

# Mali

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RISK & COMPLIANCE REPORT

DATE: March 2018

<b>Executive Summary - Mali</b>	
<b>Sanctions:</b>	None
<b>FAFT list of AML Deficient Countries</b>	No
<b>Higher Risk Areas:</b>	<p>Non - Compliance with FATF 40 + 9 Recommendations</p> <p>Supporter of or Safe Haven for International Terrorism</p> <p>Not on EU White list equivalent jurisdictions</p> <p>Corruption Index (Transparency International &amp; W.G.I.)</p> <p>World Governance Indicators (Average Score)</p>
<b>Medium Risk Areas:</b>	<p>Weakness in Government Legislation to combat Money Laundering</p> <p>Failed States Index (Political Issues)(Average Score)</p>
<p><b>Major Investment Areas:</b></p> <p><b>Agriculture - products:</b></p> <p>cotton, millet, rice, corn, vegetables, peanuts; cattle, sheep, goats</p> <p><b>Industries:</b></p> <p>food processing; construction; phosphate and gold mining</p> <p><b>Exports - commodities:</b></p> <p>cotton, gold, livestock</p> <p><b>Exports - partners:</b></p> <p>China 53.7%, Malaysia 11.2%, Indonesia 5.4%, India 4.1% (2012)</p> <p><b>Imports - commodities:</b></p> <p>petroleum, machinery and equipment, construction materials, foodstuffs, textiles</p> <p><b>Imports - partners:</b></p> <p>France 10.9%, Senegal 9.7%, China 8.4%, Cote dlvoire 8% (2012)</p>	
<p><b>Investment Restrictions:</b></p> <p>Mali generally encourages foreign investment.</p>	

The investment, mining, commerce, and labor codes have the stated intention to encourage investment and attract foreign investors.

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 government has identified priority sectors for furthering economic development:

- 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



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## Section 1 - Background

The Sudanese Republic and Senegal became independent of France in 1960 as the Mali Federation. When Senegal withdrew after only a few months, what formerly made up the Sudanese Republic was renamed Mali. Rule by dictatorship was brought to a close in 1991 by a military coup that ushered in a period of democratic rule. President Alpha KONARE won Mali's first two democratic presidential elections in 1992 and 1997. In keeping with Mali's two-term constitutional limit, he stepped down in 2002 and was succeeded by Amadou Toumani TOURE, who was elected to a second term in a 2007 election that was widely judged to be free and fair. Malian returnees from Libya in 2011 exacerbated tensions in northern Mali, and Tuareg ethnic militias rebelled in January 2012. Low- and mid-level soldiers, frustrated with the poor handling of the rebellion, overthrew TOURE on 22 March. Intensive mediation efforts led by the Economic Community of West African States (ECOWAS) returned power to a civilian administration in April with the appointment of Interim President Dioncounda TRAORE. The post-coup chaos led to rebels expelling the Malian military from the country's three northern regions and allowed Islamic militants to set up strongholds. Hundreds of thousands of northern Malians fled the violence to southern Mali and neighboring countries, exacerbating regional food shortages in host communities. An international military intervention to retake the three northern regions began in January 2013 and within a month most of the north had been retaken. In a democratic presidential election conducted in July and August of 2013, Ibrahim Boubacar KEITA was elected president. The Malian Government and northern armed groups signed an internationally-mediated peace accord in June 2015.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

Mali is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

### Compliance with FATF Recommendations

The last Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Mali was undertaken by the Financial Action Task Force (FATF) in 2009. According to that Evaluation, Mali was deemed Compliant for 0 and Largely Compliant for 2 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for all 6 of the Core Recommendations.

### Fifth follow-up report of Mali

Despite the weakening of its institutions and its limited effectiveness in implementing government policies, both resulting from its political situation, Mali had taken some notable actions to correct the deficiencies identified in its AML/CFT system. Specific actions taken included the adoption of the draft Law on Combating Illicit Enrichment by the Council of Ministers, strengthening the capacity of the FIU with additional staff and the establishment of the court of first instance, Community VI, Bamako District, a judicial division specializing in the fight against terrorism and transnational organized crime. Within the framework of international cooperation, Mali signed cooperation agreements with some countries and processed extradition requests. It also received requests for assistance and information from other countries within and outside the region.

Mali is encouraged to sustain this momentum and to address, without delay, the following remaining deficiencies in its AML/CFT system: the designation of the authority responsible for the administrative freezing of assets in accordance with Special Recommendation III; the organization of the round table of donors to fund the National AML/CFT Strategy; the development of administrative procedures for the freezing of assets; and the organization of awareness-raising and training workshops for NGOs and charity associations. Mali should make efforts to implement the activities contained in its Action Plan and National AML/CFT Strategy. The Plenary maintained Mali on Expedited Regular Follow-up and directed the country to submit its sixth follow-up report in November 2014.

## Prevalence of Predicate Crimes

At the peak of the political and security crisis, Islamist groups engaged in transnational organized crimes to fund their terrorist operations. Kidnapping and hostage-taking, drug trafficking, human trafficking, arms trafficking and goods smuggling were all associated with their operations, particularly in the northern regions. As Judith Vorrath has convincingly argued, terrorist operations in the country and transnational organized crime are mutually reinforcing. Evidence has continued to show that terrorist groups in the country fund their deadly campaigns partly through drug trafficking. Since the 'Air Cocaine' scandal of 2009, it has become increasingly clear that the country is a hub for international trafficking of narcotics originating from Latin American drug cartels. Since 2011, Mali has also become one of the origins of trafficked methamphetamine into Asia. In the 2013 Country Report submitted to GIABA by Mali, the following predicate crimes were identified as prevalent: drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, and other investments.

The prevalence of these crimes alongside rampant terrorist activities raises a serious concern and makes Mali a high-risk country for ML/TF. While the links to terrorist financing are becoming clearer, the Country Report lists the following channels for laundering the proceeds of these crimes: real estate, cross-border cash movements, banks, insurance companies, DNFBPs, microfinance, and stock market investments.

## AML/CFT Situation

In spite of the difficult political situation of the country, Mali has made commendable efforts towards strengthening its AML/CFT regime, as indicated in the fifth follow-up report on its mutual evaluation. Its FIU is a member of the Egmont Group of FIUs. The FIU signed a Memorandum of Understanding (MoU) with the FIU of Cabo Verde in November 2013 to strengthen mutual cooperation and collaboration, especially on information exchange.

In 2013, the country's FIU received 24 STRs linked to money laundering, but only 5 of those cases were disseminated to law enforcement authorities. There were 4 cases of ML investigation and 9 prosecutions. Yet no conviction was recorded in the year.

In spite of Mali's performance, some deficiencies still remain with the country's AML/CFT regime. As the INCSR (2003 vol. II) revealed, Mali has not yet designated a competent authority to order freezing of funds and other financial resources of terrorists or those who are financing terrorism and terrorist organizations. This is a serious gap, given the high risk of terrorism and terrorist financing in the country.

Yet the difficult political and economic situation in Mali must be well appreciated. Given the country's political commitment to implement AML/CFT measures in spite of these difficulties, GIABA Plenary in November 2013, called for substantial increase in the provision of technical assistance to Mali in order to reinforce the capacity of AML/CFT stakeholders in the country.

## Conclusion

The difficult environment Mali has found itself in recently must be appreciated. The progress made by the country on AML/CFT reflects the high level of commitment of its political authorities.

One of Mali's enduring problems, which will continue to be a source of pressure on the country, is its long desert borderline. The continuous expansion of organized crime and terrorism across West Africa's Sahel makes border control an imperative for AML/CFT. Yet, as the INCSR (2013, p. 258) puts it, 'Border enforcement is a severe problem in Mali, particularly in combating widespread smuggling and the infiltration of insurgent forces'.

