

Mali

RISK & COMPLIANCE REPORT

DATE: January 2017

Executive Summary - Mali	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	<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 & W.G.I.)</p> <p>World Governance Indicators (Average Score)</p>
Medium Risk Areas:	<p>Weakness in Government Legislation to combat Money Laundering</p> <p>Failed States Index (Political Issues)(Average Score)</p>
<p>Major Investment Areas:</p> <p>Agriculture - products:</p> <p>cotton, millet, rice, corn, vegetables, peanuts; cattle, sheep, goats</p> <p>Industries:</p> <p>food processing; construction; phosphate and gold mining</p> <p>Exports - commodities:</p> <p>cotton, gold, livestock</p> <p>Exports - partners:</p> <p>China 53.7%, Malaysia 11.2%, Indonesia 5.4%, India 4.1% (2012)</p> <p>Imports - commodities:</p> <p>petroleum, machinery and equipment, construction materials, foodstuffs, textiles</p> <p>Imports - partners:</p> <p>France 10.9%, Senegal 9.7%, China 8.4%, Cote dlvoire 8% (2012)</p>	
<p>Investment Restrictions:</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

Contents

Section 1 - Background	5
Section 2 - Anti – Money Laundering / Terrorist Financing	6
FATF status.....	6
Compliance with FATF Recommendations.....	6
Fifth follow-up report of Mali.....	6
GIABA Annual Report 2013	7
US Department of State Money Laundering assessment (INCSR)	8
Reports.....	12
International Sanctions.....	18
Bribery & Corruption.....	19
Section 3 - Economy	24
Banking	24
Stock Exchange.....	25
Section 4 - Investment Climate	26
Section 5 - Government	42
Section 6 - Tax	43
Methodology and Sources	44

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 overstretching 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 2014 (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. Within Mali, women and girls are forced into domestic

servitude, agricultural labor, and support roles in artisanal gold mines, and subjected to sex trafficking. Malian boys are subjected to forced labor in agriculture, artisanal gold mines, and the informal commercial sector. Boys from Guinea and Burkina Faso are also subjected to forced labor in artisanal gold mines in Mali. Adult men and boys, primarily of Songhai ethnicity, are subjected to a longstanding practice of debt bondage in the salt mines of Taoudenni in northern Mali. Some members of Mali's black Tamachek (Bellah) community are subjected to slavery-related practices rooted in traditional relationships of hereditary servitude. This involuntary servitude reportedly has been transferred from adults to their children. Boys from Mali, Guinea, Burkina Faso, Niger, and other countries are forced into begging and other types of forced labor or service by corrupt marabouts (religious teachers), within Mali and in neighboring countries. Reports indicate that Malian children are transported to Senegal and Guinea for forced labor in gold mines and to Cote d'Ivoire for forced labor on cotton and cocoa farms. Women and girls from other West African countries are subjected to prostitution in Mali. Malians and other Africans travelling through Mali to Mauritania, Algeria, or Libya in hopes of reaching Europe are at risk of becoming victims of human trafficking. Malian girls and women are trafficked to Gabon, Libya, Lebanon, and Tunisia for commercial sexual exploitation.

Early in 2012, extremist and terrorist groups invaded and occupied the northern region of Mali. There were reports that non-governmental armed groups operating in the north recruited children on a large scale. These children were used as combatants, as well as cooks, porters, guards, and spies. While the majority of children associated with armed groups are boys, reports indicate that girls may have also been recruited and later forced to serve as sex slaves. In areas occupied by armed groups, women and girls were also subjected to forced marriage to members of armed groups who forced parents to relinquish their daughters, sometimes in exchange for a sum of money. Traffickers subsequently took some of these women and girls to be raped by fellow combatants. During the reporting period, as the Malian government began to regain partial control of the northern region of the country, the number of children associated with these instances of trafficking decreased; however, NGOs and international organizations estimate that many children may still be associated with armed groups. Limited access continues to prevent comprehensive reporting.

The Government of Mali does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. Despite these efforts, the government did not demonstrate evidence of overall increasing anti-trafficking efforts compared to the previous reporting period; therefore Mali is placed on Tier 2 Watch List for the second consecutive year. During the reporting period, the government investigated 13 trafficking cases, identified and referred 79 victims to NGO services, and rehabilitated 25 child soldiers. However, the government failed to prosecute or convict any trafficking offenders, did not provide any direct services to trafficking victims, and did not make any tangible prevention efforts.

