



MALI
INVESTMENT CLIMATE STATEMENT
2015

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Executive Summary

As Mali recovers from the multidimensional security, political, economic crisis of the last three years, the Government of Mali (GOM) is looking towards economic investment as a key promoter of stability. On-going progress on a long-awaited peace accord provides an opening for increased investment opportunities throughout the country, including in northern Mali, and particularly in the mining and renewable energy sectors. While infrastructure projects remain needed priorities of the GOM, growing telecommunications and service sectors are ripening for U.S. investment. Mali continues to depend upon multilateral financial institutions including the World Bank and the International Monetary Fund for short term funding, as they have had challenges increasing revenue domestically. At the same time, the investment climate is benefiting from the financial and economic reform processes that accompany this institutional lending. As part of a commitment to increase investment, the government has strengthened its import and export agencies and is striving to improve transparency into public procurement, coming off a series of controversial defense contracts in 2014. American businesses are perceived by the Malian private sector as delivering high quality products, which when backed by services from the Overseas Private Investment Corporation (OPIC) and the Export-Import Bank (ExIm), makes American investment an attractive option. Mali's growing economy (projected to grow at 5.5 percent in 2015) and eagerness to attract foreign investment have made Mali a challenging and rewarding investment climate.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Mali generally encourages foreign investment. Foreign and domestic investments receive equal treatment. The structural adjustment facility agreements signed between the IMF/World Bank and Mali since 1992 encourage foreign investment. The government's national strategy to fight poverty as presented to the IMF, World Bank, and other donors emphasizes the role of the private sector in developing the economy. Mali is a member of the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (WAEMU), which aim to reduce trade barriers, harmonize monetary policy, and create a common market.

The Malian government has instituted policies promoting direct investment and export-oriented businesses.. Foreign investors go through the same screening process as domestic investors. Criteria for granting authorization under the 2012 investment code include the size of the proposed capital investment, the use of locally produced raw materials, and the level of job creation. Mali maintains a one-stop shop for prospective investors, the Agence pour la Promotion de l'Investissement (Agency for the Promotion of Investment). A recent cabinet reshuffle granted a full status to the Ministry in charge of Investment Promotion and Private Sector Initiatives. The Ministry's portfolio was also expanded to include manufacturing industries, thus strengthening the Ministry's ability to attract and protect domestic and foreign investment in a multitude of sectors. Mali's ranking decreased in the World Bank's 2015 Doing Business Report to 146 of 189 economies (from 143 of 189 economies in 2014). The adjustment is due partially due to a change in methodology.

Mali created a Presidential Investment Council in 2011 with World Bank support. The council, chaired by the President of Mali is comprised of foreign and national businesspeople and is aimed at improving the business climate in Mali and identifying best prospects for investment. Since the 2012 – 2013 political crises, the council has not been fully operational nor has it met regularly. In 2011, the government also created the Agence pour la Promotion des Exportations du Mali (APEX-Mali) to promote and encourage export-oriented activities. APEX-Mali is fully functional.

Additional information can be found in the 2015 Doing Business Report on Mali:

<http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Profiles/Country/MLI.pdf>

Other Investment Policy Reviews

Information not available.

Laws/Regulations of Foreign Direct Investment

The investment code gives the same incentives to both domestic and foreign companies for licensing, procurement, tax and customs duty deferrals, export and import policies, and export zone status if at least 80 percent of production is to be exported. Export taxes and import duties have been reduced or eliminated as part of ongoing economic reforms; however export taxes remain for gold and cotton. Further information can be found in the 2000 Decree 00-505 and in the Customs Code. Price controls are applied to petroleum products and cotton, and occasionally to other commodities, such as rice, on a case by case basis. In February 2015, the Government of Mali increased the price of petroleum in the Malian market by FCFA 25 per liter as a response to lower global prices. Incentives include exemptions from duties on imported equipment and machinery. Investors may also receive tax exemptions on the use of local raw materials. In addition, specific incentives may be negotiated on a case-by-case basis.

Foreign investors can own 100 percent of any businesses they create. They can also purchase shares in parastatal companies being privatized or in other local companies. Foreign companies may also start joint-venture operations with Malian enterprises. The repatriation of capital and profit is guaranteed.

Despite a generally favorable investment regime, foreign investors face challenges. The most important recurring challenges investors need to surmount include access to financing, corruption, poor infrastructure (including inconsistent electricity), and the lack of an educated workforce. On a more positive note, since the recapture of the north of Mali and the successful democratic presidential and legislative elections in 2013, Mali's technical and financial partners, including the United States, resumed their development assistance. The country's economy began to recover in 2013 with a growth rate of 1.7 percent (compared to a negative 1.3 percent growth rate in 2012), yet below the forecasted 5.1 percent. The lower than expected GDP growth rate was attributed to low agricultural yields resulting from a poor rainy season in 2013. The GDP is forecasted to grow at a rate of about 5.5 percent in 2015, after growing at 5.9 percent in 2014.

Industrial Promotion

The investment, mining, commerce, and labor codes have the stated intention to encourage investment and attract foreign investors. Mali has privatized a number of state-owned enterprises, and foreign companies have responded successfully to calls for bids in several cases. Mali is eager to increase investment in Agricultural, Energy and Mining, Construction, Building & Heavy Equipment, Food Processing & Packaging, Health Technologies, Industrial Equipment & Supplies.