Another challenging circumstance for Mali is the dominance of the informal economy and finance sector, particularly the widespread informal trading and money/value transfer systems. Keeping track of business and financial transactions under such circumstances may prove extremely overstressing for Mali. But this is a challenge that must be tackled by Mali, with the support of partners, if the scourges of financial organized crime, terrorism and terrorist financing are to be defeated.

### US Department of State Money Laundering assessment (INCSR)

Mali was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

#### Perceived Risks:

Mali is not a regional financial center and has no free trade zones or offshore sectors. Illegal proceeds derive primarily from rampant trafficking of everyday commodities, people, small arms, and narcotics across the Algerian, Nigerien, and Mauritanian borders. Al-Qaida in the Islamic Maghreb and other al-Qaida-linked and armed groups, known to operate in the sparsely populated north, are involved in smuggling as well as kidnapping for ransom to generate funds. Mali's economy is largely cash-based, making it difficult to detect illicit financial activity or track the proceeds of crime. Malian authorities believe the proceeds of trafficking activity in Europe may pass through Malian banks as they are returned to South America or elsewhere, but lack the resources to make a definitive determination.

Mali is a member of the West African Economic and Monetary Union (WAEMU), which also includes Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Niger, Senegal, and Togo. All of the WAEMU members share a common currency, the West African CFA, and have developed similar AML/CFT frameworks, including legal and financial intelligence unit (FIU) structures.

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

#### CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: List approach

Are legal persons covered: criminally: YES civilly: YES

#### KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs Foreign: NO Domestic: NO

KYC covered entities: Banks, the public treasury, microfinance entities, the post office, currency exchanges, insurance companies and brokers, securities and asset brokers and managers, the regional stock exchange, mutual funds, and casinos

#### REPORTING REQUIREMENTS:

Number of STRs received and time frame: 15: January 1 - September 30, 2015

Number of CTRs received and time frame: 15: January 1 - September 30, 2015

STR covered entities: Issuers of credit, guaranties, and lease/purchase agreements; banks; the public treasury; microfinance entities, the post office, and currency exchanges; insurance companies and brokers; securities and asset brokers and managers; the regional stock exchange; mutual funds; attorneys, notaries, and auditors; real estate and travel agents; nongovernmental organizations; casinos and gaming establishments; dealers of high-value goods and precious metals and stones; and security and money transport companies

#### MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 1 in 2015

Convictions: 0 in 2015

#### RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: YES

With other governments/jurisdictions: YES

Mali is a member of the Inter Governmental Action Group against Money Laundering in West Africa (GIABA), a FATF-style regional body.

#### ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

Although Mali's AML law designates a number of reporting entities, very few comply with their legal obligations. Businesses are technically required to report cash transactions over approximately \$10,000; however, most do not. In 2015, only financial institutions filed suspicious transaction reports (STRs). The National Information Processing Unit (CENTIF), Mali's financial intelligence unit (FIU), receives relatively few 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.

CENTIF enjoys a transparent and mutually beneficial relationship with liaison officers from the judiciary, customs service, police, and gendarmerie. Significant challenges to CENTIF's efficiency remain, such as a lack of training, especially for those investigators who handle terrorist financing cases, as well as a lack of funds to provide adequate publicity and comprehensive awareness training for bank and public sector employees outside of the capital.

Mali lacks the capacity to conduct effective financial investigations of money laundering or terrorism financing. In May 2013, legislation created a judicial unit focused on the fight against terrorism and trans-border crime. A prosecutor in charge of this "anti-terrorist" judicial unit was appointed in July 2014 and, later that year, formed an investigative team composed of judges and gendarmerie. In 2015, the judicial unit was finally made operational. Despite CENTIF referring multiple investigations to the specialized court in charge of economic and financial crimes for prosecution, it has proven difficult to secure convictions for money laundering or terrorism financing. The chief prosecutor's office may not understand complex financial crimes sufficiently to be able to pursue money laundering or terrorism financing crimes effectively and to successful prosecutions.

The court has the authority to implement asset freezing provisions related to terrorism financing, including a mechanism to freeze assets administratively, prosecute foreign nationals extradited to Mali, and carry out search warrants.

Lack of border enforcement is a severe problem in Mali, particularly with regard to widespread smuggling and the infiltration of armed groups and terrorist organizations. Mali lacks the ability to trace informal networks and money/value transfer systems, including hawala. There has been progress and a commitment to develop oversight mechanisms to track mobile money usage with cooperation by the two largest cell-phone carriers in Mali, who provide mobile money transfers services.

The Government of Mali should amend its AML/CFT legal and regulatory framework to ensure fuller compliance with the international standards, particularly addressing criminalization of money laundering, confiscation and provisional measures, enhanced customer due diligence measures towards domestic politically exposed persons (PEPs), powers of the law enforcement and investigative authorities, cross-border currency movements, and extradition. Mali also should take steps to build the capacity of its supervisory and enforcement personnel.

#### **Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):**

According to the US State Department, Mali does not conform with regard to the following government legislation: -

**International Transportation of Currency** - By law or regulation, the jurisdiction, in cooperation with banks, controls or monitors the flow of currency and monetary

**Ability to freeze assets without delay** - The government has an independent national system and mechanism for freezing terrorist assets in a timely manner (including but not limited to bank accounts, other financial assets, airplanes, autos, residences, and/or other property belonging to terrorists or terrorist organizations)

**Criminalised Tipping Off** - By law, disclosure of the reporting of suspicious or unusual activity to an individual who is the subject of such a report, or to a third party, is a criminal offense.

### **EU White list of Equivalent Jurisdictions**

Mali is not currently on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Failed States Index**

[To view Failed States Index Ctrl + Click here](#)

### **Offshore Financial Centre**

Mali is not considered to be an Offshore Financial Centre

### **US State Dept Narcotics Report 2013:**

Mali is a significant transit country for illegal drugs destined for Europe, including South American cocaine, South Asian heroin, and Moroccan cannabis products. Although not a significant source for or market of heroin or cocaine, Mali is a source country and consumer of both cannabis and datura, a locally-cultivated hallucinogenic plant. On November 4, the Central Narcotics Office (CNO) seized 140 kilograms (kg) of cannabis in the Sikasso region, where local production was discovered. According to the CNO, drug trafficking is a significant problem, particularly in Mali's sparsely populated northern regions where Malian authorities lack sufficient capacity to engage in effective counternarcotics operations.

Launched in 1988, the Narcotic Brigade was the first government operational entity established to counter narcotics trafficking and use, though it has only one vehicle available for operations. The CNO, established in 2010 as a coordinating body incorporating Customs, Police, and Gendarme elements, suffers from similar resource constraints, with only a single operational vehicle in each of the southern regions (except Kayes, which has no vehicles). Although CNO elements are currently present in Timbuktu and Gao in the North, they are not operational. There is no CNO presence in the northern region of Kidal. Both the CNO and the Brigade admit that government efforts are severely under-staffed, under-trained, and under-financed to trace and seize assets adequately, and suffer from a lack of internal coordination. Corruption further undermines efforts to control narcotics trafficking.

In 2012, the Government of Mali seized a total of 2.89 metric tons of cannabis products, 4.8 kg of cocaine, and 32 kg of methamphetamine. Complete statistics for 2013 were not yet available at the time of this writing, but between January and September, the Brigade alone seized a total of 405 kg of cannabis products along with small amounts of "crack" cocaine.

According to both the Brigade and the CNO, there is a great need for enhanced coordination between Mali and its neighbors in the fight against drug trafficking. Although the Government of Mali does not have a bilateral mutual legal assistance treaty with the United States, it is a party to the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances as well as other multilateral treaties which contain provisions relating to mutual legal assistance. If a drug trafficking case turns into a money laundering case that is being investigated by Mali's financial intelligence unit, CENTIF, information may be shared within the Egmont Group, to which the U.S. Treasury's Financial Crimes Enforcement Network and the CENTIF are both parties.

