of Mali's planning and execution capabilities by finalizing the master plan and prioritizing least-cost competitive new generation investments and by upgrading the transmission and distribution networks in a coordinated fashion.	Within the next 12 months
		• Institutional capacity strengthening at Ministry of Energy, Ministry of Economy and Finance, CREE, and EDM-SA.	Short term
Foster the development of domestic on-grid renewables solutions and increase the opportunity to benefit from regional electricity imports	Improves access to basic infrastructure, reduces climate change vulnerabilities, and improves resilience	• Implement a clear risk allocation between public and private parties in the framework of IPPs and in the drafting of bankable project documents such as Purchase Power Agreements. • Provide guarantee instruments to secure payment obligations of the government and the EDM-SA. • Procure additional capacity to ensure the best possible tariff for EDM by systematically holding auctions. • Implement the required reforms to ensure secured and reliable electricity exchange through the WAPP market and by ensuring securitization of payment of imports.	Short to medium term
Set the conditions for an effective deployment of minigrid programs to increase access in rural areas	Improves access to basic infrastructure, reduces gender disparities, and fosters climate resilience	• Set cost-reflective tariffs, thus providing adequate compensation in case of grid encroachment, clarifying and reinforcing the institutional and regulatory framework, structuring bankable concession agreements, and prioritizing least-cost planning.	Medium term
TRANSPORT AND LOGISTICS			
Restore and maintain access roads to existing and potential agricultural production areas through long-term output and performance contracts	Improves access to basic infrastructure	• Increase road asset management effectiveness and road fund resources starting with the full and timely release of the resources legally owed to the road fund—that is, increase the fuel levy and take steps to improve the prevailing institutional and procurement arrangements applicable to road asset management.	Medium term

CATEGORY	IMPACT ON FRAGILITY DRIVERS	PRIORITY POLICY RECOMMENDATIONS	TIMEFRAME Short term: 1-2 years, Medium term: 3-5 years
Upgrade and maintain the northern Dakar–Bamako road corridor through long-term PPP contracts	Improves access to basic infrastructure	• Strengthen and restructure the road fund in both countries, increase the fuel levy allocated to the road fund, and provide for the necessary ring-fencing and backing of road funds for PPP contracts for the restoration and long-term maintenance of high-demand roads.	Medium term
DIGITAL INFRASTRUCTURE			
Facilitate infrastructure sharing	Improves access to basic infrastructure	• Revise the regulatory framework to facilitate all types of infrastructure sharing arrangements, which can involve the sharing of various components of mobile networks, including both passive and active sharing. • Investigate sharing-agreement opportunities, including the introduction of towercos on the market at both passive and active layers of the last mile to increase network coverage of population.	Within the next 12 months
Reform the fiber wholesale market in Mali to increase fiber deployment and availability	Improves access to basic infrastructure	• Backbone and wholesale: – Explore implementation of LRIC wholesale principles and develop a regulatory framework for transparent access and interconnection to the national fiber backbone capacity. – Initiate coordination between key backbone capacity players to unearth the synergies required to accelerate MBB deployment, enhance availability of middle-mile broadband capacity, and improve QoS. – Review commercialization of state-owned fiber capacity and investigate concession opportunities. – Remove regulatory barriers to access cross-border capacity.	Short term
Improve market contestability and transparency	Improves transparency and governance	• Reform Ordinance n°2011-023/P-RM of 28 September 2011 on ICT to meet international best practices (such as a general authorization plan, flexibility for innovative operators wishing to deploy in rural areas, reinforcement of rights of way, encouragement of infrastructure sharing, and increased transparency of sectoral agencies). • Improve governance of the funds collected by AGEFAU for the USF, including (a) improving transparency and efficiency of the USF, (b) developing an efficient model of collaboration for rural connectivity between AGEFAU and mobile operators, and (c) publishing updated mobile coverage maps by AMRTP.	Short term