Limits on Foreign Control

Challenges for foreign firms have included occasional reports that tax collectors unfairly apply tax laws to discriminate against foreign companies or companies with foreign capital. Additionally, the tax system remains complicated in spite of ongoing reform efforts. Foreign companies have also reported delays with clearing customs when importing machinery. A foreign mining company has complained of having to make under-the-table payments to clear customs for machinery and petroleum product imports. Enforcement of contracts in Mali can be problematic. Corruption in the judiciary is pervasive and foreign companies often find themselves at a disadvantage vis-à-vis Malian investors. There are no limits, however, for foreign ownership or control of private enterprises.

Privatization Program

The government's privatization program for state enterprises provides investment opportunities through a process of open international bidding. Announcements for bids are published in the government-owned daily newspaper L'Essor. The process is non-discriminatory; however, there have been many allegations of corruption. In the past several years, the government has privatized parastatal enterprises including the International Bank of Mali (BIM); and the telecommunications company, Société des Telecommunications du Mali (SOTELMA). The privatization of the national cotton processing company, Huilerie Cotonnière du Mali (HUICOMA) has been ongoing for the last several years. The national electricity company (EDM) is partially owned by the state, however, private investors have recently sought to reduce their ownership share.

Screening of FDI

There is no screening process to review or approve foreign direct investments.

Competition Law

The Ministry of Industry and Commerce is in charge of reviewing free competition in the Malian market place. The Order (2007) and Decree (2008) on Competition is the primary judicial document that governs competition. The Tribunal of Commerce and the Regulatory Authority for Public Transactions (Autorité de Regulation des Marchés Publics et des Delegations des Services Publics (ARMDS)) are the primary judicial bodies that oversee competition related concerns.

Investment Trends

Gold is Mali's single largest export product representing nearly 60% of exports, followed by cotton (23%), chemical fertilizers (4%), and cattle (3%). Infrastructure and gold mining projects continue to attract the greatest amount of attention from foreign investors. Several multinational gold mining firms have been successfully extracting gold for over a decade in western Mali. The Government of Mali has recently concluded several significant agreements for infrastructure projects with China; however, it is not clear how the GOM will be able to finance the projects.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	115 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	146 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	119 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	1540	data.worldbank.org/indicator/NY.GNP.PCAP.CD

2. Conversion and Transfer Policies

Foreign Exchange

The investment code allows the transfer of funds associated with investments, including profits. As a WAEMU member, Mali uses the Franc of the Financial Community of Africa (FCFA) currency. Linked to the Euro, the FCFA is fully convertible at a rate of Euro 1 = FCFA 655.957. No parallel conversion market exists because the FCFA is a fully convertible currency supported by the French treasury, which ensures a fixed rate of exchange. The FCFA has not been devalued since January 1994.

As of April 2015 the U.S. Embassy purchased local currency at a rate of approximately FCFA 610 per U.S. dollar. The U.S. Embassy obtains currency through the Department of State's Financial Service Center and through a local bank.

There are no limits on the inflow or outflow of funds for repatriation of profits, debt service, capital, or capital gains. In the FCFA zone there is no limit on the export of capital provided that adequate documentation to support a transaction is presented and the exporter meets the domiciliation requirement. Most commercial banks have direct investments in western capital markets.

To physically carry foreign currency into the WAEMU zone, non-WAEMU residents need to declare currency valued in excess of 1 million FCFA. For export, non-WAEMU residents must declare values upwards of 500 000 FCFA in foreign reserve.

Article 12 of the Malian Investment Code of 2012 mentions that foreign investors are authorized to transfer to abroad, without any authorization, all payments relating to business operations in Mali (this includes net profits, interest, dividends, income, allowances, savings of expatriated salaried employees). The capital and financial transactions (such as buying and selling stocks, assets, and compensation from expropriation) are free to transfer abroad but are subject to declaration requirements to the Ministry of Finance. These transfers must be done through authorized intermediaries (authorized banks or financial institutions).

Remittance Policies

Mali is a member of the Inter Governmental Action Group against Money Laundering in West Africa (GIABA), a FATF-style regional body. Its most recent mutual evaluation can be found at: <http://www.giaba.org/reports/mutual-evaluation/Mali.html>

Although Mali's Anti-Money Laundering law designates a number of reporting entities, very few comply with their legal obligations. While businesses are technically required to report cash transactions over approximately \$10,000, most do not; and despite the operation of a number of al-Qaida-linked terrorist and armed groups in northern Mali, the country's Financial Intelligence Unit, the National Information Processing Unit (CENTIF), receives relatively few suspicious transaction reports (STRs) concerning possible cases of terrorist financing. With the exception of casinos, designated non-financial businesses and professions are not subject to customer due diligence requirements.

3. Expropriation and Compensation

Expropriation of private property other than land for public purposes is rare. U.S. firms have not been unfairly targeted. By law, the expropriation process should be public and transparent, and in accordance with the principles of international law. Compensation based on market value is awarded by court decision.

The government may exercise eminent domain to undertake large-scale public projects, in cases of bankrupt companies that have had a government guarantee for their financing, or in certain cases when a company has not complied with the requirements of an investment agreement with the government. In 2000 and 2012, the government expropriated land in the vicinity of the Bamako city airport for air safety reasons. Notifications of the expropriation were sent via direct mail and published in public and private media, and prior owners were compensated according to law. In 2010 / 2011, the government expropriated private land on the outskirts of Bamako for the construction of low and medium income housing. The prior owners have initiated a legal case against the government, arguing that housing projects should not be considered large-scale public works projects. The case was settled and the previous owners were compensated. In cases of illegal expropriations, claimants are afforded due process in principle, however, the challenge for claimants is the ability to retain qualified lawyers and the expectations that they need to engage in corruption to get a favorable or fair hearing.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Mali's legal system is based on civil law. Mali uses its Commerce Code, Labor Code, and the Code on Competition and Price to govern disputes. In addition, Mali is a member of the Organization for the Harmonization of Business Law in Africa (OHADA, Organisation pour l'Harmonisation en Afrique du Droit des Affaires). Ownership of property is defined by the use, the profitability, and the ability of the owner to sell or donate the property. Disputes occasionally arise between the government or state-owned enterprises and foreign companies. Some cases involve wrongdoing on the part of companies and/or corrupt government officials.