### **US State Dept Trafficking in Persons Report 2016 (introduction):**

Mali is classified a Tier 2 (watch list) country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Mali is a source, transit, and destination country for men, women, and children subjected to forced labor and sex trafficking. Internal trafficking is more prevalent than transnational

trafficking; however, boys from Guinea and Burkina Faso are subjected to forced labor in artisanal gold mines, and women and girls from other West African countries, particularly Nigeria, are exploited in prostitution throughout Mali. Women and girls are forced into domestic servitude, agricultural labor, and support roles in artisanal gold mines and subjected to sex trafficking. Boys are subjected to forced labor in agriculture, artisanal gold mines, domestic work, transportation, and the informal commercial sector. Men and boys, primarily of Songhai ethnicity, are subjected to debt bondage in the salt mines of Taoudenni in northern Mali. Some members of Mali's black Tuareg community are subjected to slavery practices rooted in traditional relationships of hereditary servitude. Malian boys and other West African nationals are forced into begging by unscrupulous marabouts (religious teachers) in Mali and neighboring countries. NGO reports indicate Malian children endure forced begging in Senegal and Guinea and forced labor on cotton and cocoa farms in Cote d'Ivoire. Other Africans transiting Mali to Europe, primarily via Algeria and Libya and less so Mauritania, are vulnerable to trafficking. Malian women and girls are victims of sex trafficking in Gabon, Libya, Lebanon, and Tunisia. Reports allege corruption is pervasive throughout the security forces and judiciary, which impedes government efforts to prosecute crimes in general, including trafficking.

In early 2012, rebel and Islamic extremist groups invaded and occupied northern Mali. During their 2012-2013 occupation of the north, these terrorist organizations and armed groups recruited and used children, mostly boys, in combat, requiring children to carry weapons, staff checkpoints, guard prisoners, and conduct patrols. These groups reportedly used girls for sexual exploitation, including sex slavery through forced marriages to members of these militias. These armed groups purportedly forced some families to sell their children to the groups. Although the number of child soldiers continued to decrease during the reporting year, NGOs and international organizations reported some children remain involved with armed groups. Although there is no evidence the Malian military recruits or uses child soldiers, poor military recordkeeping systems and the ready availability of fraudulent birth certificates impeded the government's ability to verify the precise age of all Malian soldiers. The unstable security environment in and extremely restricted access to northern Mali, where the government exercises limited territorial control, limited the availability of comprehensive reporting.

The Government of Mali does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, Mali is placed on Tier 2 Watch List for the fourth consecutive year. Per the Trafficking Victims Protection Act, Mali was granted a waiver from an otherwise required downgrade to Tier 3 because its government has devoted sufficient resources to a written plan that, if implemented, would constitute significant efforts to meet the minimum standards. While the government, in partnership with NGOs, identified and referred 63 victims to protective services during the reporting year, and distributed 600 copies of its anti-trafficking law to the judiciary, it did not convict any trafficking offenders and did not conduct any national awareness campaigns.

## **US State Dept Terrorism Report 2016**

### **Overview:**

The Government of Mali remained a willing, if challenged, U.S. counterterrorism partner. Continued terrorist activity was widespread in Mali's ungoverned northern region with limited attacks spreading into central and southern Mali. Lackluster implementation of the June 2015 peace accord between the Malian government and two coalitions of armed groups hampered the return of public services and security to the north. Mali continues to rely heavily on the UN Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) and French forces to provide a measure of stability and security to the northern regions. As the government and northern armed political movements slowly began to implement the peace accord, terrorist groups continued their attacks on all parties to the accord, including former rebel groups with which the terrorists had briefly allied.

The French military continued its integrated counterterrorism mission for the Sahel region under Operation Barkhane, based out of Chad. In cooperation with Malian forces, Barkhane launched numerous operations to degrade the violent extremist elements operating in northern Mali, including al-Qa'ida in the Islamic Maghreb (AQIM), al-Murabitoun (AMB), the Movement for Unity and Jihad in West Africa (MUJAO), the Macina Liberation Front, and Ansar al-Dine (AAD). Domestic and international security forces believed most, if not all of these groups, coordinated efforts on certain operations. MINUSMA maintained its northern presence in 2016, and continued its work with the Malian government and signatory armed groups to facilitate the redeployment of Malian government officials and security forces to the north.

**Legislation, Law Enforcement, and Border Security:** Implementation of Mali's penal code of 2013, intended to help to counter terrorism and transnational organized crime, continued during 2016. The judiciary prosecuted several terrorism-related cases during the year, but the only convictions were in absentia. Examples of this include the November 28 convictions of Mohamed Ag Mohamed Alassane, Moussa Ag Sidi, and Sidi Mohamed Ag Ouness, all of whom were sentenced to death in absentia for terrorist acts. The National Assembly passed a law on November 9, 2015, that defined the composition, structure, and functions of a special judicial unit focused on the fight against terrorism and transnational crime. Created in 2013 and staffed since 2014, the now fully established unit took the lead in the investigation into the November 20, 2015, attack on the Radisson hotel.

Malian security forces and law enforcement responsible for counterterrorism efforts, particularly the Malian National Guard, Gendarmerie, and police components of the newly established antiterrorism unit (Forces Speciales Anti-terroristes, FORSAT) participated in the U.S. Department of State's Antiterrorism Assistance Program for prevention of and response to terrorist attacks. The training efforts included crime scene investigations of a terrorist attack, surveillance detection, first incident response to an attack, securing vital infrastructures, and joint exercises that incorporated and reinforced these training activities. For example, in the lead up to the Africa-France Summit in Bamako in January 2017, Malian security forces planned, rehearsed, and carried out exercises throughout Bamako. In May, Mali and the United States signed an agreement to increase support for the Malian Gendarmerie Crisis Response Team (a SWAT team equivalent) in Bamako.

The Malian Armed Forces under the Ministry of Defense (MOD) remained the primary entities responsible for securing Mali against terrorist threats. The General Directorate of State Security under the Ministry of Security had the authority to investigate and detain persons for terrorism offenses; however, missions between law enforcement and military units that have a

counterterrorism mission lacked delineation and coordination. Law enforcement units had a poor record on accountability and respect for human rights.

Although Mali has basic and limited border security enforcement mechanisms in the south, the northern borders remained unsecured. Law enforcement and military units lacked capacity, training, and the necessary equipment to secure Mali's porous borders. The United States continued to work with the Malian security forces to expand the U.S.-provided Personal Identification Secure Comparison and Evaluation System (PISCES) program. The gendarmerie, which reports to both the MOD and the Ministry of the Interior (MOI); and the national border police, which reports to the MOI; both provide paramilitary support to prevent and deter criminal activity at borders. Customs officials under the Ministry of Economy and Finance monitor the flow of goods and enforce customs laws at borders and ports of entry, but their effectiveness is limited. Mali receives INTERPOL notices, but the INTERPOL database is unavailable at some points of entry.

Customs officials use travel forms to collect biographical information from travelers at airports and manifests for information on goods transiting borders. When conducting investigations, customs officials and border police compare the biographic data on these forms against travel documents and the manifests against seized goods. The exit and entry stamps used by border officials are inconsistent in size and shape, undermining efforts to authenticate travel documents.

Mali began issuing fully biometric passports on April 1, following the March 13 terrorist attack in Grand Bassam, Ivory Coast. The chip-enabled biometric passports will eventually replace previously issued machine-readable passports. Security measures in the machine-readable passports include micro-printing, UV features, and a full-color digital photo. Unfortunately, many of the relatively sophisticated anti-fraud characteristics of the new Malian passport are rendered moot by the relative ease with which imposters can obtain fraudulent documents, such as birth and marriage certificates (which are still chiefly handwritten or typed on carbon paper, then tracked via municipal ledgers that are also handwritten).

Mali was very cooperative in working with the United States to prevent acts of terrorism against U.S. citizens in the country. The Malian judicial system welcomed ongoing cooperation of U.S. law enforcement agencies in the investigation into the November 20, 2015, attack on the Radisson Hotel in which one U.S. citizen was killed. In October 2015, the U.S. Department of State activated its Antiterrorism Assistance program called SPEAR (Special Program for Embassy Augmentation and Response) as a Quick Reaction Force for Embassy Bamako in the event of a crisis. Since the attack at the Radisson hotel, the U.S. Department of State has signed a multi-year agreement to develop a Crisis Response Team within the Malian Gendarmerie team responsible for responding to these types of attacks in Bamako.