US State Dept Terrorism Report 2015

Overview: The Government of Mali remained a willing U.S. counterterrorism partner despite serious challenges. Continued terrorist activity spread beyond Mali's largely ungoverned northern regions, and lackluster implementation of the June peace accord between the

Malian government and two coalitions of armed groups hampered the return of public services and security to the north. Mali continued 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 from October to December, terrorist groups increased their attacks on all parties to the accord, including former rebel groups with which they had briefly allied. There was also a growing concern about terrorist activities in the central and southern regions.

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 remaining 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 (MLF), and Ansar al-Dine (AAD). Domestic and international security forces believed most, if not all of these groups, were coordinating their efforts. Other significant counterterrorism efforts included Operation Seno, which the Malian military launched in October to combat terrorism and banditry in the Mopti Region. MINUSMA consolidated its northern presence in 2015, particularly in the Kidal region, and continued its work with the Malian government and signatory armed groups to facilitate the redeployment of Malian administrators and security forces to the north.

Despite significant security improvements in some parts of the northern region, terrorist groups remained active, exploiting the lack of effective governmental control. Troop drawdowns linked to the reconfiguration of French military operations added to the lack of security. IEDs and land mines were used for the majority of attacks against UN peacekeepers. MINUSMA noted an approximate 42 percent increase in such attacks from January to November, compared to the same period in 2014.

2015 Terrorist Incidents: AQIM, MUJAO, AMB, and AAD continued to conduct terrorist attacks in 2015, primarily targeting international and Malian military forces. In January, attacks by violent Islamist extremist groups began moving beyond the traditional conflict zone in the north to the center and south of the country. Terrorist incidents included:

- On March 6, an attack later claimed by AMB killed five civilians at La Terrasse nightclub in Bamako.
- A July 2 attack claimed by AQIM on the Goundam Road near Timbuktu killed six Burkinabe soldiers with the MINUSMA peacekeeping mission and injured five others.
- AMB and MLF claimed responsibility for an assault on the Byblos Hotel in Sevare near the Mopti airport that took place August 7-8. The attack resulted in the deaths of five civilians and four Malian soldiers.
- AQIM, AMB, AAD, and MLF all claimed responsibility for a November 20 attack on the Radisson Hotel in Bamako that resulted in the deaths of 19 civilians, including one U.S. citizen.

Legislation, Law Enforcement, and Border Security: Implementation of Mali's new penal code of 2013, intended to help counter terrorism and transnational organized crime, continued during 2015. The judiciary prosecuted one terrorism-related case during the year. The National Assembly passed a law on November 9 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 attack on the Radisson hotel.

Malian security forces and law enforcement responsible for counterterrorism efforts participated in the Department of State's Antiterrorism Assistance Program and DoD-facilitated trainings that included – but were not limited to – border security, crisis management, and police reform and effectiveness. The Malian Ministry of Justice (MOJ) and police agencies worked directly with the United States on efficient practices and counterterrorism-related training. More than 100 members of the National Police and Gendarmerie participated in a February IED recognition course that was held in Bamako and Mopti. The courses were sponsored by the Department of Justice's International Criminal Investigative Training Assistance Program and funded by the Department of State. The international team of instructors included officials from the FBI, UN, and the EU. Select Malian counterterrorism officials also participated in trainings conducted under the auspices of the International Institute for Justice and the Rule of Law. Training topics included preventing and denying the benefits of kidnapping for ransom, enhancing the role of parliamentarians in building effective counterterrorism systems, and countering foreign terrorist fighters.

The Malian Armed Forces and Air Force 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. There were no specialized law enforcement units to conduct investigations, respond to crises, or ensure border security. 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 border security enforcement mechanisms, law enforcement units lacked capacity, training, and the necessary equipment to secure Mali's porous borders. The United States worked with the Malian security forces at the Senou International Airport to expand the U.S.-funded Personal Identification Secure Comparison and Evaluation System (PISCES) program to the newly installed VIP terminal. 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. Mali receives INTERPOL notices, but the INTERPOL database is unavailable at some points of entry into Mali.

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 goods possessed. The exit and entry stamps used by border officials are inconsistent in size and shape, undermining efforts to authenticate travel documents.

In May 2012, Mali introduced an updated machine-readable passport linked to the Economic Community of West African States (ECOWAS). Mali's passports, including the diplomatic and official versions, now incorporate additional security measures, including

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).

Over the course of the year, the government opened 69 terrorism-related cases and detained 30 people for terrorism-related crimes. On June 15, the Malian courts sentenced Boubacar Abdou Maiga to two years in prison for his association with MUJAO and for killing one person. As in 2014, resource constraints, a lack of training in investigative techniques, and inexperience with trying terrorism cases continued to plague a weak judicial system.

