

COORDINATION AND PROMOTION OF THE MALI INVESTMENT MISSION

Prepared for:

**The Office of Market Development and Investment
Africa Bureau
Agency for International Development**

Under a Contract to:

**LABAT-ANDERSON Incorporated
2200 Clarendon Boulevard, Suite 900
Arlington, Virginia 22201
(703) 525-9400**

Prepared by:

Nicolas Kulibaba

November 1, 1990



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EXECUTIVE SUMMARY

1.0 Background

In June 1990, the Ambassador of the Republic of Mali, the Honorable Mohamad Alhousseyni Toure, requested assistance from the Agency for International Development for coordination of an investment mission to the United States by Mali's president, General Moussa Traore.

Technical assistance was provided by the AID Africa Bureau Office of Market Development and Investment (AFR/MDI), funded by the Africa Private Enterprise Fund.

As a prime contractor for technical assistance services to AFR/MDI, Labat-Anderson, Incorporated fielded a team of two consultants for this assignment, beginning August 13, 1990. They were: Nicolas Kulibaba (investment promotion specialist) and Garrett Smith (logistics coordinator). A third consultant, Lloyd Quashie, was recruited for a period of five days in late September in order to assist the technical assistance team in outreach efforts to the mining industry.

2.0 Organization of the Investment Promotion Mission

The Mali investment promotion mission was largely an initiative of Mali's Washington embassy. It developed from an invitation issued to President Traore to visit the San Francisco headquarters of BHP-Utah Minerals International, the United States subsidiary of Australia's largest multinational corporation. (BHP's operation of the Syama gold mine in southeastern Mali makes it the leading U.S. business presence in Mali.)

Other factors contributing to the Government of Mali's enthusiasm for mounting an investment mission at this time included: a desire to publicize economic liberalization policies and progress of the nation's structural adjustment program; the need to identify prospective investors for the privatization of public enterprises, and a desire to complete ongoing negotiations for several prospective new projects.

3.0 Institutional Participation

The technical assistance team coordinated activities with a variety of multilateral and U.S. government agencies.

The World Bank and its associated institutions proved to be a valuable source of information and assistance, providing technical assessments of the sectors targeted for promotion and identifying suitable Malian enterprises for prospective joint ventures. The International Finance Corporation provided valuable information on

prospects for changes to Mali's investment code.

U.S. government agencies which assisted in planning the investment mission included the Mali desk officers at the State Department and AID; the State Department's Trade and Development Program staff; the International Division of the U.S. Bureau of Mines, and the International Trade Administration of the Department of Commerce. Recommendations that the technical assistance team work with the San Francisco regional office of the Department of Commerce proved ultimately to be of the greatest value.

Efforts to involve the Overseas Private Investment Corporation in planning for the investment mission were largely unsuccessful due to anticipated furloughs related to Congressional delays in authorizing a budget for the new fiscal year, shortage of funds to support an OPIC presence at the San Francisco conference, and scheduling conflicts with upcoming investment missions to Togo and Cameroon. OPIC officials did, however, express a willingness to meet with the Malian delegation upon its arrival in Washington.

4.0 Identification of Corporate Prospects

A wide variety of sources were utilized in the early stages of programming to identify U.S. companies that might be invited to attend investment promotion events. The technical assistance team targeted companies meeting one or more of several criteria:

- ◆ Established interest in priority economic sectors identified by the Government of Mali;
- ◆ Prior or ongoing corporate operations in Africa or elsewhere in the developing world;
- ◆ Expressed interest in investing in Mali or elsewhere in Africa;
- ◆ Companies with access to technology of interest to Malian companies.

5.0 Field coordination and dossier reviewal in Mali (August 27 - September 8)

The technical assistance team visited Mali for a ten day period between August 25 and September 8 in order to coordinate preliminary activity for the promotion mission and to obtain detailed information on Malian ventures in search of joint venture partners.

The Bamako Mission of the U.S. Agency for International Development coordinated the consultants' activities in Mali, providing excellent guidance and valuable logistical assistance. Concerns were voiced by the mission regarding a number of issues, including the timeliness of the investment mission vis-à-vis Mali's transitional policy environment; the adequacy of USAID/Bamako's

program resources to follow-up on the investment mission; and the prospect that unrealistic expectations might be raised regarding future AID assistance to promotional activities.

6.0 Conference Attendance

Attendance at the San Francisco conference by U.S. businesspersons surpassed both consultant, BHP, and official Malian expectations: fifty-one individuals, representing forty-one institutions were present.

Of the greatest consequence to AID, however, was an unanticipated announcement by President Traore: the president was so encouraged by the turnout at the investment conference that he intends to establish a presidential commission on investment promotion in the U.S.

7.0 Issues and Lessons Learned

7.1 The Need for Intensive Planning and Coordination

While Mali's experience in investment promotion is limited, organization of the U.S. investment mission reflected recognition by the Malian authorities of the fact that investment promotion requires focus, the commitment of resources, and coordinated effort.

Having experienced problems resulting from over-ambitious scheduling and multiple agendas, Malian officials now appear to recognize that investment promotion is a discreet activity which cannot be treated as an adjunct to other priorities.

Evidence that this may, in fact, constitute a lesson-learned as a result of the U.S. investment mission is found in President Traore's public announcement of the creation of a commission on investment promotion.

7.2 The Relationship of Private Business to Government in the United States

Members of the investment promotion delegation were perplexed by the liberal relationship of the U.S. Government to private business. Their misconceptions result from the traditionally heavy-handed role of government in the Malian economy.

Increased exposure to liberal societies in which private business is afforded autonomy would better equip Malian officials and businesspersons to promote investment. Economic liberalization at home will undoubtedly accelerate this process, however at the present time it appears that fundamental misconceptions could handicap future investment promotion efforts.

7.3 The Relationship of Policy to Foreign Investment Decisions

Mali's leaders have accepted reform based on expectations of a positive economic outcome. During their many discussions with U.S. Government officials and private businesspersons, Malian delegates were regularly reminded that the creation of a favorable environment for investment results directly from policy decisions. Numerous public statements by President Traore emphasized Mali's intention to enhance the investment climate through regulatory and fiscal incentives and liberalization of operating conditions for private enterprise.

7.4 AID Involvement in Investment Promotion

AFR/MDI's contributions to the investment mission have been universally positive, reinforcing the Government of Mali's commitment to private enterprise as an engine of development and enhancing its appreciation of the intricacies of investment promotion.

Among the most positive outcomes of MDI's role in assisting the Malian investment mission has been to strengthen U.S. government relationships with many of the most senior officials in the Government of Mali. Personal and professional relationships have been broadened, trust established, and the basis for future cooperation on a wide range of bilateral issues has been reinforced.

AID assistance to the presidential commission on investment promotion could provide a means of carrying this momentum forward.

8.0 Recommendations for Future Action

8.1 Immediate Programming and Follow-up

The San Francisco investment conference and meetings conducted in Washington, D.C. by the Malian delegation have generated a new and unprecedented level of awareness of Mali as a potential site for investment. However, in the absence of immediate follow-up, the Malian initiative is threatened with inertia.

Short-term follow-up should be limited to two principal activities:

- ◆ To respond to expressions of interest in Mali by U.S. companies and facilitate communication with prospective partners; and
- ◆ To facilitate the distribution and follow-up queries for investment proposals submitted by Malian companies for consideration by prospective U.S. partners.

8.2 Organizational Assistance to the Presidential Commission

AID assistance to the presidential commission on investment is desirable both in terms of making it more effective and in

reinforcing established relationships with senior government officials. It is doubtful that the commission can satisfy its mandate of investment promotion in the United States without such assistance.

In their initial discussions with Government of Mali officials, USAID/Bamako and AFR/MDI officials should stress the need to broaden the terms of reference for the presidential commission on investment in the United States. The commission should, instead, focus on promotional strategy in all of Mali's targeted markets.