Mali's judicial system is theoretically independent however it has been subject to political influences. In November 1991, an independent commercial court was established with the encouragement of the U.S. government to expedite the handling of business litigation. Commercial courts are located in Bamako, Kayes, and Mopti and can hear intellectual property rights cases. In areas where there is no commercial court, disputes are first heard at local courts of first instance. Since its inception, the commercial court has handled cases involving foreign companies. The court is staffed by magistrates assisted by elected Malian Chamber of Commerce and Industry representatives. Teams composed of one magistrate and two Chamber of Commerce and Industry representatives conduct hearings. The magistrate's role is to ensure that decisions are rendered in accordance with applicable commercial laws, including internationally recognized bankruptcy laws, and that court decisions are enforceable under the law.

The Regulatory Authority for Public Transactions (Autorité de Regulation des Marchés Publics et des Delegations des Services Publics (ARMDS)) ensures transparency in public procurement projects and can hear complaints from business related to open bids.

Bankruptcy

Mali's bankruptcy law is part of the Commerce Code. Bankruptcy is not criminalized. According to data collected by the World Bank's 2015 Doing Business Report, resolving insolvency takes 3.6 years on average and costs 18.0% of the debtor's estate. Generally, the company will be sold as piecemeal sale. The average recovery rate is 22.7 cents on the dollar.

Investment Disputes

Despite efforts to improve the process for resolving investment disputes, the judicial system is slow and inefficient, and is widely reputed to be corrupt. In 2006 an appeals court ordered an American company to pay damages to a Chinese company after the American company filed apparently legitimate charges alleging trademark infringement. In January 2009 the Malian Supreme Court overruled the appeals court, and sent the case back to the appeals court for a new hearing. Litigation in this case was still pending in 2013 when the American company decided to rest the case. U.S. companies, bound by the Foreign Corrupt Practices Act (FCPA), have expressed the view that they are at a disadvantage when it comes to legal proceedings vis-à-vis

other foreign companies that are not bound by similar legislation. For the past five years, German investors have been involved in a dispute with the state-owned Malian Housing Bank (BHM) over expropriation of property and a debt. On March 5, 2015, the Supreme Court of Mali ruled in favor of the German investors annulling the debt and returning the expropriated land. An appeal may follow.

International Arbitration

The investment code allows a foreign company that has a signed agreement with the government to refer to international arbitration any case that the local courts are unable to resolve. In 2013, an American company that was contracted to do work on the MCC-funded Airport project pursued the Government of Mali in an arbitration case at the Paris Arbitration Court regarding an alleged breach of contract. The case is pending.

Mali is a member of the African Organization for the Harmonization of Business Law (OHADA) and has ratified the 1993 Treaty creating the Joint Arbitration Court. OHADA has a provision for allowing litigation between foreign companies and domestic companies or the government to be tried in an appellate court outside of Mali. Mali is a member of the International Center for the Settlement of Investment Disputes (ICSID - also known as the Washington Convention). Mali has been a member of the World Bank Multilateral Investment Guarantee Agency (MIGA) since 1990.

ICSID Convention and New York Convention

Mali is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). Mali also signed and ratified the convention of the Recognition and Enforcement of Foreign Arbitrage Awards (1958 New York Convention)

Duration of Dispute Resolution

The dispute resolution process can take multiple years and is often fraught with demands for payments to facilitate the legal process.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Mali has been a member of the World Trade Organization (WTO) since 1995.

Investment Incentives

The investment code offers incentives to companies that reinvest profits to expand existing businesses or diversify into another relevant sector. The code also encourages the use of locally sourced inputs, which can offer tax exemptions. Companies that use at least 60 percent of locally produced raw materials are eligible for certain tax exonerations. Companies that invest at least five percent of their turnover in supporting local research and development are eligible for a reduction of payroll taxes for Malian employees.

Most businesses are located in the capital, and the investment code encourages the establishment of new businesses in other areas. Incentives include income tax exemptions for five to eight year periods, reduced-energy prices, and the installation of water supply, electric power, and telecommunication lines in areas lacking such public utilities.

The National Assembly approved a new petroleum code in June 2004. The new law allows an initial period of four years for prospecting, renewable for two successive periods of three years each. Prospecting and exploitation permits, as well as their renewal, are subject to the payment of fixed taxes ranging from one million to ten million FCFA (approximately USD 2,000 to 20,000). In addition, permit holders are liable for the payment of taxes while prospecting ranging from FCFA 500 – 2,500 (USD 1-5) per square kilometer and taxes of FCFA 1,000,000 (USD 2,000) per square kilometer during exploitation. Permit holders and the companies associated with those permit holders are subject to a 35 percent tax on net profits. In 2004, the government created a marketing office for petroleum exploration, l'Autorité pour la Promotion de la Recherche Pétrolière, or AUREP. This agency drafts, plans and implements oil research programs, and collects data on oil reserves. AUREP is also the interface with the government for private sector petroleum investors.