The Malian military continued to focus on strengthening command-and-control capacity. It remained insufficiently resourced and lacked personnel trained in effective law enforcement, counterterrorism investigative techniques, and enhanced border security operations.

**Countering the Financing of Terrorism:** Mali is a member of the Inter-Governmental Action Group against Money Laundering in West Africa, a Financial Action Task Force-style regional

body. Mali's financial intelligence unit, the Cellule Nationale de Traitement des Informations Financières (CENTIF-Mali), is a member of the Egmont Group of Financial Intelligence Units.

In accordance with the standard West African Economic and Monetary Union provisions pertaining to the implementation of UN Security Council resolution 1373 and the ISIL (Da'esh) and al-Qa'ida sanctions regime, Mali has incorporated provisions into its national law to enable the freezing of terrorist assets; however, implementation of this mechanism remained incomplete. The Ministry of Economy and Finance and the Treasury have the responsibility to provide the UN Security Council ISIL (Da'esh) and al-Qa'ida sanctions list to national institutions, all financial institutions, and security forces on a regular basis. The seizure of assets must first be authorized by a judge within the judicial unit focused on the fight against terrorism and trans-border crime. Assets can remain frozen for an unrestricted amount of time during an ongoing investigation. Coordination between investigative agencies is poor, however, and not all suspected cases made it to court.

Most transactions in Mali are cash-based and difficult to regulate given resource constraints. Non-financial businesses and professions are not subject to customer due diligence requirements. Significant challenges to the CENTIF-Mali include a lack of training – especially for investigators who handle terrorist financing cases – as well as a lack of resources to adequately publicize regulations and provide training for bank and public sector employees outside of Bamako.

## International Sanctions

None Applicable

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	31
World Governance Indicator – Control of Corruption	30

Corruption is a very high risk for companies operating in Mali. Corruption in public procurement, in the settlement of commercial disputes, and petty corruption are common obstacles for investors. Mali is one of the world's poorest countries and is currently recovering from a multidimensional political, security and economic crisis, which is not yet overcome in parts of the country, particularly in the north. Key anti-corruption laws include the Penal Code and the Law on the Prevention and Repression of Illicit Enrichment, which prohibit active and passive corruption, mostly in the public sector. The maximum punishment for corruption offenses is 20 years' imprisonment or fines, but the anti-corruption provisions are poorly enforced. Mali has ratified the United Nations Convention against Corruption.

**Information provided by GAN Integrity.**

### US State Department

Corruption is considered a crime punishable under the penal code. However, bribery is reported frequently 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. Using assessments by the African Development Bank, the World Bank, and the World Economic Forum, in 2013 Transparency International dropped Mali's score to 28 from a 2012 score of 34 on a 0 to 100 scale of perceived public sector corruption, zero representing the worst score. Likewise, Mali's 2013 ranking dropped to 127 of 177 from 105 of 176 countries surveyed in 2012.

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 (OAG) in 2004, an independent agency tasked to audit public spending. Since inception, the OAG has uncovered several large cases of corruption. In its November 2012 report, the Auditor General announced that USD 20 million of public funds were 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 (OAG) 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 OAG 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. Some officials involved in specifically the Pari Mutuel Urbain – Mali (Mali's pari-mutuel government-owned agency) corruption case were arrested and jailed in December 2013. The other corruption cases are still awaiting judicial action as of May 1, 2014.

Questionable judgments in commercial cases have occasionally been successfully overturned at the court of appeals or the Supreme Court. In 2007, the Auditor General organized a discussion with magistrates to find ways by which the Office of the Auditor General and the judiciary could work to bring economic crimes to trial. 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.

## **Corruption and Government Transparency - Report by Global Security**

### **Political Climate**

Mali has undergone substantial political changes since the 1990s, including the holding of the country's the first democratic transfer of power that took place with the elections of 2002 when President Amadou Touré peacefully assumed power. Touré was re-elected in April 2007 amid allegations of fraud from the opposition, but international observers declared the election results valid. Mali remains one of the least developed countries in the world, although several reforms intended to foster economic growth and decentralise the political system have been introduced since the early 1990s. Overall, Mali is considered to be politically stable and relatively peaceful with the central state's monopoly on power only contested by Tuareg rebel groups in the country's northern regions. In April 2011, Touré appointed Sidibé Cissé making her the first female Prime Minister of Mali.

Even though governance has been significantly improved, several observers agree that corruption is still endemic at most levels of society in Mali. According to the US Department of State 2010, the general public and the international donor community are well aware of the situation, and have been working with the Malian government on reducing corruption; however, improvement has been slow. Despite that the government has declared the eradication of corruption to be a priority, the country continues to suffer from widespread corruption at all levels, as reported in the Bertelsmann Foundation 2010. The US Department of State 2010 states that corruption remains a significant problem in government procurement and dispute settlement. Furthermore, an ineffective and corrupt judicial system, and impunity of corrupt officials continue to hinder the implementation of anti-corruption measures. According to Afrobarometer 2008, 31% of the surveyed households believe that the current government is handling the fight against corruption 'very badly', and 30% of the surveyed households believe that most government officials are involved in corruption. Furthermore, surveyed business executives in the World Economic Forum Global

Competitiveness Report 2010-2011 reveal to have very little trust in the ethical standards of politicians in Mali.

In 1999, an ad hoc anti-corruption commission was established with assistance from the World Bank, which recommended a number of anti-corruption measures focusing on limiting opportunities for corruption, applying penalties and ensuring the transparency of public transactions. The successor to the ad hoc commission was an anti-corruption unit, the Support Unit to the Control Structures of the Administration (CASCA). Furthermore, the Office of the Auditor General (OAG) was established in 2003 to evaluate the performance and impact of the public financial administration. According to the US Department of State 2010 Human Rights Report, a 2009 report released by the OAG in 2010, highlighted instances of fraud and mismanagement that had resulted in the loss of approximately USD 226 million, an 8% increase from the previous year. Impunity is a recurring problem since corrupt officeholders are rarely punished unless they are exposed in the press or fall out of the government's favour. The OAG has begun to combat this, exposing a number of large corruption cases, and it is finally beginning to take these cases to court and secure successful prosecutions. Several improvements have been made in regards to strengthening the public expenditure management (PEM) system as well as budget formulation and execution. Of the entities that were discussed in their 2007 report, 61% of the OAG's fraud prevention and financial management recommendations were implemented. The progress made in deepening democracy and improving governance at many government levels has received strong support from international donors. However, despite political will, Mali continues to hold relatively low rankings on various corruption indices due to the government's failure to curb corruption. This failure stems partly from a lack of coordination between top-heavy administrative structures designed to combat corruption.

### **Business and Corruption**

Since the early 1990s, the Malian business environment has been characterised by increasing market liberalisation, openness to foreign trade and investments, and GDP growth rates superior to the overall Sub-Saharan regional average. The Informal sector remains large and vibrant in Mali, and according to the World Bank & IFC Enterprise Surveys 2010, more than 75% of service companies surveyed report that they must compete against unregistered or informal companies. According to African Economic Outlook 2011, the Malian economy grew by a rate of 4.5% in 2010, and the inflation rate dropped considerably from 9.2% in 2008 to 1.4% in 2010. The Malian government has successfully tackled inflation by granting reductions in valued added tax and customs duties, increasing salaries and subsidies, and by reinforcing price monitoring. According to the US Department of State 2010, the government's desire to boost investments is reflected by the structural adjustment agreements signed between Mali and the World Bank and IMF, as well as its own poverty reduction strategy that followed, all of which emphasise the role of the private sector in developing the economy. This means that domestic and foreign investors are treated equally, and that foreign investors can own 100% of any company they create. However, the state continues to hold control over key economic sectors, most notably the two major exports, cotton and gold. Foreign investment is highest within extractive industries and a significant number of foreign oil exploration companies have committed themselves to investing USD millions searching for oil and gas in Malian desert. The structure in charge of promoting the petroleum sector is the Authority for Petroleum Exploration Promotion in Mali (AUREP) under the Ministry of Mines, Energy and Water.