Any prospective assistance to the commission should focus on:

- ◆ Drafting guidelines for the commission which assure that they will act to inform the process of economic policy reform;
- ◆ establishing goals and objectives based upon a realistic inventory of available internal and external resources;
- ◆ assisting members and staff of the commission on strategy and work plan formulation;
- ◆ briefing members of the commission on existing multilateral and bilateral programs and resources which are complementary to the commission mandate;
- ◆ identifying institutional and private resources in Mali which might be mobilized to improve the quality of business advisory services there; and
- ◆ formulating an operations program to maximize the role of official Malian representation in target markets in promoting private investment.

8.3 Business Management Training

USAID should examine the possibility of establishing a short training course for Malian business management consultants. This activity would remedy an identified deficiency in a local service industry and encourage its development; enhance the quality of existing human resources; and directly complement established goals of Malian economic policy reform.

8.4 Improving Awareness of the U.S. Business Environment and Market Principles

Official U.S. representation in Mali should coordinate efforts with the U.S. Information Agency to create a series of entrepreneur seminars whereby Malian entrepreneurs and officials might develop a greater appreciation of liberal market principles, the criteria by which businesses evaluate overseas operating environments, their information needs, and the administrative procedures

utilized by such organizations as OPIC, the Export-Import Bank, and the Trade and Development Program. Such a program could include discussion groups, a speakers' program and reading materials already available in Mali. This outreach effort would be well-suited to the needs of Mali's business community and could contribute to institutional development of quasi-private groups such as the Chamber of Commerce and Industry or the Chamber of Agriculture. It would also generate significant good-will at a time when Mali is seeking to broaden U.S. participation in its economy.

1.0 Introduction

This report is a summary description and auto-critique of an investment promotion mission carried out in the United States by the Government of Mali during late September and early October 1990.

The report is organized on the following basis:

Section 1 describes the background and context of the Malian investment promotion visit to the United States and the role of USAID consultants in coordinating that effort.

Section 2 is a summary report on the organization and conduct of the mission, with specific focus on activities carried out by the USAID technical assistance team which supported the investment mission.

Section 3 is a discussion of issues raised by and lessons learned in the course of planning and implementing the investment mission.

Section 4 presents a list of general and specific recommendations pertaining to future investment promotion efforts by the Government of Mali and the USAID Office of Market Development and Investment.

Annexes to the body of the report include a variety of materials which were prepared for the Mali investment promotion mission as well as detailed information on participation in the program by U.S. and other businesses.

Section 1: Summary Report on the Organization and Conduct of the Mali Investment Promotion Mission

1.1 Background

In June 1990, the Ambassador of the Republic of Mali, the Honorable Mohamad Alhousseyni Toure, requested assistance from the U.S. Agency for International Development for coordination of an investment mission to the United States by Mali's president, General Moussa Traore.

Technical assistance was provided by the USAID Africa Bureau Office of Market Development and Investment (AFR/MDI), funded by the Africa Private Enterprise Fund.

As a prime contractor for technical assistance services to AFR/MDI, Labat-Anderson, Incorporated (LAI) fielded a team of two consultants for this assignment, beginning August 13. They were:

Nicolas Kulibaba-- Investment promotion specialist
Garrett Smith -- Logistics coordinator

A third consultant, Lloyd Quashie, was recruited for a period of five days in late September in order to assist the technical assistance team in outreach efforts to the mining industry.

As a complement to the technical assistance team fielded by AFR/MDI, the Embassy of Mali utilized its own resources to engage the services of a public affairs consulting firm, van Kloberg & Associates Ltd. Operating as a registered foreign agent, van Kloberg & Associates were contracted to carry out a diverse range of tasks complementary to those performed by the USAID team. These included the facilitation of political contacts, logistical arrangements, and media relations.

1.2 Terms of Reference for USAID Consultants

The principal tasks outlined in the consultant terms of reference included:

- a) Identification of potential investors in six priority sectors prescribed by the Government of Mali: mining; telecommunications; textiles; irrigated agriculture; meat processing, and solar energy;
- b) In-depth discussions with the World Bank; the International Finance Corporation; the U.S. Department of Commerce; the Overseas Private Investment Corporation; the State Department Trade and Development Program; the

Export-Import Bank; and the U.S. Agency for International Development for the purpose of identifying prospective

investment opportunities, constraints and incentives, and programs to assist potential investors in Mali;

- c) The canvassing of potential investor sectors for U.S. firms having potential interest in joint ventures, sourcing contracts and supply contracts
- d) Site visits to firms indicating interest in possible Malian investments for the purpose of facilitating meetings and site visits by members of the Malian delegation.

1.3 Organization of the Investment Promotion Mission

The Mali investment promotion mission was largely an initiative of Mali's Washington embassy. It developed from an invitation issued to President Traore to visit the San Francisco headquarters of BHP-Utah Minerals International, the United States subsidiary of Australia's largest multinational corporation.

BHP's operation of the Syama gold mine in southeastern Mali makes it the leading U.S. business presence in Mali and a model of which the Malian government is proud.

Mali's Ambassador, hence, sought to capitalize on the prospective presence of a presidential delegation in San Francisco as well as the opportunity to showcase BHP's Syama operation to other potential U.S. investors.

Other factors contributing to the Government of Mali's enthusiasm for mounting an investment mission at this time included: a desire to publicize economic liberalization policies and progress of the nation's structural adjustment program; the need to identify prospective investors for the privatization of public enterprises, and a desire to complete ongoing negotiations for several prospective new projects.

The investment mission was scheduled for the last week of September and the first week of October for several reasons: to capitalize on and follow from President Traore's presence in New York as co-chairman of the United Nations Child Summit (September 26-29); and to allow the integration into promotional activities of Malian officials attending preliminary and plenary sessions of the annual joint meetings of the International Monetary Fund and the World Bank (September 20-28).

The scheduling of successive events in this manner represented an effort to contain costs and maximize the impact and profile of official delegations in the United States.

1.4 Sectoral Prioritization

The decision to target six specific sub-sectors of the Malian economy for promotion was made by Malian authorities prior to the engagement of technical assistance for this project, and without any systematic analysis of the U.S. investment market.

Reasons for the selection of several industries, e.g. gold mining, irrigated agriculture, and textiles are readily apparent. Successful enterprises in these sectors already exist in Mali, with variable potential for replication, expansion, or market diversification.

The selection of meat processing and solar energy for promotion was based upon the existence of extensive livestock and solar energy resources and the desire by Malian authorities to encourage verticalized production to serve regional and external markets.

The inclusion of telecommunications as a priority sector apparently followed from ongoing negotiations for the establishment and expansion of a system of satellite ground stations.

As preparation for the Mali investment mission evolved, however, other industries and enterprises were added to the consultants' promotion portfolio, either as a result of pressure by Malian authorities or because the technical assistance team identified what it believed to be highly promotable enterprises.

2.0 Organization and Conduct of the Investment Mission

Consultant activity was divided into five phases, described below:

2.1 Preliminary planning and data gathering (August 13-25);

2.1.1 Definition of Responsibilities

Given the complexity of tasks to be completed in anticipation of the presidential visit and the large number of individuals playing a role, one of the first initiatives taken by the LAI consultants was to facilitate a clear definition of responsibilities and procedures among the key players in the planning process.

- ◆ Ambassador Toure was to play the principal coordinating role for all persons and institutions involved in the planning process;

- ◆ Consultants Kulibaba and Smith were to be responsible for technical coordination among the various agencies, institutions, and corporations who were asked to participate in the program;
- ◆ van Kloberg Associates would provide logistical services for the presidential entourage, as well as facilitating presidential and ministerial meetings of a diplomatic or political nature.
- ◆ BHP-Utah International, acting as corporate host of the San Francisco investment conference, agreed to coordinate logistical arrangements for the conference, in addition to a variety of other presidential activities to be undertaken in California.

It should be noted that at the outset of the technical assistance team's efforts, BHP-Utah was not yet aware that it was expected to host the conference and had, therefore, made no arrangements to that effect.