The government has identified priority sectors for furthering economic development. Special incentives are offered for investment in the following areas:

- Agribusiness
- Fishing and fish processing
- Livestock and forestry
- Mining and metallurgical industries
- Water and energy production industries
- Tourism and hotel industries
- Communication
- Housing development
- Transportation
- Human and animal health promotion enterprises
- Vocational and technical training enterprises
- Cultural promotion enterprises

Research and Development

Information not available.

Performance Requirements

There is no requirement that Malian nationals own shares in a foreign investment or that foreign equity be reduced over time. In the case of joint ventures with the government, the government share may not exceed 20 percent ownership. Organization for the Harmonization of Business Law in Africa (OHADA) regulations specify that a company with less than 35 percent government equity is legally considered a private company.

Data Storage

Information not available.

6. Right to Private Ownership and Establishment

The government has price controls on petroleum products and locally produced cotton, and occasionally controls the price of basic commodities, such as rice. In March 2015 the Government of Mali reduced its fuel subsidy by 25 FCFA as it attempts to reduce fossil fuel subsidies and adjust for the lower global price of fuel. The free market determines prices of other goods. Domestic and foreign companies compete on an equal basis with public enterprises and they share equal rights to private ownership and establishment.

The government still remains committed to the process of privatizing the cotton marketing parastatal, Compagnie Malienne pour le Développement des Textiles (CMDT). The process reached its final stage in 2012, with one of the original three companies that submitted technical and financial offers (two of the three companies was foreign) remaining in the process (the two other companies withdrew). The remaining company and the government have not reached an agreement for a final award decision, partly due to the 2012-2013 crises. The government envisions launching a new call for bids as soon as current efforts deployed by CMDT management enable the company to reach a sound financial position. Local media has questioned the transparency of the bidding and contracts award process, though no concrete evidence of corruption has been presented.

7. Protection of Property Rights

Real Property

Property rights are protected by law in Mali. According to data collected by the World Bank's 2015 Doing Business Report, registering property in Mali requires 5 steps, takes 29 days and costs 12.1% of the property value. The government established the Malian Center for the Promotion of Industrial Property and charged it with implementing the legal regime of property rights protection, including the World Trade Organization (WTO) TRIPS agreements. This agency is a member of the African Property Rights Organization (IAPO) and works with international agencies recognized by the United Nations Industrial Development Organization (UNIDO). Patents, copyrights, and trademarks are covered.

These structures notwithstanding, property rights are not always adequately protected in practice. As already noted in the dispute settlement section, a U.S. herbicide manufacturer has been mired in a three-year long legal battle with a Chinese company that is claimed to be infringing on the U.S. companies' trademark rights. In spite of a favorable ruling by the Supreme Court, the case was remanded to a lower court in 2010, and the U.S. company decided not to pursue the case further.

According to the National Land Agency (Direction du Domaine et des Cadastres – DNDC), there are three types of land property classifications in Mali. There is a land title (le titre foncier) which gives full property ownership to an individual. Secondly, there is a permit for occupation

that one receives after paying a fee (permis d'occupation), but not full ownership. Lastly, there are farming rights given to rural agricultural communities. All non-registered lands belong to the State.

Intellectual Property Rights

There are two primary agencies involved with the protection of intellectual property rights: The Malian Office of the Rights of the Author (BUMDA) and the Malian Center for the Promotion of Intellectual Property (CEMAPI). The CEMAPI is more involved with industrial claims, while the BUMDA covers artistic and cultural works.

In 2014, the GOM adopted a National Strategy for the Development of Intellectual Property Rights (SNDPI). The Ministry of Industry will provide two years of funding for the initiative. According to the government, the National Strategy will encourage innovation and protect inventors; however, the implementation plan of the strategy has not been prepared. Despite limited progress with a National Strategy, intellectual property rights have been weakened and are the object of fierce debate. The Supreme Court cancelled an Executive Order on Copyrights which sought to update copyright laws to include modern technology. The National Council of Malian Businessmen (Conseil National du Patronat) considered this Executive Order to be too broad in that it created royalties which were interpreted by the business community to be taxes on cybercafés, phone companies, and internet downloading sites.

There are significant intellectual property rights violations in the artistic sector as well as in the pharmaceutical sector. According to the Malian National Pharmaceutical Association, nearly 50 percent of pharmaceuticals sold in Mali are counterfeit. Each week the BUMDA conducts search and seizures of markets for pirated artistic products. On average, the BUMDA inspectors seize three to four thousand CDs each week, however movies and books are also pirated. In the past counterfeit products were imported from foreign countries including from Guangzhou, China and Dubai, United Arab Emirates. However, BUMDA has seen a shift in the type of counterfeit product being made in Mali.

Additional information on Intellectual Property in Mali including access to recent ordinances and laws is available at: http://www.wipo.int/directory/en/details.jsp?country_code=ML.

Resources for Rights Holders

Adam Levy
Economic and Commercial Officer
LevyAM@state.gov

A list of local lawyers can be found at:
http://mali.usembassy.gov/media/pdfs/attorney_list_jan_11.pdf

8. Transparency of the Regulatory System

As reflected in agreements with the International Monetary Fund (IMF) and World Bank, the Government of Mali has adopted a transparent regulatory policy and laws to foster competition.