The level of foreign investment outside extractive industries, such as the mining sector, remains low. One of the main reasons for the lack of significant foreign investment is the high level of corruption. Several sources report on the extent of corruption in Mali and how it influences the business climate. For instance, business executives surveyed in the World Economic Forum Global Competitiveness Report 2010-2011 rank corruption as the second most problematic factor for doing business in Mali, exceeded only by access to financing. Surveyed business leaders give the level of diversion of public funds to companies, individuals or groups due to corruption a score of 2.6 on a 7-point scale (1 being 'common' and 7 'never occurs'). Business executives also indicate that the ethical behaviour of companies in Mali constitutes a competitive disadvantage. According to the World Bank & IFC Enterprise Surveys 2010, there are strong indications that petty corruption is very widespread in Mali, given that approximately 19% of companies pay facilitation payments to 'get things done', while 25% identify corruption as a major constraint.

According to the US Department of State 2010, government procurement is rife with corruption. This situation is illustrated in the World Bank & IFC Enterprise Surveys 2010, in which 23% of companies expect to give gifts to secure a government contract. Business leaders surveyed by the World Economic Forum Global Competitiveness Report 2010-2011 indicate that it is quite common for government officials in Mali to favour well-connected companies and individuals when deciding upon policies and contracts. In order to fight this, the government requires all procurement contracts to be inspected by the General Department of Public Markets which determines whether procedures meet the requirements of fairness, price competitiveness, and quality standards. In order to best reduce the risk of extortion and demands for bribes in the procurement process, foreign investors considering bidding on public tenders in Mali are advised to use a specialised public procurement due diligence tool. Based on the above, foreign investors considering establishing themselves in Mali are generally advised to consult with experienced attorneys, to develop, implement and strengthen integrity systems, and to carry out extensive due diligence before committing funds or when already doing business in the country.

### **Regulatory Environment**

Through the Structural Adjustment Programmes (SAPs) introduced in the early 1990s and its subsequent Poverty Reduction Strategy Paper, the Government of Mali has striven to adopt more transparent regulatory policies and effective laws to spur market competitiveness. For instance, the Commerce, Mining and Labour Codes adopted in 1992 were introduced to meet the requirements of fair competition and to ease bureaucratic procedures. The Investment Code 2005 (in French) has reduced the application process to start a business and emphasised investments that promote handicrafts, exports, and labour-intensive companies. The Mining Code (in French) encourages investments in medium and small-sized mining companies, awards two-year exploration permits free of charge and does not require companies to lease areas explored thereafter. Furthermore, Mali's efforts in reducing regulatory barriers is reflected in numbers from the World Bank & IFC Doing Business 2011 that show that operating in Mali requires less procedures and time spent on procedures than the regional averages related to starting a company, dealing with licences and registering property. Similarly, the World Bank & IFC Doing Business 2011 indicates that Mali has facilitated trading across borders by making it possible to submit customs documents electronically.

Nevertheless, business executives surveyed in the World Economic Forum Global Competitiveness Report 2010-2011 perceive government administrative requirements to be quite burdensome. Moreover, business executives also report that government policy-making is sometimes opaque and that government officials may favour well-connected companies and individuals when deciding on policies and contracts. Commercial regulations can be ambiguous and inconsistent, and the lack of transparency increases start-up and overall operational costs. Similarly, the African Economic Outlook 2011 identifies some of the constraints that companies continue to encounter when conducting business in Mali. These include a weak legal and regulatory framework, an inefficient judicial system, a cumbersome tax system, an inadequate financial system, under-developed infrastructure and almost non-existent business support services. Moreover, the Malian regulatory environment holds several areas where investors may encounter corruption. According to the Bertelsmann Foundation 2010, government officials often make demands for illegal 'fees' from those transporting goods through any of Mali's several border customs control posts. Fraud through the use of import licences that create preferential rules for individual companies is also widespread. Furthermore, there are regulations prohibiting monopolies and oligopolies, but corruption severely hampers their implementation, which in turn creates wholesale price-fixing oligopolies in many areas of the economy.

Dispute settlement is another area of concern for companies operating in Mali. According to the US Department of State 2010, questionable judgments in commercial cases have occasionally been successfully overturned at the court of appeals, but complaints from the domestic and foreign business community about the judiciary continue to arise. The US Department of State 2010 advises that companies take note that corruption in dispute settlement is particularly pervasive. According to the World Economic Forum Global Competitiveness Report 2010-2011, business executives still have relatively low confidence in the efficiency and resistance against manipulation of the legal framework for private companies to dispute and challenge the legality of government actions and regulations. In order to improve the situation, Mali has established commercial courts with professional magistrates supported by elected representatives of the Chamber of Commerce and Industry of Mali to handle business litigation. In cases where a dispute cannot be settled locally, the Investment Code 2005 provides for reference to international arbitration. Mali is a member of the Organisation for the Harmonisation of Business Law (OHADA) and has developed corresponding legislation (7-9, in French) - also in the Civil Procedure Code (Art. 753, in French) - through which disputes between foreign companies and the government or domestic companies can be tried in an appeals court outside of Mali. Furthermore, Mali is member of the International Centre for the Settlement of Investment Disputes (ICSID), the New York Convention of 1958 and the World Bank Multilateral Investment Guarantee Agency (MIGA). Foreign companies considering investing or doing business in Mali may find relevant information on legislation and business opportunities at the Conseil National du Patronat du Mali, a private investment council based in Bamako, Mali. Access the Lexadin World Law Guide for a collection of legislation in Mali.

### Section 3 - Economy

Among the 25 poorest countries in the world, Mali is a landlocked country that depends on gold mining and agricultural exports for revenue. The country's fiscal status fluctuates with gold and agricultural commodity prices and the harvest; cotton and gold exports make up around 80% of export earnings. Mali remains dependent on foreign aid.

Economic activity is largely confined to the riverine area irrigated by the Niger River and about 65% of its land area is desert or semi desert. About 10% of the population is nomadic and about 80% of the labour force is engaged in farming and fishing. Industrial activity is concentrated on processing farm commodities. The government subsidizes the production of cereals to decrease the country's dependence on imported foodstuffs and to reduce its vulnerability to food price shocks.

Mali is developing its iron ore extraction industry to diversify foreign exchange earnings away from gold, but the pace will largely depend on global price trends. Mali's economic performance has improved since 2013 although physical insecurity, high population growth, corruption, weak infrastructure, and low levels of human capital remain hindrances to sustained growth.

#### **Agriculture - products:**

cotton, millet, rice, corn, vegetables, peanuts; cattle, sheep, goats

#### **Industries:**

food processing; construction; phosphate and gold mining

#### **Exports - commodities:**

cotton, gold, livestock

#### **Exports - partners:**

Switzerland 48.5%, China 9.4%, India 9.1%, Bangladesh 8%, Thailand 4.5%, Indonesia 4.4% (2015)

#### **Imports - commodities:**

petroleum, machinery and equipment, construction materials, foodstuffs, textiles

#### **Imports - partners:**

Cote d'Ivoire 9.9%, France 9.5%, Senegal 7.7%, China 7% (2015)

### Banking

Mali has twelve commercial banks. The government has stakes in some of the banks, especially to support the agricultural and housing sectors. As a result of World Bank recommendations that the government pull out of the banking sector, three banks have been privatized. Bamako also has a national branch of the WAEMU central bank (BCEAO).

Tight credit policies by Malian banks make local financing difficult to obtain if a firm is not an established customer. High interest rates that had been used to support the overvalued CFA have begun to come down.