- ◆ The San Francisco Chamber of Commerce was solicited to act as official sponsor of the investment conference. While accepting this role, the Chamber was unable to accept any coordination or logistical responsibilities due to prior commitments to another major event scheduled to occur on the same date as the Mali conference.

In order to assure that clear lines of communication were established, the technical assistance team also recommended that the Ambassador, USAID consultants, and the van Kloberg group meet on a weekly basis to coordinate programming, logistical requirements, and to exchange information.

2.1.2 Institutional Participation

The technical assistance team met with a variety of multilateral and U.S. government agencies in order to brief them on the upcoming investment mission and to solicit their assistance in programming.

The World Bank and its associated institutions proved to be a valuable source of information and assistance. In addition to providing briefing materials to the technical assistance team, members of the Bank staff provided technical assessments of the sectors targeted for promotion and assisted in identifying suitable Malian enterprises for prospective joint ventures.

Country officers of the International Finance Corporation committed themselves to attending the San Francisco conference, and provided valuable information on prospects for changes to Mali's

investment code.

A wide variety of U.S. government agencies also proved helpful in the early stages of planning. A series of meetings which were to continue throughout the planning and implementation of the investment mission were initiated with the Mali desk officers at the State Department and USAID.

The State Department's Trade and Development Program staff clarified guidelines for U.S. firms seeking assistance for the performance of feasibility studies for new projects and brief the technical assistance team on U.S. firms that have expressed an interest in projects in Mali.

Country staff at the International Trade Administration of the Department of Commerce expressed interest in the Mali promotion effort, but were unable to identify any U.S. firms that have expressed an interest in prospective investment in Mali. Recommendations that the technical assistance team work with the San Francisco regional office of the Department of Commerce proved ultimately to be of the greatest value.

Valuable technical information was made available from the International Division of the U.S. Bureau of Mines.

Efforts to involve the Overseas Private Investment Corporation in planning for the investment mission were largely unsuccessful. OPIC reticence was explained by its staff as due to anticipated furloughs related to Congressional delays in authorizing a budget for the new fiscal year, shortage of funds to support an OPIC presence at the San Francisco conference, and scheduling conflicts with upcoming investment missions to Togo and Cameroon. OPIC officials did, however, express a willingness to meet with the Malian delegation upon its arrival in Washington.

Additional meetings with U.S. companies and quasi-governmental institutions followed from early information leads regarding prospective ventures in Mali. For the most part these proved to be of value as programming for the investment mission progressed.

2.1.3 Availability of Information

It was also determined at this early stage of activity that there was a general absence of reliable technical information available for prospective investors in Mali. What little information did exist (e.g. the Malian Labor Code and the Investment Code) was rapidly being overtaken by policy changes.

Hence, the consultants assumed responsibility for assembling or updating information on the Malian business environment, the administration and conduct of foreign investment, and relevant

sectors and investment opportunities. These dossiers were envisioned from the start only as briefing materials aimed at stimulating dialogue between U.S. firms and their Malian counterparts.

2.1.4 Identification of Corporate Prospects

A wide variety of sources were utilized in the early stages of programming to identify U.S. companies that might be invited to attend investment promotion events.

The technical assistance team targeted companies meeting one or more of several criteria:

- ◆ Established interest in priority economic sectors identified by the Government of Mali;
- ◆ Prior or ongoing corporate operations in Africa or elsewhere in the developing world;
- ◆ Expressed interest in investing in Mali or elsewhere in Africa;
- ◆ Companies with access to technology of interest to Malian companies.

Initial contacts focused on companies already active in Mali or having experience in negotiating prospective operations in Mali. (One interviewee was a firm which had previously sought to establish an operation in Mali, but which had abandoned its plans allegedly as the result of official intervention in its efforts.) These companies were canvassed for information regarding plans they might have for new or expanded operations as well as for information on other companies which might have expressed interest in Mali.

It is important to note that the technical assistance team repeatedly assured BHP-Utah that it would seek to remain sensitive to that company's interests and would honor any requests by BHP-Utah to avoid approaching its competitors. On each occasion that the consultants raised this issue, BHP-Utah officials emphasized that they would welcome any and all new investment in Mali by U.S. companies. Such investment would, in their belief, strengthen the U.S. presence and contribute positively to the operating environment.

2.1.5 SOTELMA Coordination

An unanticipated diversion of consultant activity occurred during the last week of August, when a delegation of officials from the Malian telecommunications company, SOTELMA, arrived in

Washington, D.C. The Ambassador of Mali requested the technical assistance team to assist in setting up a wide variety of meetings for this delegation.

While this activity was not strictly related to planning for the September promotion mission, it allowed the consultants to better familiarize themselves with one of the priority sectors to be promoted.

2.2 Field coordination and dossier reviewal in Mali (August 27-September 8);

The technical assistance team visited Mali for a ten day period, between August 25 and September 8 in order to coordinate preliminary activity for the promotion mission and to obtain detailed information on Malian ventures in search of joint venture partners.

2.2.1 USAID Bamako

The Bamako mission of the Agency for International Development coordinated the consultants' activities in Mali, providing excellent guidance and valuable logistical assistance.

Concerns were voiced by the mission regarding a number of issues:

- ◆ At present, Mali's economic policy environment is in a state of transition, with a new investment code and labor code currently being deliberated on within the government. Scheduling of the investment mission appeared to be premature.
- ◆ USAID/Bamako does not currently have discreet programming activities in the area of private enterprise development, nor does it have a full-time private enterprise project manager. What expectations does USAID/Washington have regarding the ability of the Bamako mission to follow-up on the investment mission?
- ◆ Mali conducted an investment mission to Japan in June 1990, with little apparent consequence. What lessons were learned from that experience? Had the technical assistance team adequately analyzed that experience and benefitted from lessons learned?
- ◆ Would USAID/Washington's assistance to the investment mission raise unrealistic expectations on the part of Government of Mali officials? What consequences might that have for the Mission's working relationships with Malian officials?

- ◆ Could short-term consultants with limited experience in Mali adequately assess the financial and technical capabilities of local entrepreneurs? Could the consultants distinguish between legitimate entrepreneurs and others with dubious credentials?

2.2.2 Official meetings

The technical assistance team met with officials at all levels of the Malian government, including presidential advisors, members of the presidential cabinet, agency directors, and individuals with line responsibilities in technical ministries.

These meetings fell into three roughly defined groups:

- ◆ Liaison with local entrepreneurs and business groups;
- ◆ Meetings with line and technical ministry officials to discuss their roles in the preparation for and conduct of the investment mission;
- ◆ Meetings with the most senior level of Malian officials to discuss overall planning for the investment mission, the tasking of responsibilities, and particular concerns of the Malian president.

The majority of these meetings were of great value, however a number of discussions went well beyond the consultants' terms of reference. By virtue of their technical role and their status as contractors to USAID, the technical assistance team was not positioned to discuss issues of policy and protocol with senior representatives of the Malian government. For this reason, the consultants requested an official US Embassy or USAID presence at all meetings with presidential advisors or other senior government officials.

2.2.3 The Bureau of Public Enterprises

Within the context of its structural adjustment and policy reform programs, the Government of Mali is liquidating or seeking to privatize more than sixty parastatal enterprises. The transformation of this sector of the economy is being coordinated by the Bureau of Public Enterprises (BEP), within the Ministry of Plan.

During the course of their discussions with the BEP director, the consultants identified a group of parastatal companies that are being transferred to private ownership and which appear to have potential to attract foreign partners. Dossiers which the consultants brought to the United States for circulation to interested firms included:

- ◆ COMATEX, a fully-verticalized textile production enterprise;
- ◆ SEPAMA, a peanut processing factory;
- ◆ SMECMA, an agricultural implement manufacturer;
- ◆ SOCIMA, a cement factory;
- ◆ CNAR, the national insurance company;
- ◆ SONAM, the Niger River navigation and transport company;
- ◆ SEPT, a phosphate mining company

2.2.4 Coordination with Malian Businesspersons

The technical assistance team used a variety of approaches to identify Malian ventures suitable for promotion in the United States.