The commerce and labor codes adopted in 1992 are designed to meet the requirements of fair competition, to ease bureaucratic procedures, and to facilitate the hiring and firing of employees. The investment code simplifies the application process to establish a business, and favors investments that promote handicrafts, exports, and labor-intensive businesses. There is, however, no public comment period or opportunity for citizens or business to comment upon proposed laws. The World Bank's 2015 Doing Business Report notes that it takes an average of five procedures and eleven days in order to establish a business in Mali. The Doing Business Report also stated that starting a business became more difficult as the GOM ceased publishing the incorporation notices of new companies on the official website of the one-stop-shop, the Agency for the Promotion of Investments. The Mining Code encourages investments in small and medium mining enterprises, awards two-year exploration permits free of charge, and does not require a commitment from the exploring firm to lease the area explored thereafter. Mali is a member of OHADA and implements the Accounting System of West African States (SYSCOA), which harmonizes business practices among several African countries consistent with international norms.

9. Efficient Capital Markets and Portfolio Investment

The West African Economic and Monetary Union (WAEMU) statutes and the BCEAO (the West African Central Bank) determine the banking system and monetary policy in Mali. BCEAO headquarters are located in Dakar, Senegal. Commercial banks enjoy considerable liquidity. Banks' deposit funds are split 75/25 between demand deposits and time deposits, respectively. The majority of banks' loanable funds, however, do not come from deposits, but rather from other liabilities, e.g. lines of credit from the BCEAO and North African and European banks. In spite of having sufficient loanable funds, commercial banks in Mali tend to have highly conservative lending practices. Bank loans generally support short-term activities, such as letters of credit to support export-import activities and short-term lines of credit and bridge loans for established businesses. Small- and medium-sized businesses have difficulty obtaining access to credit.

In order to strengthen the banking sector, WAEMU raised the minimum stockholders equity capital required of banks and financial institutions to FCFA 10 billion (USD 16.5 million) and FCFA 3 billion (USD 5million) by a date still to be determined by the regional WAEMU Council of Ministers. The first step of this measure consisted of increasing the minimum stockholders equity capital requirement to FCFA 5 billion (USD 8.2 million) for banks and FCFA 1billion (USD 2.5 million) for financial institutions by the end of 2010. WAEMU has made it a requirement for any new banks and financial institutions in the region to abide by the increased minimum stockholders equity requirement. This measure has had mixed results in Mali. Of the 96 banks surveyed by the Banking Commission of the WAEMU, 82 met the new measures. In Mali, however, just five out of fourteen banks met the criterion.

Portfolio investment is not a current practice, although the legal and accounting systems are now transparent enough and are similar to the French system. In 1994 the government instituted a system of treasury bonds available for purchase by individuals or companies. The payment of dividends or the repurchase of the bonds may be done through a compensation procedure offsetting corporate income taxes or other sums due to the government.

The WAEMU stock exchange program based in Abidjan has a branch in each WAEMU country, including Mali. To date, no Malian company is listed on the stock exchange. The planned privatization programs of the electric company, EDM, the telecommunications entity, SOTELMA, and cotton ginning company, CMDT, and the forthcoming privatization of Bamako-Senou Airport offer prospects for some companies to be listed on the WAEMU stock exchange.

The government of Mali first participated in the Sovereign Credit Rating Program, sponsored by the State Department, in 2002. As part of this program, Fitch Ratings won a competitive contract to conduct the ratings. The U.S. Treasury Department provided technical assistance to the Malian Ministry of Economy and Finance with the support of the U.S. State Department. Fitch completed its evaluation in 2004 and awarded a B- to Mali. Parallel to this effort, Standard and Poor's awarded Mali a BBB- rating in 2005 through a UNDP-funded program. Standard and Poor's has not rated Mali since 2005. In December 2009, Fitch Ratings affirmed Mali's long-term foreign and local currency Issuer Default Ratings (IDRs) at B- with Stable Outlooks respectively, Country Ceiling at BBB-, and short-term foreign currency IDR at B. After completion of the State Department-sponsored rating program, Fitch announced in December 2009 it would no longer provide rating or analytical coverage of Mali, and all ratings have been withdrawn. As of 2014, there has been no rating of Mali since.

Mali's IDR of B- reflects the country's high level of poverty, vulnerability to external shocks and slow economic growth. Mali consistently runs a current account deficit, due to its high dependence on energy imports and low export base. Fitch does not expect any improvement in Mali's creditworthiness in the medium to long term. However, the country's external situation is not a constraint, as Mali is part of the West African Economic and Monetary Union: the CFA is pegged to the Euro and the French Treasury guarantees its convertibility.

Money and Banking System, Hostile Takeovers

Since the devaluation of the FCFA in 1994, four new banks have opened in Mali: Banque Atlantique (2005), Banque pour le Commerce et l'Industrie (2007), Orabank of Cote d'Ivoire (2013), and most recently, Coris Bank International (December 2013). During the past three years, the return on equity for the banking sector was 11.8% in 2011, 11.5% in 2012, and 12.4% in 2013. The total assets of the 14 banks in Mali were FCFA 2.58 billion as of December 2013.

The microfinance sector has grown rapidly. From 2000 to 2013 the number of new branches operated by microfinance institutions has increased from 342 to 700 and the number of beneficiaries from 253,705 to over 1 million. The stock of deposits of microfinance institutions grew from FCFA 14 billion to FCFA 53 billion, and the stock of credit grew from FCFA 16 billion to FCFA 60 billion. Despite this growth, microfinance institutions suffer from poor governance, poor management of resources, and have not put in place all government regulations or regional best practices to ensure sufficient financial controls and transparency.

10. Competition from State-Owned Enterprises

Private and public enterprises compete under the same terms and conditions. No preferential treatment is awarded to State-Owned Enterprises (SOEs), although they can be at a competitive

disadvantage due to the limited flexibility they have in their management decision-making process.