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 the cooperation of U.S. law enforcement agencies in the investigation into the November 20 attack on the Radisson Hotel in which one U.S. citizen was killed. An Antiterrorism Assistance/Special Program for Embassy Augmentation and Response team of 24 National Guard members were activated in October as a Quick Reaction Force for Embassy Bamako in the event of another crisis.

The Malian military continued to struggle with command-and-control capacity. It remained insufficiently resourced and lacked personnel trained in effective law enforcement, counterterrorism investigative techniques, and enhanced border security operations. An interagency working group, within the Ministry of Internal Security and Civilian Protection, first conceived in 2013 and designed to reform the security sector, had not moved beyond the discussion phase at the end of 2015. MINUSMA continued to work with the government throughout 2015 to move this initiative from discussion to action.

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.

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 be frozen indefinitely during the investigation period. Coordination between investigative agencies is poor, however, and not all suspected cases make it to court.

The majority of 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 terrorism 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.

For further information on money laundering and financial crimes, see the *2016 International Narcotics Control Strategy Report (INCSR), Volume II, Money Laundering and Financial Crimes*: <http://www.state.gov/j/inl/rls/nrcrpt/index.htm>.

Countering Violent Extremism: While Mali has no official countering violent extremism (CVE) strategy in place, the Ministry of National Reconciliation developed a National Reconciliation Policy in 2014 that references the need to delegitimize violent extremist ideologies and promote social cohesion between communities. CVE considerations were also integrated into Mali's "Program for Accelerated Development in the Northern Regions," as well as a draft decentralization policy. The Ministry of Religious Affairs is responsible for working with the High Islamic Council and other religious associations to promote moderate Islam and maintain a secular state. Conversely, efforts to prevent increased radicalism and recruitment by violent extremist groups were hindered by the absence of Malian government control in much of the north.

International and Regional Cooperation: Mali remained active in regional organizations and international bodies including the Economic Community of West African States, the UN, and the AU. Mali remained active in the Trans-Sahara Counterterrorism Partnership (TSCTP) and also participated in Global Counterterrorism Forum (GCTF) events. In an effort to implement the GCTF good practices on foreign terrorist fighters, Mali self-selected to serve as an initial pilot country for a Global Community Engagement and Resilience Fund (GCERF) funding mechanism that emphasizes sustainability for local organizations, while supporting national Countering Violent Extremism (CVE) strategies and convening multiple stakeholders to provide relevant expertise and enable communities to develop localized CVE responses.

At a November 20 meeting in Chad, the heads of state of the G-5 Sahel countries (Burkina Faso, Chad, Mali, Mauritania, and Niger) announced plans to create a joint regional force and military school. The Malian military participated in multinational counterterrorism operations in 2015, including with Operation Barkhane and the Mauritanian military. The AU created a follow-up and support group for the political and security situation in Mali and has held six meetings in Mali with international partners on enhancing international cooperation to bring political stability and security in Mali. In his address to the 2015 UN General Assembly, President Keita called on the international community to help rid the Sahel region of terrorism. He also expressed concern about the spread of terrorist organizations, including ISIL, saying such challenges called attention to the urgent need to reform the UN's peacekeeping doctrine.

International Sanctions

None Applicable

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	32
World Governance Indicator – Control of Corruption	30

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. Economic activity is largely confined to the riverine area irrigated by the Niger River and about 65% of its land area is desert or semidesert. About 10% of the population is nomadic and about 80% of the labor force is engaged in farming and fishing. Mali remains dependent on foreign aid. 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. Industrial activity is concentrated on processing farm commodities. Mali is developing its iron ore extraction industry to diversify foreign exchange earnings away from gold. Mali has invested in tourism but security issues hurt the industry. Mali experienced economic growth of about 5% per year between 1996-2011, but the global recession, a military coup, and terrorist activity in the north of the country caused a decline in output in 2012; growth resumed at a slow pace in 2013. The main threat to Mali's economy is a return to physical insecurity. Other long term threats to the economy include high population growth, corruption, a weak infrastructure, and low levels of human capital.

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:

China 53.7%, Malaysia 11.2%, Indonesia 5.4%, India 4.1% (2012)

Imports - commodities:

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

Imports - partners:

France 10.9%, Senegal 9.7%, China 8.4%, Cote d'Ivoire 8% (2012)

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.