For each of the six priority sectors defined by the Government of Mali, the consultants made initial contacts through appropriate technical ministries, with subsequent contacts through the Malian Chamber of Commerce and Industry and the Chamber of Agriculture.

At these initial meetings, the consultants solicited investment proposals which conformed to several criteria. Wherever possible, investment proposals were to include:

- ◆ Feasibility studies and business plans for new or proposed operations;
- ◆ Accounting audits or financial statements for existing operations;
- ◆ Technical descriptions of existing or proposed operations;
- ◆ Resumes or similar documentation on the technical ability and financial solvency of entrepreneurs soliciting joint venture partners.

While the response to the consultants' solicitations was uniformly enthusiastic, the vast majority of the roughly forty proposals received did not contain the above information. In not one instance did a proposal contain all of the above information. The majority of proposals received, in fact, were solicitations for financial assistance for superficially described and inadequately studied ventures.

In order to assure that investment proposals were received with adequate time to permit study and subsequent discussion, the technical assistance team sought to stagger submissions through a series of deadlines at technical ministries. These deadlines and channels for the submission of dossiers were generally ignored. In spite of explanations that no dossiers could be accepted for review less than forty-eight hours prior to the consultants' departure, some twenty proposals were delivered to the consultants' hotel during their last day in Mali. An additional eight proposals subsequently arrived in the United States by mail, fax, or hand-carried by travelers.

2.2.5 Site visits

Time and resource limitations prevented the consultants from carrying out any rigorous program of site visits to Malian firms. However, the high priority that Malian authorities assigned to the promotion of irrigated agriculture and to textiles required that one member of the team travel to Segou for discussions with managers of the Office du Niger irrigated zone and the COMATEX textile factory.

These site visits proved to be of value in several respects. The Office du Niger has long been under stringent administrative controls, and only recently has begun to open portions of its domain to large-scale private enterprise. Various prospective investors had already presented the consultants with claims to pending concessions of unusually large size. Discussions with Office du Niger officials enabled the consultants to distinguish between inflated--and possibly fictitious-- concessions and those which have been legitimately awarded to entrepreneurs.

By the same token, however, discussions with Office du Niger personnel underlined the existence of tensions between local management of the project and policy-makers in Bamako. The availability of Office du Niger lands for large-scale agribusiness enterprises is by no means a foregone conclusion at the present time.

The visit to the COMATEX facility was an opportunity to visit one of Mali's more successful large-scale enterprises; a well-managed, fully-verticalized if technically outmoded facility. The COMATEX operation currently operates at full capacity, serving the domestic market with a number of high-demand products. While small by North American standards, the operation is an excellent candidate for joint-venture participation by a foreign firm.

2.2.6 Liaison with the AMIS Meat Processing Study Team

Fortuitous scheduling permitted the technical assistance team to coordinate its activities with those of a two-person team identifying prospects for meat processing industries in Mali.

Under the USAID-funded Agricultural Marketing Improvement Strategies Project, Deloitte-Touche agricultural economist James O'Connor and meat industry specialist Randall Redenius spent three weeks in Mali identifying supply, infrastructure and market factors influencing prospects for investment in meat processing.

In coordination with the USAID Africa Bureau Office of Market Development and Investment, Mr. Redenius was to facilitate participation in the San Francisco investment promotion conference by representatives of several U.S. meat processing firms.

2.3 Corporate Contact and Event planning (September 10-29)

2.3.1 Organization of Corporate Contacts and Coordination Activities

Upon its return to Washington, DC the technical assistance team faced six separate tasks:

- ◆ The formulation of a list of U.S. and other corporate contacts for invitation to the San Francisco conference;
- ◆ The translation, editing, and reproduction of investment dossiers, for distribution to prospective U.S. investors;
- ◆ Telephone or other personal contact with invitees in order to explain the purpose of the Malian investment mission, to solicit queries, and to identify investment proposals relevant to their interests;
- ◆ The preparation and distribution of technical materials on Mali's investment environment; general background information on Mali; descriptive information on the six priority investment sectors;
- ◆ Preparation of a list of potential issues and questions which might be raised by investors, journalists, and U.S. government officials. This material was to be transmitted to USAID/Bamako for forwarding to director of the presidential cabinet;
- ◆ Coordination of logistical and technical aspects of the investment conference with the Embassy of Mali, van Kloberg & Associates, BHP-Utah, and U.S. government agencies.

In order to assure the completion of the above tasks in a timely manner, responsibilities were broken out for each member of the technical assistance team; Garrett Smith was charged with the tasks of dossier preparation, development of invitation lists, and telephone contact with U.S. investors, and Nicolas Kulibaba assumed responsibility for all other tasks.

During this period, however, the number of unforeseen tasks increased daily and in an unpredictable manner, due largely to day-to-day planning concerns of the Malian Embassy; the intermittent arrival of Malian delegations to the World Bank/IMF meetings and the United Nations Summit on Children; and the arrival of a fifteen-person advance team for the investment promotion mission.

2.3.2 Mining Sector Coordination

During the three-day period of September 19-21 the technical assistance team utilized the services of Lloyd Quashie, a mining industry consultant and former general manager of Ghana's Ashanti Gold Fields.

Mr. Quashie's services were deemed necessary in order to identify reputable mining firms which might have a prospective interest in Mali. Mr. Quashie was uniquely qualified to perform this task, given his excellent contacts in the North American and European mining community and the high regard for his abilities at the World Bank and the U.S. Bureau of Mines.

During his brief tenure on this effort Mr. Quashie personally contacted executives of companies in the United States, Canada and Europe to issue invitations to attend the San Francisco investment conference.

The strategy utilized to select invitees was based on the recognition of the corporate components of any successful mining venture. Mining production companies, mining engineering firms, investment houses and mining underwriters were all invited, in the hope of channeling information on Mali throughout the network of companies which participate in minerals industries.

The invitation of non-U.S. companies to the San Francisco conference was raised as an issue by members of the USAID/MDI staff, who felt that this might diminish the strategic advantages of U.S. firms.

The consultants noted, however, that transnational ownership of mining companies and multinational participation in mining ventures has become the dominating trend in the minerals industry during the past decade. BHP-Utah International, the corporate host of the San Francisco conference and the leading "U.S. corporate presence" in Mali is, in fact, the minerals subsidiary of Australia's largest multinational company.

2.3.3 Difficulties of Advance-Team Coordination

The arrival of the technical advance team on September 21 merits particular discussion, due to a misunderstanding which arose in regard to the technical assistance team's responsibilities.

The prospect of a technical advance team was first raised during the consultants' visit to Bamako. Shortly before their departure, the consultants were notified that the Government of Mali had requested United Nations Development Fund assistance to permit an advance team to visit the United States for preliminary meetings with U.S. businesses and official agencies.

In a discussion with the director of the presidential cabinet the consultants' emphasized that any time spent coordinating the advance team's visit would detract from their efforts to prepare for the presidential visit; that a large delegation operating independently could have a detrimental effect on efforts to coordinate the investment mission; that such a mission might be more effective in following-up on interest generated by the investment conference; and that any such delegation must arrive with adequate translation and other logistical resources to assure its effective performance.

It was the consultants' understanding at the conclusion of this meeting that the advance team would not leave Bamako without a carefully formulated program and well-defined itinerary for its activities in the United States.

Numerous problems were subsequently raised by the advance team. Official meetings for members of the advance team were initially scheduled by the Mali Embassy, which failed to cancel those meetings when the delegation's arrival was delayed on three occasions. As a result, the technical assistance team received a number of telephone calls from angry U.S. Government officials who complained that appointments were neither kept nor canceled.

When the advance team finally did arrive in Washington on Friday, September 22, 1990 the consultants were immediately confronted with queries regarding their program, recommendations of U.S. officials and businesspersons to contact, requests for assistance in setting up meetings, etc.