Mali is in the process of privatizing its SOEs, but a number of SOEs still exist. There are five major state-owned or partially state-owned enterprises: the electricity utility – Energie du Mali (EDM); the telecommunications entity - SOTELMA; a cotton ginning company – CMDT; a cigarette company - SONATAM; and the forthcoming privatization of Bamako-Senou Airport.

The government is active in the agricultural sector: the Niger River Authority (Office du Niger) controls much of the irrigated rice fields and vegetable production in the Niger River inland delta, although more private operators were granted plots of land to develop. Under a Millennium Challenge Corporation (MCC)-funded irrigation project, Mali granted titles to small private farmers, including women; an adjacent tranche developed with MCC was to have been open to large scale private investment through a public tender process. However, all MCC projects were suspended as a result of the coup d'état of March 2012 and discontinued when the projects reached the end of their implementation deadline. The national cotton production company, CMDT, which is yet to be privatized, provides financing for fertilizers and inputs to cotton farmers, sets cotton prices, purchases cotton from producers and exports cotton fiber via ports in neighboring countries.

The government is still active in the banking sector. The State owns shares in six of the fourteen banks in Mali – BDM (19.6% share), BIM (10.5% share), BNDA (36.5% share), BMS (25% share), BHM (98% share), and BCS (3.3% share). While it no longer has a majority stake in the Malian Development Bank (BDM), it has significant influence over its operations, as the Minister of Economy and Finance serves as the head of the Board of Directors.

In addition, the electricity and water company, EDM, is majority owned by the government after a failed privatization attempt. Senior government officials from different ministries make up the board of SOEs. Major procurement decisions or equity raising decisions are referred to the Council of Ministers. Government powers remain in the hands of ministries or government agencies reporting to the ministries. No SOE has delegated powers from the government.

SOEs are required by law to publish an annual report. They hold a mandatory annual Board of Directors meeting to discuss the financial statements prepared by a certified public accountant and certified by an outside auditor in accordance with domestic standards (which are comparable to international financial reporting standards). Mali's independent auditor general conducts an annual review of public spending, which may result in the prosecution of specific cases of corruption.

OECD Guidelines on Corporate Governance of SOEs

Mali does not adhere to the OECD Guidelines on Corporate Governance of SOEs.

Sovereign Wealth Funds

Mali does not have a sovereign wealth fund.

11. Corporate Social Responsibility

There is no general awareness of corporate social responsibility in Mali among producers or consumers. Foreign mining and oil exploration companies sometimes provide schools and health clinics to communities in proximity of their activities. This is not always done with strict adherence to generally accepted principles such as the OECD Guidelines for Multinational Enterprises, but is rather the result of individual negotiations between the company and the leaders of neighboring communities.

OECD Guidelines for Multinational Enterprises

Mali does not adhere to the OECD guidelines for multinational enterprises.

12. Political Violence

The 2012 -2013 Political and Security Crisis and Subsequent Negotiation Efforts

Throughout two decades of multi-party democracy, Mali has consistently encouraged private enterprise and investment. However, a political crisis that unfolded throughout 2012 pushed the country into unprecedented turmoil, deterioration of the economic situation, and uncertainty in the investment climate. The U.S. Embassy continues to update Travel Warnings for U.S. citizens traveling to Mali. More information on travel warnings can be found at: <http://travel.state.gov/content/passports/english/alertswarnings.html>

Violence in the North

Northern Mali had long suffered from periodic episodes of violence related to inter-tribal politics, smuggling and other criminal activities, and friction between local tribes and the central government. A violent rebellion occurred from 2006-2009, when certain Tuareg tribes of the Kidal Region rebelled against central government control. A new wave of violence began in the first days of 2012, when several armed extremist groups emboldened by the influx of arms and Tuareg mercenaries returning from Libya, launched a series of attacks on military installations in the north. By April 2012, they had pushed the Malian armed forces out of the three northern regions of Gao, Timbuktu and Kidal, and part of Mopti, effectively denying the government control of half of the national territory. Political tensions related to the military reversals in the north led to a coup d'état, and the overthrow of Mali's democratically-elected government on March 21, 2012.

Mali was put back on the long road toward resolution of its political crisis in April 2012, when the Economic Community of West African States "ECOWAS" mediated a transfer of power to an interim government, which was charged with organizing elections within a year's time. In January 2013, the Malian government approved a "Roadmap for Political Transition," after an extensive process of broad-based consultations. The two mandates spelled out in the Roadmap were, a) the organization of presidential and legislative elections during 2013, and b) the recapture of northern occupied territories and engagement in a negotiation process with armed groups not associated with AQIM. With the assistance of the international community, Mali has successfully and peacefully achieved the election process with a new President, recognized

nationwide and sworn in August 2013 and a new National Assembly including deputies from opposition parties installed in December 2013. Municipal elections, scheduled sometime in late 2014 or early 2015 will complete the electoral process.

The second leg of the mandate, however, has yet to be achieved, as the security situation in northern Mali remains fragile. In the first days of January 2013, French and African forces intervened in Mali in response to a new extremist offensive that threatened southern Mali. Within a few weeks, the intervention forces had retaken the major northern cities, substantially reversing the 2012 extremist takeover of the north. In June 2013, coalition forces in Mali were reorganized under the auspices of the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). While the Malian government, backed by MINUSMA and French SERVAL Forces has taken steps to reassert control over most of the major cities, parts of the north remain unstable. In addition to armed rebel groups circulating freely with their arms and attacking individuals, the extremist groups that retreated into their desert strongholds in Mali and in Libya continue to demonstrate their capacity by attacking cities such as Gao, Timbuktu, and Kidal. In September 2013, the democratically elected President formed a government, creating a new ministry in charge of national reconciliation. In addition, an independent commission tasked with national reconciliation and dialogue organized regional meetings throughout Mali that concluded with a national conference aimed at finding ways to reconcile different communities, reinforce decentralization, and empower local governance.