Executive Summary

With the positive changes in Mali's political, economic, and security environment, including the election of a democratic President and National Assembly, the overall investment climate in Mali is improving for American investors when compared to 2012 or early 2013. Mali's technical and financial partners have lifted economic assistance sanctions imposed following the coup d'état of March 2012 and announced an impressive four billion dollar multi-year assistance package. Effective January 1, 2014, Mali again became eligible for preferential trade treatment under the African Growth and Opportunity Act (AGOA). Mali is also eligible for Overseas Private Investment Corporation (OPIC) financing and insurance products. There are a number of sectors of interest for potential U.S. investors, including energy, financial services, mining, telecommunications, manufacturing, and food processing.

Despite these positive developments and a generally positive investment regime in Mali, foreign investors face challenges, including limited access to domestic financing, corruption, poor infrastructure (including inconsistent electricity), and the lack of an educated workforce. Security also remains an important challenge, especially in the three northern regions of Gao, Timbuktu, and Kidal. Despite a French-led international military intervention which recaptured the north from extremists, substantial security concerns remain.

1. Openness to, and Restrictions Upon, Foreign Investment

Mali generally encourages foreign investment. Foreign and domestic investments receive equal treatment. The structural adjustment facility agreements signed by the IMF/World Bank and Mali since 1992 encourage foreign investment. The government's national strategy to fight poverty 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 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.

The Malian government has instituted policies promoting direct investment and export-oriented businesses. To that end, the Agence pour la Promotion des Exportations du Mali APEX-Mali, created in 2011 but not fully staffed and made operational until 2013, is tasked with promoting and encouraging export-oriented activities. 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 (API-Mali).

The April 11, 2014 cabinet reshuffle granted a full status to the Ministry of Investment Promotion and Private Initiatives. The Ministry's portfolio was expanded to include manufacturing industries as well, strengthening its ability to attract and protect domestic and foreign investment in a multitude of sectors. Mali's ranking deteriorated in the World Bank's 2014 Doing Business Report to 155 of 189 economies (down from 153 of 189 economies in 2013) and was well below the average of 142 for sub-Saharan economies. Mali has also created, with World Bank support, a Presidential Investment Council. The council is comprised of foreign and national businesspeople and is aimed at improving the business climate in Mali and identifying best prospects for investment. There were multiple crises in 2012 – 2013 that severely impaired the security and political/economic stability of Mali and prevented the council from being fully operational. The coup d'état of March 21, 2012 toppled a democratically elected government and was followed by economic development assistance sanctions imposed on Mali by the international community. On January 10, 2013, the towns of Konna and Diabaly were captured by extremist groups, and a French-led international military intervention was initiated to take back the extremist-occupied northern regions. The political situation started to normalize in September 2013 when the newly elected President Ibrahim Boubacar Keita took office and economic assistance sanctions were lifted. The new government plans to revive the Presidential Investment Council in 2014.

The investment code gives the same incentives to both domestic and foreign companies for licensing, procurement, tax and customs duty deferrals, export and import policies, and export zone status if at least 80 percent of production is to be exported. Export taxes and import duties have been reduced or eliminated as part of ongoing economic reforms. Price controls are applied to petroleum products and cotton, and occasionally to other commodities, such as rice, on a case by case basis. Incentives include exemptions from duties on imported equipment and machinery. Investors may also receive tax exemptions on the use of local raw materials. In addition, specific incentives may be negotiated on a case-by-case basis.

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

Despite a generally favorable investment regime, foreign investors face challenges. The most important recurring challenges investors need to surmount include limited access to domestic financing, corruption, poor infrastructure (including inconsistent electricity), and the lack of an educated workforce. On a more positive note, since the recapture of the north of Mali and the successful democratic presidential and legislative elections in 2013, Mali's technical and financial partners, including the United States, resumed their development assistance. During a donors meeting in Brussels in April 2013, the international community pledged multi-year assistance to Mali of approximately USD 4 billion. As a consequence of these new developments, the country's economy began to recover in 2013 with a growth rate of 1.7 percent (compared to a 2012 retraction of 1.3 percent), yet below the forecasted 5.1 percent. The lower than expected GDP growth rate was attributed to low agricultural yields resulting from a poor rainy season in 2013. The GDP is forecasted to grow at a rate of about 6.5 percent in 2014.

Other challenges include occasional reports that tax collectors unfairly apply tax laws to discriminate against foreign companies or companies with foreign capital. Additionally, the tax system remains complicated in spite of ongoing reform efforts. Foreign companies have also reported delays with clearing customs when importing machinery. A foreign mining company has complained of having to make under-the-table payments to clear customs for machinery and petroleum product imports. Enforcement of contracts in Mali can be problematic. Corruption in the judiciary is pervasive and foreign companies often find themselves at a disadvantage vis-à-vis Malian investors.

Here are some websites that may be helpful to navigate the laws, rules, procedures and registration requirements for foreign investors.