Several impediments limited the ability of the consultants to respond to these requests. The advance team contained no individuals with a functional command of the English language. Members of the advance team held air tickets including stops in New York City; Denver, Colorado; and Los Angeles, California and, consequently, expected that meetings would be arranged for them in each of those cities. The greatest problem of all, however, was the fact that the team arrived on the last day of Garrett Smith's contract, leaving Nicolas Kulibaba as the sole consultant to perform all remaining technical and logistical tasks during the ten days prior to the San Francisco conference.

The consultants' response to this eventuality was a diplomatic, if not thoroughly effective one. Rather than disclaim responsibility to the advance team based upon earlier agreements

with the director of the presidential cabinet, Mr. Kulibaba explained the constraints on his available time and offered whatever assistance his other duties might permit.

An effort was made through USAID/MDI to arrange a field visit to textile production facilities in the Carolinas for appropriate members of the Malian delegation. However, the absence of MDI's textile industry leader and the abbreviated duration of the delegation's stay in Washington (due to late arrival) precluded this effort.

An additional complication of the advance team's arrival was increased complexity in communications and coordination for the presidential visit. The presence of several presidential advisors in Washington, DC added an additional layer of administration through which all technical and logistical decisions were obliged to pass. Numerous revisions to technical material prepared for the conference were requested at this time, at relatively short notice. (The eventual arrival of the president and his cabinet director added yet two more layers to the administrative clearance process at precisely the time when rapid decision-making was necessary on an hour-to-hour basis.)

2.3.4 Task Proliferation

As the arrival of the presidential delegation in the United States drew nearer, the number of tasks assigned to the remaining USAID consultant proliferated rapidly. Advance team meetings with senior U.S. government officials resulted in requests that the consultant provide input for briefing materials on the Malian political and economic agenda. At the same time, Malian officials requested that the consultant provide similar information on their U.S. counterparts. The consultant was requested to attend a number of these meetings, on several occasions for the sole purpose of serving as a translator.

It should also be noted that immediately prior to the delegation's departure for San Francisco, the USAID consultant was asked by Malian officials to prepare the speech to be delivered by Mali's president in San Francisco. The consultant noted that this request might be inappropriate to his role as a USAID contractor and that he had been provided with no indication of the president's wishes regarding the content of the speech. Malian officials firmly noted that the director of the presidential cabinet has long assumed that speech preparation would be carried out by the consultant.

The document which was subsequently prepared is found in the annex of this report.

2.3.5 Composition of the Malian Delegation

The Malian delegation to the investment mission was bifurcated, with "official" members traveling in chartered presidential aircraft and "technical" members traveling by commercial means. Both "official" and "technical" delegations contained senior government officials as well as private businesspersons.

One problematic aspect of the composition of the presidential delegation was the unannounced and unanticipated arrival of representatives of particular businesses. These entrepreneurs arrived in the United States with the expectation that contacts with U.S. businesspersons had already been arranged on their behalf. In the absence of any prior notification, however, few contacts could be arranged.

2.4 Coordination of the Investment Conference and Malian Delegation Activities in Washington, D.C. (September 30-October 6);

2.4.1 Preparatory Tasks and Issues

Preparatory tasks in San Francisco included responding to further editorial changes requested in conference documentation by members of the advance team; reproduction of edited materials; and coordination with BHP-Utah staff for the organization of the investment conference.

Up-to-the-minute briefings on the number and character of firms responding positively to conference invitations were provided for senior Malian officials both on the evening prior to the conference and on the morning of the conference itself.

Several last minute issues arose, related to the failure of the technical assistance team to generate attendance by any meat processing firms and the absence of USAID consultant, Randall Redenius; the absence of U.S. insurance or textile firms, or prospective investors in SOCIMA, the Malian cement factory. At the same time, it was noted that the Malian delegation had failed to include any representatives of the solar energy industry, in spite of the fact that this had been officially designated as a priority sector for promotion.

2.4.2 Conference Attendance

In most respects, attendance at the San Francisco conference by U.S. businesspersons surpassed both consultant, BHP and official Malian expectations.

Fifty-one individuals, representing forty-one institutions were present, traveling from as far afield as Montreal; Washington,

D.C.; and Columbus, Georgia. (Several European-based firms were represented by their U.S. subsidiaries).

When consultants, trading companies, and non-business institutions are subtracted from this total, twenty-two prospective investors were present.

In addition to conference attendees, twenty-nine companies responded to invitations with regrets, requesting nonetheless that they be included on distribution lists for further information on prospects for investment in Mali.

2.4.3 Presidential Presentation

President Traore's role in the San Francisco conference was an active one. Contrary to the advice of his advisors, the president chose to field questions from conference attendees himself.

Questions asked during the fifteen-minute session ranged widely, from transparent testimonials to the validity of the president's comments on the Malian investment environment, through general queries regarding investment law and regulation, to a question on prospects for devaluation of the CFA Franc. (On the latter issue the president firmly denied the legitimacy of devaluation as an option over the medium-term.)

Of the greatest consequence to USAID, however, was an unanticipated announcement by President Traore: the president was so pleased by the turnout at the investment conference that he intends to establish a presidential commission on investment promotion in the U.S.

2.4.4 Technical Sessions

The effectiveness of technical sessions was hampered by the lack of preparation of materials or presentations by members of the Malian delegation and the failure to provide for an adequate number of interpreters. (Several interpreters were obtained for the conference, however two interpreters listed as being part of the Malian delegation did not arrive in the United States.)

Only one member of the delegation--the director of mines--arrived in the United States prepared adequately to chair a technical discussion. As noted earlier, the solar energy sector was not represented at all in the Malian delegation, although several solar energy companies had responded to conference invitations.

In order to limit exposure of these deficiencies in the technical sessions, a decision was made on the morning of the conference by the USAID consultant to conduct only two joint technical sessions. Individual members of the Malian delegation were presented along with a brief exposition of their technical or

business interests. Conference attendees were then encouraged to approach delegation members with questions relevant to their own interests.

Given the high degree of interest in Mali's mineral resources, the director of mines delivered a presentation with the assistance of USAID consultant, Lloyd Quashie. Mr. Quashie's contribution to this presentation was considerable, given his own personal familiarity with the mineral geology of Mali.

2.4.5 Adjunct Activities in Washington, D.C.

During the October 4-7 period, the Malian delegation carried out a series of meetings with U.S. Government officials, several of which were of particular importance to the investment promotion goals of the mission.

President Traore's meeting with Ambassador Mark Edelman, Acting Administrator of USAID centered around a discussion of the progress that Mali has made in implementing economic policy reforms, in addition to a variety of other issues. These topics included the prospective role Mali might play in efforts to resolve regional conflicts; a briefing on the UNICEF Summit on Children; and a discussion of Mali's efforts to promote family planning.

While making no new commitments to the Government of Mali, Ambassador Edelman's comments were generally of a congratulatory nature, complimenting President Traore on the progress that his nation has made in promoting conditions favorable to the emergence of a stronger private sector. Ambassador Edelman emphasized that while USAID would be pleased to assist Mali's future efforts in investment promotion and favorably regarded the establishment of a presidential commission on private investment, the burden of creating conditions attractive to investors remained the responsibility of Malian policy-makers. Among the policy issues cited were reform of the commercial code and the tax regime.

Meetings with the president and senior executives of the Overseas Private Investment Corporation were of a largely salutary nature. OPIC President Zeder echoed official U.S. Government sentiment by praising Mali's economic reform program. OPIC expressed support for Mali's investment promotion efforts and recommended that Malian policy-makers explore the possibility of establishing export processing zones, such as those OPIC is currently assisting in Togo and Cameroon.

While no explicit commitments of assistance were made to the Malian delegation, OPIC officials expressed a willingness to work more closely with Mali's Washington embassy to identify prospective U.S. investors.