### Stock Exchange

Founded in 1998, the Bourse Régionale des Valeurs Mobilières SA ("West African Regional Stock Exchange") or BRVM, is a regional stock exchange headquartered in Abidjan, Cote D'Ivoire, serving the following west African countries: Benin, Burkina Faso, Guinea Bissau, Côte d'Ivoire, Mali, Niger, Senegal and Togo. To date, no Malian company has listed on the WAEMU stock exchange.

## Section 4 - Investment Climate

### Executive Summary

As Mali recovers from the multidimensional security, political, and economic crisis of the last four years, the Government of Mali (GOM) is looking towards foreign investment as a key promoter of stability. With current annual economic growth rates at over five percent, important political progress including the signature of a peace accord and the continuation of direct negotiations between the government and armed groups are sources of hope for further economic revitalization. Using this positive momentum, the Malian government expects an important increase of investment opportunities throughout the country, including in northern Mali, particularly in the mining and renewable energy sectors, as well as in infrastructure, agriculture, and tourism. The government also continues to strengthen the business environment by adopting measures to simplify business creation and operating procedures.

Despite an improving political environment and promising economic opportunities for U.S. firms, Mali faces significant electricity access, infrastructure, corruption, as well as drug trafficking and smuggling challenges, primarily in the northern conflict affected portion of the country. The instability in the northern regions has permitted terrorist groups to conduct attacks against westerners and Malian government forces. Both Malian and foreign businesses face corruption in procurement, importation, and export of products, paying taxes, and administrative processing, as well as land management.

After a tumultuous period in 2012 with negative economic growth and heightened insecurity, Mali's economy is currently on the upswing with over 5 percent growth each year since 2014. The government is developing a new regulatory framework for public-private partnerships and hopes to welcome investors in the infrastructure, telecommunication, service, mining, as well as agricultural sectors. As a nation with development challenges, Mali continues to depend upon multilateral financial institutions including the World Bank, International Monetary Fund, African Development Bank and bilateral donors for short term funding. Local banks have a conservative lending strategy but are beginning to increase their lending portfolios. At the same time, the investment climate is benefiting from the financial and economic reform processes that accompany this institutional lending.

Given the strong bilateral relationship between the United States and Mali, the Malian private sector considers products from U.S. to be high quality reliable goods and openly searches for new business partnerships with U.S. firms. Mali's strong economy (projected to grow at 5.5 percent in 2016) and eagerness to attract foreign investment have made Mali a rewarding investment climate for U.S. companies.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions Index	2015	95 of 168	<a href="http://transparency.org/cpi2015/results">transparency.org/cpi2015/results</a>

World Bank's Doing Business Report "Ease of Doing Business"	2015	142 of 189	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
Global Innovation Index	2015	26 of 143	<a href="http://globalinnovationindex.org/content/page/data-analysis">globalinnovationindex.org/content/page/data-analysis</a>
U.S. FDI in partner country (\$M USD, stock positions)	2014	USD 1 million	BEA
World Bank GNI per capita	2014	650 USD	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

*Millennium Challenge Corporation Country Scorecard*

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of \$4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here:

<http://www.mcc.gov/pages/selection/scorecards>.

Details on each of the MCC's indicators and a guide to reading the scorecards are available here:

<http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015>.

## 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 support 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 slightly decreased in the World Bank's 2016 Doing Business Report to 143 of 189 economies (down from 142 of 189 economies in 2015).

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 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. The Government of Mali has also revitalized an AGOA committee to encourage exports to the United States.

Additional information can be found in the 2016 Doing Business Report on Mali:  
[http://www.doingbusiness.org/data/exploreeconomies/mali/~/\\_media/giawb/doing%20business/documents/profiles/country/MLI.pdf?ver=3](http://www.doingbusiness.org/data/exploreeconomies/mali/~/_media/giawb/doing%20business/documents/profiles/country/MLI.pdf?ver=3)

### **Other Investment Policy Reviews**

Information not available.

### **Laws/Regulations on 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 the firm exports at least 80 percent of production. The government has reduced or eliminated many export taxes and import duties 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. The government applies price controls to petroleum products and cotton, and occasionally to other commodities, such as rice, on a case-by-case basis. During 2015, the Government of Mali decreased the price of petroleum in the Malian market 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, foreign companies can negotiate specific incentives on a case-by-case basis.

In most cases, foreign investors can own 100 percent of any businesses they create, except in the mining and media sectors. They can also purchase shares in parastatal companies the state has 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 of these include low access to financing, high corruption, poor infrastructure (including inconsistent electricity), non-transparent judicial system, and the lack of an educated workforce.

The following websites provide additional more information relating to investments in Mali:

- Agency for Investment Promotion: <http://mali.eregulations.org/>
- Organization of Malian Entrepreneurs: <http://www.cnpmali.org/index.php/lois-et-reglements/codes>
- Chamber of Agriculture: <http://www.apcam.org/cam/>
- Chamber of commerce: <http://www.cci.ml/>
- Ministry of Economy and Finances: <http://www.finances.gouv.ml/>
- Public Procurement Regulation Authority: <http://www.armds.gouv.ml/>

### *Business Registration*

The Agency for Investment Promotion (API) is a Mali's one-stop shop to make business registration easier and to promote foreign and local investments. Serving both Malian and foreign enterprises of all sizes, API has become a strong source of support for U.S. investors.

The website of API gives numerous information ranging from business registration, tax payment, access to social security, trade regulations, land ownership procedures, visa and residence permit regulations, as well as information on taxes exemptions, special economic zones (free zone), recruitment of personnel, and connecting to water and electricity utilities.

Foreign companies, regardless of size, wishing to register in Mali can receive beneficial tax and customs regimes depending on the size of investment. Small and medium sized enterprises, for which the size definition varies across ministries, are also eligible for fiscal advantages. The Government of Mali is in the process of harmonizing its registration advantages.

The Agency for Investment Promotion's website is: <http://www.apimali.gov.ml/api/en/>

Additional information on Mali's online business registration processes is available at <http://ger.co/>

### **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 attract investment in the following sectors: Agricultural, Energy and Mining, Construction, Building & Heavy Equipment, Food Processing & Packaging, Health Technologies, Industrial Equipment & Supplies.

### **Limits on Foreign Control and Right to Private Ownership and Establishment**

Foreign and domestic private entities have the right to establish and own business enterprises with no restriction to forms of remunerative activities. There are some specific limits on ownership in the mining and media sector. For example, foreign investors in the mining sector

can own up to 90 percent of a mining company. Foreign investors in the media companies must have a 50 percent or lower ownership stakes. The West African Economic and Monetary Union requires Malian and foreign companies to report if they will hold foreign currency reserves in their Malian business accounts and receive approval from the Ministry of Finance and the Central Bank for West African States (BCEAO).

U.S. investors face the same challenges as other foreign investors including reports of unfairly applied tax collection laws, difficulties clearing goods through customs, as well as requests for bribes. Corruption in the judiciary is pervasive and foreign companies often find themselves at a disadvantage vis-à-vis Malian investors in enforcing contracts and competing for public procurement tenders.

### **Privatization Program**

The government's privatization program for state enterprises provides investment opportunities through a process of open international bidding. The government publishes announcements for bids 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 Télécommunications 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 Malian government continues to hold shares in the company for cotton production (CMDT) and many other banks. The national electricity company (EDM) is partially owned by the state, however, private investors have recently sought to reduce their ownership share, while the government has considered options to privatize the energy distribution portion of the company.

### **Screening of FDI**

There is no screening process to review or approve foreign direct investments other than normal business registration procedures.

### **Competition Law**

The Ministry of Industry and Commerce is in charge of reviewing free competition in the Malian market place. The Order 2007, the Decree 2008, and the WAEMU 2002 rules on anti-competition are the primary judicial documents that govern 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.