DATA	LINK – French Language only
Detailed list of steps, forms and requirements, costs, processing time, contact details of entities involved and legal bases can be consulted online for the following procedures:	http://mali.eregulations.org/
Registering a company	http://mali.eregulations.org/procedure/4/2?l=fr
Registering a branch	http://mali.eregulations.org/procedure/8/6?l=fr
Paying taxes	http://mali.eregulations.org/menu/26?l=fr
Registering employees at the social security	http://mali.eregulations.org/procedure/169/152?l=fr
Obtaining a single entry visa	http://mali.eregulations.org/procedure/61/75?l=fr

TABLE 1: The following chart summarizes several well-regarded indices and rankings.

Measure		Index/Ranking
TI Corruption Index	2014	28 out of 100
Heritage Economic Freedom	2014	55.5 out of 100
World Bank Doing Business	2014	153 of 189
Global innovation Index	2013	28.84 out of 100
World Bank GNI per capita	2014	USD 660

TABLE 1B:

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 2012 per capita gross national income (GNI) of \$4,085 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/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf>

2. Conversion and Transfer Policies

The investment code allows the transfer of funds associated with investments, including profits. As a WAEMU member, Mali uses the Francophone Africa Common Franc (FCFA) currency. Linked to the Euro, the FCFA is fully convertible at a rate of Euro 1 = FCFA 655.957. No parallel conversion market exists because the FCFA is a fully convertible currency supported by the French treasury, which ensures a fixed rate of exchange.

As of January 2014 the U.S. Embassy purchased local currency at a rate of approximately FCFA 475 per U.S. dollar.

The FCFA has not been devalued since January 1994. 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 restriction on the export of capital provided that adequate documentation to support a transaction is presented. Most commercial banks have direct investments in western capital markets. No physical transfer of funds is authorized outside the borders of the FCFA zone. It takes less than one week to transfer funds abroad.

3. Expropriation and Compensation

Expropriation of private property for public purposes is rare. By law, the expropriation process should be public and transparent, and in accordance with the principles of international law. Compensation based on market value is awarded by court decision.

The government may exercise eminent domain to undertake large-scale public projects, in cases of bankrupt companies that have had a government guarantee for their financing, or in certain cases when a company has not complied with the requirements of an investment agreement with the government. In 2000 and 2012, the government expropriated land in the vicinity of the Bamako city airport for air safety reasons. Notifications of the expropriation were sent via direct mail and published in public and private media, and prior owners were compensated according to law. In 2010 / 2011, the government expropriated private land on the outskirts of Bamako for the construction of low and medium income housing. The prior owners have initiated a legal case against the government, arguing that housing projects should not be considered large-scale public works projects. The case was settled and the previous owners were compensated.

4. Dispute Settlement

Disputes occasionally arise between the government or state-owned enterprises and foreign companies. Some cases involve reports of wrongdoing on the part of companies and/or corrupt government officials.

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. In areas where there is no commercial court, disputes are first heard at local courts of first instance. Since its inception, the commercial court has handled cases involving foreign companies. The court is staffed by magistrates assisted by elected Malian Chamber of Commerce and Industry representatives. Teams composed of one magistrate and two Chamber of Commerce and Industry representatives conduct hearings. The magistrate's role is to ensure that decisions are rendered in accordance with applicable commercial laws, including internationally recognized bankruptcy laws, and that court decisions are enforceable under the law.

Despite efforts to improve, the judicial system is slow and inefficient, and is widely reputed to be corrupt. In 2006, an appeals court ordered an American company to pay damages to a Chinese company after the American company filed charges alleging trademark infringement. In January 2009, the Malian Supreme Court overruled the appeals court, and sent the case back to the appeals court for a new hearing. Litigation in this case was still pending in 2013 when the American company decided to rest the case. U.S. companies, bound by the Foreign Corrupt Practices Act (FCPA), have expressed the view that they are at a disadvantage when it comes to legal proceedings vis-à-vis other foreign companies that are not bound by similar legislation. For the past five years, German investors have been involved in a dispute with the state-owned Malian Housing Bank (BHM) over expropriation of property. As of May 1, 2014, the case is still pending.

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

Mali is a member of the African Organization for the Harmonization of Business Law (OHADA) and has ratified the 1993 Treaty creating the Joint Arbitration Court. OHADA has a provision for allowing litigation between foreign companies and domestic companies or the government to be tried in an appellate court outside of Mali. Seven uniform laws are directly applicable to all 16 OHADA countries, including debt recovery and enforcement law, the bankruptcy law, and the arbitration law. Web sites on OHADA law are; www.OHADA.com and www.jurisint.org.