In addition to official meetings attended by President Traore, a number of follow-up discussions were held between U.S. agency executives, businesspersons and the Malian delegation.

These included:

- ◆ A discussion of meat processing and the livestock industry with International Trade Administration Director for Africa, Jeffrey Greenblum, who has strong personal interest in this topic.

Mr. Greenblum offered facilitate contacts between Ministry of Environment and Livestock officials and U.S. companies, for the purpose of exploring industry prospects in Mali.

- ◆ Bureau of Mines International Division Chief George Coakley and country specialist Hendrik van Oss met on several occasions with Malian Director of Mines Mory Kane, re-enforcing what is clearly an already well-developed collegial relationship.
- ◆ Bureau of Mines officials maintain an excellent data base of information on Mali's mineral resources and regulation of the mining industry. They are, hence, well-positioned and favorably disposed to facilitate investment queries by U.S. firms and can serve as a reliable resource in future promotional efforts.
- ◆ Discussions between COMSAT and the Malian government for the establishment of a series of telecommunications ground stations are at an advanced level. An impasse currently exists, however, with regard to the financing of this project. U.S. interests would be well-served if official support could be lent to this effort.
- ◆ Interest in SEPAMA, the Malian peanut processing parastatal, has been expressed by the fruit and nut subsidiary of the U.S. agribusiness company, CONAGRA. Even prior to the Malian delegation's departure, a detailed technical query was submitted to Bureau of Public Enterprise Director, Bokary Diarra. CONAGRA executive, Peter Berger, has subsequently reiterated his interest in making a field visit to Mali to examine the SEPAMA facility and other Malian peanut production operations.
- ◆ Representatives of the Washington, D.C. law firm of Steptoe & Johnson met at various times with members of the Malian delegation to discuss prospects for concessionary financing and grant assistance from Japanese sources for private enterprise projects.

During the final days of the investment mission's visit to Washington a misunderstanding arose with regard to a scheduled meeting between Steptoe & Johnson representatives and President Traore. In the absence of any concrete proposals by the law firm, Mali's Ambassador chose to cancel the presidential meeting and, instead, arranged for a discussion with Mali's minister of finance.

- ◆ SOLAREX, a solar energy subsidiary of Chevron Corporation, had previously attempted to establish an operation in Mali. Administrative impediments, however, led to a decision by SOLAREX not to move forward.

In an effort to enlighten Malian officials about the factors which had led SOLAREX to abandon its plans-- and to possibly revive prospects for investment-- a meeting was scheduled between a SOLAREX executive and senior members of the Malian delegation.

As the result of oversight, Malian officials failed to either arrive for the meeting or to request that it be rescheduled.

2.4.6 Prospects for the Presidential Commission on Investment

President Traore's announcement of his intention to convene a commission on investment promotion in the United States was anticipated by very few members of the Malian delegation.

During the final days of the delegation's presence in the United States the USAID consultant was requested to provide guidance on the commission's composition and agenda to a variety of presidential advisors and senior ministry personnel.

Specific recommendations made in response to these queries are reiterated subsequently in this report.

2.5 Follow-up and reporting (October 8-18).

The final weeks of the consultant's activity on this assignment were devoted to two specific activities:

- ◆ Follow up briefings and discussions with U.S. government officials, U.S. businesspersons, Embassy of Mali personnel, and others who had played a role in the investment mission.

The principal purpose of these meetings was to identify necessary follow-up tasks, discuss strategy for short-, medium-, and long-term promotional efforts by the

Government of Mali, and to facilitate responses to queries received by the investment mission.

- ◆ Reporting on the coordination and conduct of the investment mission.

3.0 Issues and Lessons Learned

3.1 The Need for Intensive Planning and Coordination

3.1.1 Prior Experience

Mali's experience in investment promotion is limited. Never before in the nation's history has a concentrated effort been mounted which specifically targets the generation of interest in Mali by foreign private enterprise. However, in 1990, Mali has complemented its policy reform efforts with two separate, and very different, investment missions.

The first of these--a "Visit of Work and Friendship to Japan"-- was carried out during June 10-17, 1990 and included investment promotion as only one of several priorities.

This mission's principal disadvantage was the absence of any permanent official Malian presence in Japan and, consequently, a lack of close working relationships with Japanese officials and private businesspersons. The mission was organized and coordinated by Mali's Ambassador Plenipotentiary to the Soviet Union and Japan, who resides in Moscow. Hence, organizational preparations for the visit were implemented during several short visits by Malian officials.

The agenda for the Japan mission consisted principally of official meetings, tours, and visits to two Japanese factories.

Composition of the Malian delegation reflected the heterogeneous character of the mission. Included in the delegation were:

- ◆ President Traore and the First Lady;
- ◆ the President of the National Assembly;
- ◆ two members of the presidential cabinet (foreign affairs and plan);
- ◆ the Director of the presidential cabinet;
- ◆ five protocol functionaries and presidential advisors;
- ◆ the Director General of International Cooperation;

- ◆ the Ambassador and Chief of Protocol of the Embassy of Mali to the USSR;
- ◆ six private businesspersons (including representatives of Malian banks, trading companies, and the Malian airline, Malitas);
- ◆ four journalists;
- ◆ five personal assistants, household staff, or spouses of delegation members.

Notably absent from the delegation were officials representing government organs charged with the regulation and administration of investment, industry, and priority economic sectors.

The principal critiques voiced by members of the delegation regarding organization of the Japan visit were: a) that inadequate opportunities for meetings with prospective Japanese investors were scheduled, and b) that no provisions for follow-up activity were established.

The validity of these observations is underlined by the fact that as of October 1990--four months after the Japan mission-- no new prospects for Japanese investment had yet been identified and no ongoing arrangements were established to encourage further dialogue.

3.1.2 Lessons Learned and Implemented

Organization of the U.S. investment mission reflected recognition by the Malian authorities of the fact that investment promotion requires focus, the commitment of resources, and coordinated effort. The Embassy of Mali's request for assistance from USAID in planning the mission, its articulation of a rough-hewn strategy for targeting prospective investors, and the effort to match delegation composition with the target audience were all indications of significant progress in this respect.

While it is the consultant's considered opinion that the U.S. investment promotion mission was not scheduled to allow adequate advance time for its ambitious agenda, the fact remains that preparation for this visit was more extensive, better coordinated, and better focused than Mali's prior effort.

While resources and institutional arrangements for immediate follow-up activity have not proven adequate, President Traore's commitment to convening an inter-agency commission for investment promotion is especially significant. This will establish a senior-level capacity for strategy formulation, planning, communications, evaluation and the acquisition of greater experience in investment promotion.

3.2.1 The Problem of Competitive Scheduling

Scheduling of the investment mission to coincide with, or follow, the United Nations Summit on Children and the joint IMF/World Bank meetings represented an effort by the Government of Mali to maximize the value of expenditures in support of official delegations.

While this may have been a sound economic decision, it complicated scheduling and coordination efforts to a serious degree.

The UN, World Bank and IMF events precipitated simultaneous visits to New York and Washington, D.C. by some sixty heads of state and more than one hundred national delegations.

The similarity of respective delegation agendas resulted in a competitive environment for the scheduling of meetings with officials of the U.S. government, the World Bank, the International Monetary Fund and their ancillary institutions. The intensity of diplomatic activity during this period precluded or abbreviated many meetings with both government officials and private executives.

President Traore's visit to the United States was officially classified as being of a private nature. (An official state visit had taken place in October 1988, during the president's tenure as presiding chief of state of the Organization of African Unity.) Hence, official efforts to facilitate scheduling and program support by U.S. government agencies were not so forthcoming as they would have been for an official visit or one scheduled during a less-busy period.

However, official Malian expectations of high-level meetings at the White House and other agencies of the Federal Government were not realistic in keeping with the private nature of the visit.

In addition to difficulties associated with scheduling presidential meetings, the size of the combined Malian delegations and their scheduling expectations inflated demands on the consultants' time, and detracted from efforts to organize the San Francisco conference and its ancillary events.