## **2. Conversion and Transfer Policies**

### **Foreign Exchange**

The Malian investment code allows the foreign transfer and conversion of funds associated with investments, including profits. As a West African Economic and Monetary Union (WAEMU) member, Mali uses the Franc of the Financial Community of Africa (FCFA) as its currency. Linked to the Euro, the FCFA is fully convertible at a rate of Euro 1 = FCFA 655.957.

No parallel conversion market exists as 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.

The CFA franc zone consists of 14 countries in sub-Saharan Africa, each affiliated with one of two monetary unions. Benin, Burkina Faso, Côte D'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo comprise the West African Economic and Monetary Union (WAEMU) and Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon comprise the Central African Economic and Monetary Union, or CAEMC.

As of April 2016, the U.S. dollar exchange rate was 590 FCFA for one U.S. dollar. Local currency exchanges are available at Malian banks.

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 an exporter has adequate documentation to support a transaction 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 reserves.

Article 12 of the Malian Investment Code of 2012 states that foreign investors are authorized to transfer 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 such as banks or financial institutions).

#### *Remittance Policies*

Mali is a member of the Inter-Governmental Action Group Against Money Laundering in West Africa (GIABA), a Financial Action Task Force (FATF)-style regional body. Mali's 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. 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. The U.S. Department of State's Financial Action Task Force (FATF) considers Mali as a "monitored" country. Additional information is available at <http://www.state.gov/j/inl/rls/nrcrpt/2015/vol2/index.htm>

### **3. Expropriation and Compensation**

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

The government may exercise eminent domain in various situations including: undertaking large-scale public projects, in cases of bankrupt companies that have had a government guarantee for their financing, or when a company has not complied with the requirements of an investment agreement with the government. In 2000 and 2012, the government expropriated land near 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 Malian law. In 2010 and 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 government settled the case by compensating previous owners. In cases of illegal expropriations, Malian law affords claimants due process in principle, however, the given vast corruption in the land administration sector, fair court cases are rare.

#### **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, the Local Courts of First Instance have the jurisdiction to hear business disputes. Since its inception, the commercial court has handled cases involving foreign companies. The court is staffed by magistrates and is 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 the court renders decisions in accordance with applicable commercial laws, including internationally recognized bankruptcy laws, and that court decisions are enforced under Malian 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 its Commerce Code, which does not criminalize bankruptcy. According to data collected by the World Bank's 2016 Doing Business Report, resolving insolvency takes 3.6 years on average and costs 18.0 percent of the debtor's estate. Generally, the company will be sold piecemeal. 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 a U.S. company to pay damages to a Chinese company after the U.S. 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 abandon the case. U.S. companies, bound by the Foreign Corrupt Practices Act (FCPA), have expressed 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 over five years, German investors had 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 complete the MCC-funded airport renovation filed a case against the Government of Mali 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 allowing litigation between foreign companies and domestic companies or with the government to be tried in an appellate court outside of Mali. 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 – Local Courts**

The dispute resolution process can take multiple years and is often fraught with corruption, political influence, and 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. Mali has not notified the WTO of any measures concerning investments related to trade in goods that are inconsistent with the requirements of TRIMs.

## 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 locally produced raw materials in their products 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 city of Bamako, 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, electric power, and telecommunication lines in areas lacking public utilities.

The National Assembly approved a revised petroleum code in June 2004. The law allows an initial period of four years for prospecting, renewable for two successive periods of three years each. A 2008 amendment allows the government to expand the period of prospecting for two additional years during the initial or successive phases of prospecting. 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 \$2,000 to 20,000). In addition, permit holders are liable for the payment of taxes while prospecting ranging from FCFA 500 – 2,500 (\$0.85-5.00) per square kilometer and taxes of FCFA 1,000,000 (approximately \$1,700) 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 of Mali 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. Private sector petroleum investors should meet with AUREP when beginning work.

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. Protection of Property Rights**

#### **Real Property**

Property rights are protected by law in Mali. According to data collected by the World Bank's 2016 Doing Business Report, registering property in Mali requires 5 steps, takes 29 days, and costs 11.9 percent 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. manufacturer had 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. Various government structures including *prefets*,

mayors, governors, and the Land Ministry officials are able to allocate land ownership statuses.

There is currently no nationwide land registry leading to competing claims for land. As different government's structures at the local, regional, and national level are involved in land administration investors and communities often encounter multiple attributions of the same lands.

### **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 the primary agency for industrial property rights violation 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). According to the strategy, which is intended to encourage innovation and protect inventors, the Ministry of Industry will provide two years of funding for the initiative, however, it has yet to fund the action plan nor implement it. Despite limited progress with a National Strategy, intellectual property rights have been weakened and are the object of fierce debate. In February 2015, 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. The Council of Ministers adopted in March 2016 a new draft law related to intellectual property rights with the support of well-known artists. The new draft law on intellectual property rights is a result of a dialogue between the Government of Mali, the National Council of Employers, and artists associations. The law builds upon consensus of international norms including the Beijing Treaty of June 24, 2004 (rights on interpretations and executions of audiovisual works), the Marrakech Treaty of June 27, 2013 relating to the access to printed texts for visually impaired, and the fourth meeting of regional copyrights observatory of ECOWAS held in Banjul on May 2013. More broadly, the law determines the conditions of protecting and exploiting work of art, license-fee, sanctions, and remunerations. The National Assembly must still vote on the law before it takes effect.

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. Movies and books are also pirated. Children are often involved in selling counterfeit products such as clothes, CDs, books. In the past counterfeit products were imported from foreign cities including from Guangzhou, China and Dubai, United Arab Emirates. However, BUMNDA has seen a shift in the type of counterfeit product being made in Mali and Nigeria.

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](http://www.wipo.int/directory/en/details.jsp?country_code=ML).

## *Resources for Rights Holders*

Economic and Commercial Officer

[BamakoEcon@state.gov](mailto:BamakoEcon@state.gov)

A list of local lawyers can be found at:

[http://mali.usembassy.gov/media/pdfs/attorney\\_list\\_jan\\_11.pdf](http://mali.usembassy.gov/media/pdfs/attorney_list_jan_11.pdf)

## **7. 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 generally transparent regulatory policy and laws to foster competition. The commerce, labor, and competition laws are designed to meet the requirements of fair competition, to ease bureaucratic procedures, and to facilitate the hiring and firing of employees. In practice, however, the regulatory system is not transparent and international firms have had trouble enforcing regulatory requirements at the detriment to their business prospects. 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 2016 Doing Business Report notes that it takes an average of five procedures and 8.5 days to establish a business in Mali. The GOM publishes 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. There are no informal regulatory processes managed by nongovernmental organization or associations.

Mali is a member of UNCTAD's international network of transparent investment procedures [<http://mali.eregulations.org/>]. Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, the type of companies to be created, required documents and conditions, costs, processing time, legal references, payment of taxes, access to lands and properties, getting a visa or a residence permit, subscribing an insurance, social protection, borrowing a credit from microfinance institutions, intellectual properties related issues.

## **8. 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 3:1 between on-demand deposits and fixed term deposits. The majority of banks' loanable funds, however, do not come from deposits, but rather from other liabilities, such as 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 (\$16.5 million) and FCFA 3 billion (\$5 million) 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 (\$8.2 million) for banks and FCFA 1 billion (\$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 might 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. One Malian company is applying for entrance to in 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 in 2002, sponsored by the U.S. government. 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. Department of State. 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, 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 2016, there has been no rating new rating for Mali.

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 FCFA 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, eight new banks have opened in Mali: Ecobank (1998), BICI-M (1998), BMS (2002), BSIC (2003), 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 11.5 percent in 2012, 13 percent in 2013, and 15.6 percent in 2014. The total assets of the 14 banks in Mali were FCFA 3, 209 billion as of December 2014.

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 over the 2000 to 2013 period. Despite this growth, microfinance institutions suffer from poor governance and management of resources, and have not put in place all government regulations or regional best practices to ensure sufficient financial controls and transparency.