The terrorist group AQIM, long entrenched in northeastern Mali remains dangerous. AQIM has demonstrated a pattern of kidnapping hostages for ransom and launching operations against neighboring Algeria, Mauritania, and Niger. AQIM executed a French citizen in July 2010 and was responsible for the deaths of one British and three French citizens in failed kidnap for ransom attempts over the past three years. In November 2011, two additional French citizens were kidnapped in the northern village of Hombori followed a few days later by the kidnapping of three westerners and the killing of a fourth in the city of Timbuktu. AQIM has claimed responsibility for the kidnappings and killing. In May 2013, two French reporters were kidnapped in the city of Kidal and killed in the vicinity of the city shortly afterwards. A hostage supposedly held in northern Mali was announced dead in April 2014. The last remaining French hostage was freed in December 2014 and a Dutch hostage was freed in April 2015. Other hostages remain in captivity.

A roadmap for peace negotiations signed in July 2014 paved the way for on-going talks in Algiers. This progress is testament to the commitment by all parties to the conflict to find a negotiated settlement. On March 1, 2015, after five rounds of negotiations, the Government of Mali and the pro-government militias, along with members of the Algerian-led international mediation team, added their initials to a finalized peace accord. The Coordination of northern armed groups has initialed the accord on May 14, 2015. The Government and pro-government militias signed the peace accord on May 15, 2015.

13. Corruption

Corruption is considered a crime punishable under the penal code. However, bribery is frequently reported in many large contracts and investment projects. Corruption poses an obstacle to foreign direct investment. Government officials often solicit bribes in order to

complete otherwise routine procedures. The GOM passed a law against the illegal accumulation of wealth in 2013. The law, however, does not force members of parliament or the executive to declare their assets. The government has pledged to update the law. Using assessments by the African Development Bank, the World Bank, and the World Economic Forum, in 2014 Transparency International increased Mali's score to 31 from a 2013 score of 28 on a 0 to 100 scale of perceived public sector corruption, zero representing the worst score. Likewise, Mali's 2014 global ranking improved to 115 of 175 countries from 127 of 175 countries surveyed in 2013.

Corruption seems most pervasive in government procurement and dispute settlement. The government has addressed this by requiring procurement contracts to be inspected by the Directorate General for Public Procurement, which determines whether the procedure meets fairness, price competitiveness, and quality standards. Mali's international donor community has been working with the government to reduce corruption, but progress has been slow.

The President created an Office of the Auditor General (Bureau du Verificateur General –BVG) in 2004 as an independent agency tasked to audit public spending. Since inception, the BVG has uncovered several large cases of corruption. In the 2012 November report, the Auditor General announced that USD 20 million in public funds had been embezzled. The anti-corruption prosecutor announced in early 2011 that approximately USD 15 million of embezzled public funds have been recovered in certain cases, however, none of these cases have resulted in prosecutions. Similarly, inspectors from the Global Fund for AIDS, Tuberculosis and Malaria have uncovered cases of embezzlement of public and donor funds at the Ministry of Health. Several high-ranking Ministry of Health officials were prosecuted, and the Minister of Health resigned and was subsequently indicted. However, the subsequent trial acquitted the Minister and all 18 co-defendants, due to a lack of evidence. Likewise, in its December 2013 report, the Auditor General (BVG) announced that USD 100 million of public funds were embezzled, within 17 government entities, representing only 2 percent of public entities. Following the presentation of the December 2013 BVG report to the President, the Prime Minister, and the President of the National Assembly, the President stated that he submitted to the Ministry of Justice approximately 100 cases cited in different government audits. The corruption cases are still awaiting judicial action.

In 2014, the International Monetary Fund (IMF) expressed concerns over extra budgetary spending, inadequate transparency, and corruption, which led the IMF to temporarily suspend financial support to Mali in June 2014, with certain donors including the World Bank and the European Union following suit. To address IMF and donor community concerns, the Government of Mali audited the purchase of a controversial presidential plane and defense contracts and has agreed to hold senior government leaders responsible for any acts of corruption. The IMF's September 2014 follow up review concluded that the Government of Mali had made preliminary efforts to address extra-budgetary expenditures, and as a result the IMF voted in December 2014 to reestablish financing to Mali. During a January 2015 cabinet reshuffle, the implicated Minister of Economy and Finance and Minister of Investments were replaced, however, concrete action remains to be seen on promises to hold government officials accountable for financial mismanagement. The clean bill of health from the IMF has led donors including the World Bank and European Union to resume budgetary support.

Questionable judgments in commercial cases have occasionally been successfully overturned at the court of appeals or the Supreme Court. There is a general perception among the populace that while prosecution of minor economic crimes is routine, official corruption, particularly at the higher levels, goes largely unpunished.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Mali has signed and ratified the UN Anticorruption Treaty. It went into force in April 2008. Mali is not a party to the OECD Convention on Combatting Bribery.