At one moment in time four Malian delegations (UN, World Bank/IMF, technical advance team, and presidential delegation) were simultaneously present in the United States. Each of these ranged between eight and forty persons.

Efforts to serve Malian delegations were, at times, further complicated by a breakdown in the established management structure. While Malian officials assigned priority to the consultants' efforts on behalf of the most senior officials, a regular stream of

individual requests for appointments and services flowed from all members of all delegations. Nearly all of these requests were legitimate and appropriate to the terms of reference of delegates. However, delegate expectations of the consultants' ability to schedule meetings at short notice reflected little appreciation of the realities of official scheduling in Washington, D.C. or of task-overload of the technical assistance team.

3.2.2 Lesson Learned: Scheduling and Management Overload

Many members of the Malian delegation expressed disappointment with the limited number of meetings and site visits scheduled, and the absence of a defined program for the preliminary technical delegation.

Their criticisms of coordination by the Mali Embassy and the technical assistance team, however, were tempered by an acknowledgement of organizational and communications problems, particularly with regard to repeated postponements in their departure from Mali and last-minute changes in the composition of the delegation.

Final discussions with senior members of the official delegation focused on this issue, acknowledging that future delegations must be less ambitious in scope, and should adhere to established schedules and programs. The role of task-overload in contributing to a breakdown of communications and managerial effectiveness was also acknowledged.

3.2.3 Lesson Learned: Investment Promotion is a Discrete Activity Which Should Not be Treated as an Adjunct to Other Missions and Priorities

Having experienced the confusion of overlapping priorities of the several simultaneous missions to the United States, Malian delegates discussed the need to treat investment promotion as a singular initiative.

Investment promotion is, in and of itself, a complex process based upon assuring the free and open flow of information among many parties, and structuring opportunities to carry such dialogue forward into negotiation and concrete action.

Evidence that this may, in fact, constitute a lesson-learned as a result of the U.S. investment mission is found in President Traore's public announcement of the creation of a commission on investment promotion. For the first time in Mali's history, a public body will be charged with investment promotion as a discrete activity.

3.3 The Relationship of Private Business to Government in the United States

Members of the investment promotion delegation were perplexed by the inability of U.S. Government officials to rapidly convoke private businesspersons for meetings with their Malian counterparts. Similarly, a number of Malian officials and businesspersons argued that "of course the U.S. government could insist that particular companies invest in Mali." Yet another Malian official was surprised to learn that low profit margins might be a disincentive to U.S. investment in Mali.

These examples underline basic misconceptions about the role of government in its relationship with private business in the United States. These misconceptions are understandable, however, given the traditionally heavy-handed role of government in the Malian economy.

3.3.1 Lesson Learned: The Need to Educate Malian Officials and Businesspersons About the Relationship of Government and Private Business in Liberal Markets

Increased exposure to liberal societies in which private business is afforded autonomy will better equip Malian officials and businesspersons to promote investment. Economic liberalization at home will undoubtedly accelerate this process, however at the present time it appears that fundamental misconceptions could handicap future investment promotion efforts.

Confusion about the relationships of government and private business in the Americas, Europe, and Asia may lead to both unrealistic expectations of Mali's bilateral partners as well as inappropriate focus for future investment promotion efforts.

3.4 Lesson Learned: The Relationship of Policy to Investment Decisions

Mali's evolving commitment to economic policy reform has been, in many respects, a gamble. With a shortage of fiscal resources and declining economic conditions, Mali's leaders have accepted reform based on expectations of a positive economic outcome.

During their many discussions with U.S. Government officials and private businesspersons, Malian delegates were regularly reminded that the creation of a favorable environment for investment results directly from policy decisions. This was particularly evident during the San Francisco conference, when numerous questions were asked about the existing policy environment and the government's willingness to adjust its position in favor of more liberal operating conditions.

This is not intended to imply that Malian officials are unaware or inadequately sensitive to the relationship between policy and economic conditions. In most respects, this discussion pertains less to a "lesson learned" than a "lesson reinforced".

Public statements by President Traore emphasized the Government of Mali's awareness that reform momentum must be continued forward. Particularly commitments were voiced by the president with regard to creating regulatory and fiscal incentives to attract foreign investors, and to liberalize operating conditions for greater profitability of private enterprise.

3.5 USAID Involvement in Investment Promotion

In responding to the Government of Mali's request for technical assistance, the Office of Market Development and Investment noted that this exercise could involve "a new approach."

It is the consultant's view that benefits to Mali, measured in terms of lessons learned and experience acquired, will prove to be of great ultimate value as a direct result of USAID/MDI's contributions to this effort. However, as a new approach, this effort raised a variety of issues which should be considered in the future.

3.5.1 The Consultant's Role and the Issue of Management Control

The role of the MDI consultants in this effort was somewhat unorthodox: recruited and fielded by Washington, at various times the consultants had daily reporting responsibilities to senior officials of the Malian government, to the Embassy of Mali in

Washington, to a variety of U.S. government agencies, and to the USAID mission in Bamako.

While the principal focus of consultant activity was technical--i.e. coordination of the investment mission-- the organizational structure of the presidential visit exposed the consultants to numerous supplementary demands on their time and efforts from senior officials in both the United States and Malian governments. Many of these requests had diplomatic and political implications.

While the consultants are confident that they performed with appropriate sensitivity to bilateral government concerns, prospects for unanticipated outcome remained high throughout the life of this effort.

While MDI should be encouraged to respond to similar requests for assistance in the future, it should:

- ◆ Remain attentive to the need for careful definition of consultant terms of reference, particularly where these may impinge upon the legitimate prerogatives and responsibilities of U.S. and foreign government agencies;
- ◆ Communicate directly with other U.S. agencies at the outset of technical assistance efforts in order to allay institutional concerns and establish ground rules for future activity;
- ◆ Assure that consultants are adequately briefed on official U.S. policy concerns in order to prepare them for discussions with senior host-country officials.

3.5.2 The Advantages of Technical Assistance to Senior Policy-Makers

Among the most positive outcomes of MDI's role in assisting the Malian investment mission has been to strengthen U.S. government relationships with many of the most senior officials in the Government of Mali. Personal and professional relationships have been broadened, trust established, and the basis for future cooperation on a wide range of policy issues has been reinforced.

While the use of consultants in this position is somewhat unorthodox, Malian officials have concretely demonstrated trust and a willingness to work with U.S. advisors. The bilateral advantages of this precedent could be of future benefit to both nations.

USAID assistance to the presidential commission on investment promotion could provide a means of carrying this momentum forward.

3.6 Resource Availability of the Office of Market Development and Investment

In working under the supervision of USAID/Africa Bureau's Office of Market Development and Investment, the consultants acquired perspective on the accessibility and value of various of that office's resources.

3.6.1 MDI Industry Data Bank

The existing MDI industry data bank, which contains extensive information on U.S. firms with experience or interest in overseas operations, is undoubtedly a valuable resource. Access to sectoral data is apparently the prerogative of individual MDI staffers and, hence, is not readily accessible.

Consultant efforts to target and recruit prospective U.S. investors would have undoubtedly been more successful had direct access been provided to this information resource.

The consultants appreciate the need to treat this data with discretion, both to protect the strategic interests of individual companies and to prevent ill-considered approaches to corporate executives.

In order to render this resource more accessible while respecting the sensitivity of information, MDI should consider drafting a set of guidelines for its use by consultants.

3.6.2 The Industry Leader Program

MDI's industry leader program is a valuable aspect of project activity. However, current arrangements for the accessibility of industry leaders as a source of guidance are limiting.

Operating as consultants on a task-by-task basis, industry leaders are provided with little incentive to respond in a forthcoming manner to queries by other MDI consultants. This is a rational response by individuals who must guard their expertise in the hope of opportunities for remuneration.

MDI should consider the establishment of a retainer agreement which would compensate and encourage industry leaders to make their expertise more readily available to USAID missions and technicians performing assignments on behalf of MDI.