Mali is a member of the International Center for the Settlement of Investment Disputes (ICSID - also known as the Washington Convention). Mali is a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitrage Awards. Mali has been a member of the World Bank Multilateral Investment Guarantee Agency (MIGA) since 1990.

5. Performance Requirements and Investment Incentives

Mali is a member of the World Trade Organization (WTO), and as such, abides by the requirements of the Trade Related Investment Measures (TRIMS).

The investment code offers incentives to companies that reinvest profits to expand existing businesses or diversify into another relevant sector. The code also encourages the use of

locally sourced inputs, which can offer tax exemptions. Companies that use at least 60 percent of locally produced raw materials are eligible for certain tax exonerations. Companies that invest at least five percent of their turnover in supporting local research and development are eligible for a reduction of payroll taxes for Malian employees.

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. OHADA regulations specify that a company with less than 35 percent government equity is legally considered a private company.

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

Any company, domestic or foreign, that plans to export at least 80 percent of its production is free of all taxes for a period of 30 years. The law allows up to 20 percent of total production to be sold domestically, subject to the same taxation as other similar imported products.

Mali currently has no dedicated free trade zones.

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

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

- Agribusiness
- Fishing and fish processing
- Livestock and forestry
- Mining and metallurgical industries
- Water and energy production industries
- Tourism and hotel industries
- Communication

- Housing development
- Transportation
- Human and animal health promotion enterprises
- Vocational and technical training enterprises
- Cultural promotion enterprises

6. Right to Private Ownership and Establishment

The government has price controls on petroleum products and locally produced cotton, and occasionally controls the price of basic commodities, such as rice. The free market determines prices of other goods. Domestic and foreign companies compete on an equal basis with public enterprises and they share equal rights to private ownership and establishment. The government's privatization program for state enterprises holds investment opportunities through a process of open international bidding. In the past several years, the government has privatized parastatal enterprises including the cotton processing company, Huilerie Cotonnière du Mali (HUICOMA); the International Bank of Mali (BIM); and the telecommunications company, Société des Telecommunications du Mali (SOTELMA).

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

7. Protection of Property Rights

Although a significant part of the Malian economy is informal, property rights are protected by law. Property may be used to secure loans by law. A Department of Land Titles is in charge of identifying land owners and registering titles. The government established the Malian Center for the Promotion of Industrial Property and charged it with implementing the legal regime of property rights protection, including the World Trade Organization (WTO) TRIPS agreements. This agency is a member of the African Property Rights Organization (IAPO) and works with international agencies recognized by the United Nations Industrial Development Organization (UNIDO). Patents, copyrights, and trademarks are covered.

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

Mali has laws protecting patents, copyrights and trademarks, but they are not efficiently enforced, and are not widely known by the general population. The Malian Copyright Office (BUMDA) administers copyrights and the Malian Centre for the Promotion of Industrial Property (CEMAPI) under the Ministry of Trade and Industry administers patents and trademarks.

Mali is a member of the African Intellectual Property Organization (better known under the acronym OAPI for its French name, *Organisation Africaine de la Propriété Intellectuelle*), which is the main organization that ensures the protection of intellectual property rights in most African French speaking countries.

- Malian Copyright Office (BUMDA)
- Web site address <http://www.bumda.cefib.com/>
- Address Avenue OUA Faladié Sokoro
- Porte 4980
- BP. E 2735 Bamako
- Telephone (223) 2020 98 70
- Mobile for Director: (223) 6671 7724
- Telefax (223) 2021 76 35 / (223) 2020 98 70
- E-mail address bumda@cefib.com
- Title and name of head Directeur général / Director General : M. Andogoly Guindo
- Malian Centre for the Promotion of Industrial Property (CEMAPI)
- Ministry of Trade and Industry
- www.cemapi.com
- Address Hamdallaye ACI 2000
- Avenue de l'Union Africaine
- B.P.E 1851
- Bamako
- Telephone (223) 20 29 57 60 (Ministère)
- (223) 20 29 90 90 (CEMAPI)
- (223) 20 29 90 91 (CEMAPI)
- Telefax (223) 20 29 61 38 (Ministère)
- (223) 20 29 90 91 (CEMAPI)

- E-mail address sountou.diawara@yahoo.fr
- Title and name of head Director/Directrice : Ms. Sountou Diawara Konate

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Embassy point of contact: Duden Yegenoglu, YegenogluD@state.gov

Local attorneys list: http://mali.usembassy.gov/media/pdfs/attorney_list_jan_11.pdf