Resources to Report Corruption

The Government agencies that deal with corruption are:

- The Economic and Financial Unit of Bamako (Pole Economique et Financier de Bamako). The prosecutor of the Pole Economique is Alou Nampe, (+223) 20 29 71 34
- The Auditor General (Bureau du Verificateur General). The chief auditor is Amadou O. Toure, (+223) 20 29 70 25
- The Accounts Chamber of the Supreme Court (Section des Comptes de la Cour Supreme) The chief prosecutor is Nouhoum Tapily, (223) 20 22 15 02.
- The Comptroller of Public Services (Controleur General des Services Publics,) the Comptroller is Mme Konaté Salimata Diakité, (+223) 20 22 58 15

14. Bilateral Investment Agreements

A Mali is a member state to the International Centre for Settlement of Investment Disputes (ICSID Convention). During the past six years, Mali has signed investment protection agreements with South Africa, Algeria, Senegal, and Libya. Mali has signed 17 Bilateral Investment Treaties altogether. However, only five have been ratified and are in force including with Algeria, China, Germany, the Netherlands, and Switzerland.

Additional information can be found at the United Nations Conference on Trade and Development's website:

<http://investmentpolicyhub.unctad.org/IIA/CountryBits/129#iiaInnerMenu>

There are no trade agreements between Mali and the United States; however, Mali is eligible under AGOA.

The African Growth and Opportunity Act (AGOA) was signed into law on May 18, 2000 as Title 1 of The Trade and Development Act of 2000. The Act offers tangible incentives for African countries to continue their efforts to open their economies and build free markets. Mali was deemed eligible for AGOA benefits on October 2, 2000. However, after the March 2012 coup d'état, the annual review panel suspended Mali's AGOA eligibility, effective January 1, 2013. Following the inauguration of the democratically elected government, President Obama reestablished Mali's AGOA eligibility, on January 1, 2014.

Bilateral Taxation Treaties

Mali does not have a bilateral taxation treaty with the United States.

15. OPIC and Other Investment Insurance Programs

Since October 1997, Mali has been eligible for U.S. ExIm Bank programs for short and medium term insurance and guarantees for the private sector, and long term insurance or guarantees for the government in target sectors. Mali is also eligible for certain Overseas Private Investment Corporation (OPIC) programs. Mali has been a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA) since 1990.

16. Labor

Labor is widely available, though skilled labor is in short supply. Reliable unemployment data is difficult to obtain. While a 2010 GOM survey found an unemployment rate of 8.1 percent, the actual figure is likely over 30 percent. The rate is generally higher for youth between the ages of 15-24. Workers have the right to unionize. Relations between labor and management are often contentious. Although a warning notice for strikes is not required in the private sector, mediation procedures are generally followed before resorting to a strike. The government has ratified all the International Labor Organization fundamental conventions protecting the rights of workers. The Labor Code adopted in 1992 (and amended in December 2011) streamlined hiring and firing procedures. Powerful labor unions play an important role in national affairs. Compensation plan negotiations and firing procedures are time-consuming and closely scrutinized by the Ministry of Labor and the judiciary. Mali has a history of labor disputes which have caused major difficulties for both Malian and foreign employers. Although not a requirement, it is advisable to have regular contacts with labor inspectors, especially when concluding new hiring contracts or considering terminations or reductions in force. Child labor continues to be a serious problem. Over 46 percent of children in Mali continue to engage in child labor, including the worst forms as child soldiers and in agriculture and gold mining. Cotton, gold and rice are included on the U.S. government's List of Goods Produced by Child Labor or Forced Labor. Additionally, rice is included on the U.S. government's Executive Order 13126 List of Goods Produced by Forced and Indentured Child Labor. The government has action plans for monitoring child labor and unsafe working conditions, however, the inspection entities are underfunded and unable to regularly conduct inspections or provide support for victims of violations.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

By law, there is no discrimination between foreign-owned firms and host country entities with regard to investment opportunities. Companies (domestic or foreign) that export at least 80 percent of their production are entitled to tax-free status. As such, they benefit from duty free-status on all equipment and other inputs they need for their operations. To date, there are no dedicated free trade zones in Mali.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2014	10,840	2013	10,943	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	N/A	N/A	2013	1	http://bea.gov/international/factsheet/factsheet.cfm?Area=424
Host country's FDI in the United States (\$M USD, stock positions)	N/A	N/A	2013	-2	http://bea.gov/international/factsheet/factsheet.cfm?Area=424
Total inbound stock of FDI as % host GDP			2013	3.7%	

Table 3: Sources and Destination of FDI

Companies from Australia, Canada, Great Britain, India, Japan, and South Africa have made significant investments in the mining sector. France, Germany, China, and Morocco have made significant investments in the financial services, manufacturing, and food processing sectors. China has made significant investments in infrastructure projects including roads, bridges, and railways.

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment			Outward Direct Investment		
Total Inward	2,355	100%	Total Outward	53	100%
United Kingdom	777	33%	Cote d'Ivoire	39	74%
Australia	616	26%	Guinea-Bissau	7	14%
Senegal	172	7%	France	6	11%
Canada	160	7%	Senegal	1	1%
Libya	144	6%	South Africa	0	0%

"0" reflects amounts rounded to +/- USD 500,000.

Source: IMF Coordinated Direct Investment Survey.

Table 4: Sources of Portfolio Investment

IMF Coordinated Portfolio Investment Survey data are not available for Mali.

19. Contact for More Information

Adam Levy
 Economic and Commercial Officer
 U.S. Embassy Bamako
 ACI 2000, Rue 243, Porte 297
 Bamako, Mali
 +223 20 70 23 00
 LevyAM@state.gov