CATEGORY	IMPACT ON FRAGILITY DRIVERS	PRIORITY POLICY RECOMMENDATIONS	TIMEFRAME Short term: 1-2 years, Medium term: 3-5 years
Facilitate development of e-commerce platforms	Fosters gender and spatial inclusion and improves market diversification	• Design and implement a coherent roadmap for the deployment of e-commerce platforms. The government of Mali must define a coherent regulatory and investment strategy to encourage the emergence of a robust e-commerce sector by involving all relevant parties including the DGCC, MIC, and MEN.	Medium term
ACCESS TO FINANCE			
Leverage mobile money and digital financial services as an entry point to financial inclusion	Improves financial inclusion through expansion of digital financial services	• Adopt a pro-DFS Ministerial Decree instituting an implementation schedule for the digitization of government payments (to be co-signed by Minister of Finance and Minister for the Digital Economy) over one to three years.	Within the next 12 months
		• Finalize adhesion of Mali's Treasury to WAEMU's GIM-UEMOA program.	Within the next 12 months
		• Adopt regional (BCEAO-level) or national regulation to favor access to digital credit by authorizing regional or national credit bureau to collect alternative credit information such as consumer prepaid and postpaid utility bills and other available data.	Medium term
Strengthen governance and operational capabilities in the microfinance sector	Improves financial inclusion through restructuring of the microfinance sector including outreach to remote areas and rural and farming communities	• Clarify roles and responsibilities in the governance, regulation, and supervision of the MFI sector. Assign to Ministry of Finance the sole supervisory function (in collaboration with BCEAO) and the promotion work to Ministry of Industry.	Medium term
		• Facilitate access to the USSD by MFIs, by continuing to lower its cost and easing its access by value-added financial service providers.	Medium term
		• Develop a refinancing facility for MFIs by setting up a guarantee fund for MFIs with the BCEAO, leveraging existing government guarantee plans.	Medium term
Operationalize the Private Sector Guarantee Fund (FGSP) and address liquidity challenges resulting from the COVID-19 crisis	Addresses the finance gap for MSMEs and other businesses hit hard by the COVID-19 crisis	• Conduct a needs assessment of the Malian Private Sector Guarantee Fund (Fonds de Garantie pour le Secteur Privé) to determine capacity building and product development priorities.	Medium term
		• Enhance transparency and build good working relations with partner commercial banks by appointing three independent board members on a competitive basis (from the private sector), by establishing a standing audit and risk committee, and by ensuring regular prudential reporting.	Medium term

CATEGORY	IMPACT ON FRAGILITY DRIVERS	PRIORITY POLICY RECOMMENDATIONS	TIMEFRAME Short term: 1-2 years, Medium term: 3-5 years
Increase financial literacy and raise awareness of financial sector opportunities and risks	Improves financial inclusion	• Establish a National Observatory for Financial Services in charge of protecting consumers and raising awareness on financial products and services.	Medium term
Strengthen the entrepreneurship ecosystem by boosting financing instruments for start-ups	Spurs innovation and addresses the finance gap for MSMEs	• Establish a set of dedicated funding instruments and credit lines adapted to the needs of start-ups and young entrepreneurs. • Conduct a feasibility study to establishing quasi-equity or private-equity funds that span the countrywide and the subregional levels.	Short term
Business environment			
Improve the tax system	Improves transparency and governance	• Redesign the single combined tax by modifying its text through the 2022 finance law that was to be prepared in September 2021. • Improve the management of the NIF by (a) improving toponymy and street coding and creating a tax cadaster, (b) modernizing the registration for filing taxes, and (c) cleaning up the taxpayer file to remove chronic defaulters. • Further digitalize tax procedures including (a) introducing electronic tax declaration and online payment taxes, (b) setting up an automated risk management system, and (c) effectively implementing electronic procedures with the DGI, along with efficient and rapid exchange of information between the various departments involved in tax control and collection.	Within the next 12 months Short term Short term
Improve access to land	Improves transparency, reduces spatial disparities	• Adopt a decree defining the legal and regulatory framework for the single window. • Establish a national cadastral system combined with assigning a unique identifier number for each land parcel (NINACAD) managed through a dedicated online window for land.	Within the next 12 months Medium term

Note: AGEFAU = Universal Access Fund Management Agency; AMRTP = National ICT Authority; BCEAO = Central Bank of West African States; CREE = Regulatory Commission for Electricity and Water; DFS = digital finance services; DGCC = General Directorate for Trade, Competition and Consumer Protection; DGI = General Tax Directorate; DRA = regional agricultural directorates; DRGR = rural engineering directorates; EDM-SA = Mali's national power utility; FGSP = Fonds de Garantie pour le Secteur Privé; GIM-UEMOA = Regional Interbank Electronic Banking Group; ICT = information and communication technology; IPP= independent power producers ; KPI = key performance indicator; LRIC = long-run implemental cost; MBB = mobile broadband; MEN = Ministry of Digital Economy; MFI = microfinance institutions; MIC = Ministry of Industry and Commerce; WAPP = West African Power Pool.

NOTES

1 The International Monetary Fund (IMF) estimated Mali's potential real growth rate to be at about 5 percent per year (IMF Country Report No. 20/153, 2019).

2 As of the publication date of this report, real GDP growth estimates for 2020 are -1.2 percent and 3.1 percent for 2021, for both the World Bank and the IMF. The Malian authorities retain a rate of — 1.2 percent for 2020 and more optimistic projections for 2021 (5.1 percent for the first quarter of 2021), Institut National de la Statistique (INSTAT), 2021, https://instat-mali.org/fr.

3 International Labour Organization Estimates, 2020, https://www.ilo.org/gateway/faces/home/statistics?locale=EN&countryCode=MLI&_adf.ctrl-state=19ouhtef6o_4.

4 World Bank, *Women, Business and the Law 2020* (Washington, DC: World Bank, 2020).

5 Kalvin Bahia, Pau Castells, et al., "The Welfare Effects of Mobile Broadband Internet: Evidence from Nigeria" (Policy Research Working Paper 9230, World Bank, Washington, DC, 2020).

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