Embassy point of contact: Düden Yegenoglu yegenoglud@state.gov until September 1, 2014, and then Adam Levy LevyAM@state.gov

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Local attorneys list: http://mali.usembassy.gov/legal_assistance.html

8. Transparency of the Regulatory System

As reflected in agreements with the International Monetary Fund (IMF) and World Bank, the government of Mali has adopted a transparent regulatory policy and laws to foster competition. The commerce and labor codes adopted in 1992 are designed to meet the requirements of fair competition, to ease bureaucratic procedures, and to facilitate the hiring and firing of employees. The investment code simplifies the application process to establish a business, and favors investments that promote handicrafts, exports, and labor-intensive businesses. The 2014 Doing Business Report notes that it takes an average of five procedures and eleven days in order to establish a business in Mali, which reflects a deterioration compared to the previous year's report. 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.

Mali is a member of the U.N. Conference on Trade and Development's international network of transparent investment procedures: <http://www.eregulations.org>. Foreign and national investors may be able to find information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures at: <http://mali.eregulations.org>.

9. Efficient Capital Markets and Portfolio Investment

WAEMU statutes and the BCEAO determine the banking system and monetary policy in Mali. BCEAO headquarters are located in Dakar, Senegal. Commercial banks enjoy considerable liquidity. Banks' deposit funds are split 75/25 between demand deposits and time deposits, respectively. The majority of banks' loanable funds, however, do not come from deposits, but rather from other liabilities, e.g. lines of credit from the BCEAO and North African and

European banks. In spite of having sufficient loanable funds, commercial banks in Mali tend to have highly conservative lending practices. Bank loans generally support short-term activities, such as letters of credit to support export-import activities and short-term lines of credit and bridge loans for established businesses.

Small- and medium-sized businesses have difficulty obtaining access to credit. In order to strengthen the banking sector, WAEMU raised the minimum stockholders equity capital required of banks and financial institutions to CFA 5 billion (USD 10 million) and CFA 1 billion (USD 2 million), respectively by the end of 2010. Following this first phase, WAEMU had established a timetable to raise the minimum stockholders equity capital requirement to CFA 10 billion (USD 20 million) for banks and CFA 3 billion (USD 6 million) for financial institutions by the end of 2012. However, WAEMU did not proceed with the timetable as both Cote d'Ivoire and Mali, representing together around 50 percent of the WAEMU's GDP, were hit by multidimensional crises that affected their economies significantly. WAEMU will convene at a later date to determine a new timetable to implement the increased minimum stockholders equity requirement. In the meantime, 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.

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

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

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

Mali's IDR of B- reflects the country's high level of poverty, vulnerability to external shocks and slow economic growth. Mali consistently runs a current account deficit, due to its high dependence on energy imports and low export base. Fitch does not expect any

improvement in Mali's creditworthiness in the medium to long term. However, the current account deficit is not a real constraint on Mali's monetary standing, as Mali is part of the West African Economic and Monetary Union and shares a currency (CFA) with other WAEMU countries. The CFA is pegged to the Euro and the French Treasury guarantees its convertibility.

Mali is a member of UNCTAD's international network of transparent investment procedures: <http://www.eregulations.org/>. Foreign and national investors may be able to find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time, and legal bases justifying the procedures at: <http://mali.eregulations.org/>.

10. Competition from State-Owned Enterprises

Private and public enterprises compete under the same terms and conditions. No preferential treatment is awarded to State-Owned Enterprises (SOEs), although they can be at a competitive disadvantage due to the limited flexibility they have in their management decision-making process.

Mali is in the process of privatizing its SOEs, but a number of SOEs still exist. 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 an 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. 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. The Malian government also owns the Agricultural Development Bank (BND), the Malian Solidarity Bank (BMS), and the Housing Bank (BHM). In addition, the electricity and water company, Energie du Mali, or 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 has no sovereign wealth fund.

11. Corporate Social Responsibility

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

12. Political Violence

The 2012 -2013 Political Crisis

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. Despite important progress, including the recapturing of the north by French-led international forces and successful presidential and legislative elections, substantial concerns remain regarding the security situation, particularly in northern Mali. The most recent Travel Warning issued by the U.S. Embassy on March 21, 2014 warns U.S. citizens to carefully consider the risks of travel to Mali, given continuing aspirations of terrorists to conduct attacks.

Violence in the North

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

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

including deputies from opposition parties installed in December 2013. Municipal elections, scheduled sometime in late 2014 or early 2015 will complete the electoral process.