### **9. 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. Malian law guarantees equal accessing to financing, land, taxes burden, taxes rebate, and access to raw materials for private firms and SOEs.

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 percent share), BIM (10.5 percent share), BNDA (36.5 percent share), BMS (25 percent share), BHM (98 percent share), and BCS (3.3 percent 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.

Mali is not party to the Government Procurement Agreement (GPA) within the framework of the World Trade Organization (WTO).

### **OECD Guidelines on Corporate Governance of SOEs**

Mali does not adhere to the OECD Guidelines on Corporate Governance of SOEs. State owned enterprises are managed by the board of directors, which report to government (generally the ministry of state property). The board of directors is generally independent unless in cases where the state holds significant majority holdings, like in the cases of CMDT and the EDM. Seats on the board of directors are allocated based on ownership shares. When SOEs are involved in investment disputes, courts might not be impartial given broad concerns with corruption in the judicial system. There are cases where investors have received compensation by SOEs following court decisions.

### **Sovereign Wealth Funds**

Mali does not have a sovereign wealth fund.

## **10. Responsible Business Conduct**

There is no general awareness or defined standard of responsible business conduct in Mali among producers or consumers. Despite the creation of the Malian Agency for Normalization and the Quality Promotion (AMANORM) and the National Agency for the Sanitary Security of Foods (ANSSA), Mali continues to produce, import, and export dangerous products and products of poor quality. Violations of hygiene and quality standards are widespread in the food-processing industry and there is no a general awareness about the dangers of unsafe and toxic chemical products in food production. Labor rights are not generally observed given the large unregulated informal sector. Even the formal sector often hires workers informally which reduces employee fees such as social security, retirements, and other related benefits.

The Government of Mali has various laws which are intended to protect against child and forced labor and business practices which can harm the environment and local communities. Despite these laws, there are frequent cases of child labor and forced labor in

the mining, agricultural, services, and industrial sectors. The mining code requires owners of mining and exploitation permits to present local development plans to mitigate the health, security, hygiene, environment, and cultural heritage impacts of their mining activities. There have been recent conflicts between local artisanal mining communities and foreign mining companies over land ownership rights. Local communities have also voiced concern with the significant environmental impacts of mine closures because of the lack of government-enforced measures to restore and rehabilitate environment. Foreign mining and oil exploration companies sometimes provide schools and health clinics to communities in proximity of their activities as a form of corporate social responsibility. These activities are not done in accordance with the OECD Guidelines for Multinational Enterprises, but are rather the result of individual negotiations between the company and the leaders of neighboring communities.

Mali is an active member of the Extractive Industries Transparency Initiative (EITI) since 2006 and since 2011 has been declared as a “compliant country” in 2011. The latest EITI’s report is available at <https://eiti.org/Mali>.

## **11. 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 in Bamako 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/en/alertswarnings/mali-travel-warning.html>

Northern Mali has 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 new wave of violence began in the first days of 2012, when several armed extremist and separatist armed groups taking advantage of the influx of arms and 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 began 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.

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.

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).

With the supervision of the international community, Mali democratically elected President Ibrahim Boubacar Keita in August 2013 followed by legislative elections in December 2013. Municipal elections, scheduled sometime in mid-2016 will complete the electoral process. Originally scheduled for 2014, these elections have been postponed four times as of April 2016. A roadmap for peace negotiations signed in July 2014 paved the way for negotiations between the armed groups and the Malian government. 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 Government and pro-government militias signed the peace accord on May 15, 2015 with the Coordination of Northern Armed groups following suit on June 20, 2015.

While the Malian government, backed by MINUSMA and French forces, has taken steps to reassert control over most of the major cities, parts of the north remain unstable. The terrorist group Al-Qaeda in the Islamic Maghreb (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 and its local affiliates have been involved in various recent terrorist attacks in Mali, including at a restaurant in Bamako in March 2015, at a hotel frequented by foreigners in Severé in August 2015 and against the Radisson Hotel Blue of Bamako in November 2015, which lead to 21 deaths.

## **12. Corruption**

Corruption is the one of the greatest obstacles for foreign investment and economic development in Mali. While corruption is a crime punishable under the penal code, bribery is frequently reported in many large contracts and investment projects. Government officials often solicit bribes in order to complete otherwise routine procedures. The GOM passed laws against the illegal accumulation of wealth in 2013 and 2015. The law, however, does not force members of parliament or the executive to declare their assets. The government has pledged to update the law. In 2015, Transparency International (TI) global corruption ranking for Mali improved to 95 of 168 countries surveyed from 115 of 175 countries surveyed in 2014. (Note: the TI corruption index metrics changed between 2014 and 2015). Mali's perceived public corruption score, as evaluated by Malian citizens is 31 on 0 to 100 scale with zero being the worst score.

Corruption is 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. However, there is significant political interference in procurement. Mali's international donor community has been working with the government to reduce corruption, but progress has been slow.

As evidenced in the above narratives, investors have found the judicial sector to be neither independent nor transparent. Questionable judgments in commercial cases have occasionally been successfully overturned at the Supreme Court's Court of Appeal. However, 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.

The President created the 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 however almost none have resulted in prosecutions. In 2011, inspectors from the Global Fund for AIDS, Tuberculosis and Malaria uncovered cases of embezzlement of public and donor funds by officials at the Ministry of Health. The Malian judiciary prosecuted several high-ranking Ministry of Health officials including the Minister of Health who subsequently resigned. However, the trial acquitted the Minister and all 18 co-defendants, due to a lack of evidence.

In the BVG's 2013 annual report, the Auditor General announced that 17 government entities embezzled \$100 million of public funds. The BVG is not able to conduct a whole of government audit each year. The BVG's most recent report of 2014 (released in May 2015) showed that 16 government's agencies embezzled \$124 million of public. The Cell to Support Financial Control of the Administration (Cellule d'Appui aux Structures de Contrôle de l'Administration) declared that 209 reports of corruption were sent to the Ministry of Justice for review and prosecution; however, no cases have been brought to court and successfully prosecuted.

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, 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 over \$200 million in bloated 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.

#### *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

### **13. Bilateral Investment Agreements**

Mali is a member of 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 18 Bilateral Investment Treaties altogether. However, only 6 have been ratified by Mali's National Assembly and are in force including with Algeria, China, Egypt, Germany, the Netherlands, and Switzerland. The process of ratification of the agreement aiming to promote and protect investments between Mali and Canada is ongoing.

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 began eligibility 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.

### **14. Foreign Trade Zones/Free Ports/Trade Facilitation**

By law, there is no discrimination between foreign-owned firms and Malian 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.

### **15. 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)	2013	\$10,942	2014	\$12,037	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
Foreign Direct Investment	Year	Amount	Year	Amount	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	2014	1	<a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
Host country's FDI in the United States (\$M USD, stock positions)	N/A	N/A	2014	-3	<a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
Total inbound stock of FDI as % host GDP	N/A	N/A	2014	0%	N/A

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. Mali's foreign investments are generally in neighboring countries that are members of WAEMU as well as in France due to a large Malian diaspora.

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	\$2,500 million	100%	Total Outward	\$96 million	100%
United Kingdom	\$1,083	43%	Cote d'Ivoire	\$40	42%
Australia	\$492	20%	France	\$35	36%
Canada	\$206	8%	Guinea Bissau	\$9	10%

Libya	\$142	6%	Burkina Faso	\$7	7%
South Africa	\$140	6%	Senegal	\$5	5%
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

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

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

Islamic religious legal system with English common law influences, primarily in commercial matters

### International organization participation:

ADB, AOSIS, C, CP, FAO, G-77, IBRD, ICAO, ICC (NGOs), IDA, IDB, IFAD, IFC, IFRCs, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ITU, MIGA, NAM, OIC, OPCW, SAARC, SACEP, UN, UNCTAD, UNESCO, UNIDO, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO

## Section 6 - Tax

### Exchange control

Information unavailable

### Treaty and non-treaty withholding tax rates

Information unavailable

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
<a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Failed States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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