The second leg of the mandate, however, has yet to be achieved, as the security situation in northern Mali remains fragile. In the first days of January 2013, French and African forces intervened in Mali in response to a new extremist offensive that threatened southern Mali. Within a few weeks, the intervention forces had retaken the major northern cities, substantially reversing the 2012 extremist takeover of the north. In June 2013, coalition forces in Mali were reorganized under the auspices of the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA). While the Malian government, backed by MINUSMA and French SERVAL Forces has taken steps to reassert control over most of the major cities, parts of the north remain unstable. In addition to armed rebel groups circulating freely with their arms and attacking individuals, the extremist groups that retreated into their desert strongholds in Mali and in Libya continue to demonstrate their capacity by attacking cities such as Gao, Timbuktu, and Kidal.

In September 2013, the democratically elected President formed a government, creating a new ministry in charge of national reconciliation. In addition, an independent commission tasked with national reconciliation and dialogue organized regional meetings throughout Mali that concluded with a national conference aimed at finding ways to reconcile different communities, reinforce decentralization, and empower local governance. In order to move forward with the negotiation process with the northern armed groups, the President appointed a High Representative of the President for inclusive dialogue in April 2014. Many observers have interpreted the President's decision as a strong signal of the government's commitment to the negotiation process with the northern armed groups and other stakeholders in the north.

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

13. Corruption

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.

14. Bilateral Investment Agreements

Mali has signed the International Center for Settlement of Investment Disputes (ICSID) treaty sponsored by the World Bank group. During the past six years, Mali has signed investment protection agreements with South Africa, Algeria, Senegal, and Libya. The African Growth and Opportunity Act (AGOA) was signed into law on May 18, 2000 as Title 1 of The Trade and Development Act of 2000. The Act offers tangible incentives for African countries to continue their efforts to open their economies and build free markets. Mali was deemed eligible for AGOA benefits on October 2, 2000. However, after the March 2012 coup d'état, the annual review panel suspended Mali's AGOA eligibility, effective January 1, 2013. Following the inauguration of the democratically elected government, Mali's AGOA eligibility was reestablished by President Obama, effective January 1, 2014.

15. OPIC and Other Investment Insurance Programs

Mali is eligible for OPIC programs, including financing, and contract and political risk insurance products. Mali has been a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA) since 1990. (Note: Mali is not eligible for U.S. Exim Bank programs.)

16. Labor

Labor is widely available, though skilled labor is in short supply. Workers have the right to unionize. Relations between labor and management are often contentious. Although a warning notice for strikes is not required in the private sector, mediation procedures are generally followed before resorting to a strike. The government has signed the International Labor Organization agreement protecting the rights of workers. Although the labor code adopted in 1992 (and amended in December 2011) improved hiring and firing procedures, it still requires simplification. Powerful labor unions play an important role in national affairs. Compensation plan negotiations and firing procedures are very long and closely scrutinized by the Ministry of Labor and the judiciary. Mali has a history of labor disputes which have caused major difficulties for both Malian and foreign employers. Although not a requirement, it is advisable to have regular contacts with labor inspectors, especially when concluding new hiring contracts or considering terminations or reductions in force.

17. Foreign Trade Zones/Free Ports

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

18. Foreign Direct Investment Statistics

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. In its 2013 World Investment Report, the United Nations Conference on Trade and Development (UNCTAD) reported that Mali received foreign direct investment (FDI) of USD 310 million in 2012, while total FDI stock for 2012 was USD 2.8 billion. FDI inflows to Africa increased in 2012 to USD 50 billion from USD 47.6 billion in 2011.

TABLE 2: Key Macroeconomic data, U.S. FDI in Mali

Economic Data	Mali Statistical source*		USG or international statistical source	
	Year	Amount	Year	Amount
Gross Domestic Product (GDP) (Millions U.S. Dollars)	2012	10.60	2012	10.39

Foreign Direct Investment	Mali Statistical source*		USG or international statistical source	
U.S. FDI in Mali (Millions U.S. Dollars, stock positions)		n/a		n/a
Mali's FDI in the United States (Millions U.S. Dollars, stock positions)		n/a		n/a
Total inbound stock of FDI as % Mali GDP	n/a		26.40	2012

*Ministry of Economy and Finance, Central Bank BCEAO

TABLE 3: Sources and Destination of FDI

From top five sources to top five destinations (USD MILLIONS)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	1,927	100%	Total Outward	24	100%
United Kingdom	896	46.5%	Burkina Faso	22	91.7%
Australia	474	24.6%	Italy	1	4.15%
South Africa	195	10.1%	Thailand	1	4,15%
Senegal	187	9.7%			
Canada	175	9.1%			
"0" reflects amounts rounded to +/- USD 500,000.					

Source: <http://cds.imf.org>

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