4.0 Recommendations for Future Action

4.1 Immediate Programming and Follow-up

The San Francisco investment conference and meetings conducted in Washington, DC by the Malian delegation have generated a new and unprecedented level of awareness of Mali as a potential site for investment. Dialogue between Malian and U.S. firms was initiated and numerous expressions of interest have been voiced by U.S. companies. However, in the absence of immediate follow-up the Malian initiative is threatened with inertia.

In light of President Traore's expressed intention of convening a national commission on investment, Mali's Washington Embassy may wish to await official directives on any new thrust in its activities. However, the Embassy is uniquely positioned to stimulate independent initiatives by U.S. and Malian firms alike. Additionally, the Embassy maintains particular interest in assuring that it is included as a resource for future activities by the presidential commission.

No initial strategy for carrying promotional activity forward was formulated at the outset of the presidential investment mission, nor were resources designated for follow-up activity. The absence of a plan for a next level of promotional activity was not

an oversight, but rather a function of inadequate time and resources at the outset of programming for the investment mission.

Hence, it is imperative that such a strategy be formulated at present and that resources be allocated to assure its implementation.

Short-term programming should be limited to two principal activities:

- 4.1.1 To respond to expressions of interest in Mali by U.S. companies and facilitate communication with prospective partners.

This activity would include sending thank you notes to U.S. companies that attended events sponsored by the investment mission or that expressed regret at being unable to attend, facilitating requests for further information, and assuring response by Malian authorities and companies to those requests.

- 4.1.2 To facilitate the distribution and follow-up queries for investment proposals submitted by Malian companies for consideration by prospective U.S. partners.

This would include responding to each company or entrepreneur who submitted proposals with a report on the disposition of their documents. In many cases, this will require notification that dossiers could not be distributed due to the absence of adequate information as well as constructive recommendations as to how proposals might be improved (e.g. the need for feasibility studies, business plans, technical documentation, etc.).

This activity should be coordinated with the USAID mission in Bamako, given that many requests regarding the disposition of investment proposals are likely to be presented there. While informal arrangements to handle such requests have already been made, the mission must be included within all communications pertaining to follow-up activity.

The recommended level of effort for this activity would be 5 - 10 days.

4.2 Other Recommendations for Action

Throughout the period during which USAID technical assistance was provided to the Malian investment mission concerns were raised by U.S. officials regarding rising expectations of open-ended assistance.

These concerns are legitimate, however USAID is now faced with a fait accompli: Malian authorities returned from the United States

with a sense of accomplishment and a desire to move ahead on the basis of that success.

President Traore's decision to convene a commission on investment promotion will almost certainly result in a request for further technical assistance by USAID.

The following recommendations provide constructive guidance to USAID, suggesting cost-effective responses to anticipated request for future assistance.

4.2.1 Terms of reference for the presidential commission on investment in the United States should be broadened to align promotional activities for all international markets with domestic policy and administrative reforms.

The presidential commission on investment promotion could be well-positioned to inform the process of policy reform that has resulted from increased dialogue between government and the private sector. Mali's prospects for attracting increased foreign investment, whether from the United States or elsewhere, will be directly related to the quality of that dialogue and the manner by which it contributes to an improved environment for all private business.

A broadening of the terms of reference of the presidential commission to include all of Mali's investment markets would serve several functions. It would assist the Government of Mali in focusing on the elements of successful promotion (including strategy, institutional support and improvements in the investment environment); expand potential sources of technical and other assistance for the work of the commission; and encourage a longer-term view that is more conducive to the economic and social goals of the government.

Multi-donor cooperation in assisting the presidential commission would assure that its activities complement ongoing project and policy reform initiatives.

Whatever its eventual geographical focus might be, the presidential commission will need to acquire greater familiarity with its target markets; to establish realistic and attainable goals; and to identify, coordinate and channel available technical and financial assistance.

The performance of this task will be a critical one for a variety of reasons. For the government of Mali, it will help to define the objectives of the investment commission, its strategy and its modus operandi. For AID and other donors, it will allow for the definition of roles and the identification of resources available to support the commission's work.

4.2.2 Organizational Assistance to the Presidential Commission

While Malian officials have returned from the United States with a new appreciation of the complexities of investment promotion, the presidential commission could benefit greatly from short-term assistance.

This assistance would focus on the following tasks:

- ◆ Drafting guidelines for the commission which emphasize the critical importance of the policy environment as a principal for foreign investment initiatives;
- ◆ Assisting senior government officials in drafting guidelines for the investment commission which assure that it may serve as a contributor to the policy reform process by identifying existing and prospective impediments to investment;
- ◆ Establishing goals and objectives of the commission based upon a realistic inventory of available internal and external resources;
- ◆ Assisting members and staff of the commission on strategy and work plan formulation;
- ◆ Briefing members of the commission on existing U.S. government, World Bank and other programs which are complementary to the commission mandate;
- ◆ Identifying available institutional and private resources in Mali which might be utilized to improve the quality of investment proposals generated within Mali, and to identify training opportunities to upgrade the quality of business advisory resources in Mali;
- ◆ To formulate an operations program to maximize the role of official Malian representation in target markets in promoting private investment;
- ◆ To conduct a series of seminars for members of the commission covering effective techniques for business promotion, strategy formulation, resource optimization, and comparative case studies of successful and unsuccessful promotion efforts in other nations.

4.2.3 Business Management Training

Investment proposals collected by the technical assistance in Mali were uniformly deficient in many respects. Many did not contain feasibility studies, market analysis, cost and revenue projections, business plans, or assessment of proposed

technologies. A number of these, however, were prepared by locally-hired business management consultants.

USAID should examine the possibility of utilizing core-funded programs for the establishment of a short training cost for Malian business management consultants. This activity would remedy an identified deficiency in a local service industry and encourage its development; enhance the quality of an existing human resource; and directly complement established goals of Malian economic policy reform.

The anticipated level of effort for such assistance would be approximately six person-weeks.

4.2.4 Improving Awareness of the U.S. Business Environment and Market Principles

As noted elsewhere, the consultants were astonished at the level of unfamiliarity demonstrated by many Malian businesspersons with the U.S. business environment and its autonomy vis-à-vis public authority.

Official U.S. representation in Mali should coordinate efforts with the U.S. Information Agency to create opportunities whereby Malian entrepreneurs might develop a greater appreciation of U.S. free market principles, the criteria by which U.S. businesses evaluate overseas operating environments, and the administrative procedures utilized by such organizations as OPIC, the Export-Import Bank, and the Trade and Development Program.

A series of "entrepreneur seminars", periodic discussion groups, a speakers' program and similar outreach efforts would be well-suited to the needs of Mali's business community and could contribute to institutional development of quasi-private groups such as the Chamber of Commerce and Industry or the Chamber of Agriculture.

This initiative would be a cost-effective means of responding to official requests for assistance, and would help to remedy identified deficiencies in the Malian business community. A well-publicized program of this nature would generate significant goodwill at a time when Mali is seeking to broaden U.S. participation in the domestic economy.

Because this program could be implemented utilizing readily available resources of official U.S. Government agencies present in Mali, it would require not external assistance.

- Appendix 1: Consultant Terms of Reference
- Appendix 2: San Francisco Conference Material Prepared by A.I.D. Consultants
 - Appendix 2.1: Background Notes on the Republic of Mali
 - Appendix 2.2: The Malian Environment for Foreign Investment
 - Appendix 2.3: Sectoral Investment Prospects in the Republic of Mali
 - Appendix 2.4: Official Biographies of President Traore and Madame Traore
 - Appendix 2.5: Talking Points for the Presidential Address
 - Appendix 2.6: Official Delegation to San Francisco
- Appendix 3: List of Persons Attending the San Francisco Conference
- Appendix 4: Questions Prepared for Briefing of President Traore (Prospective Investor or Journalist Questions)

APPENDIX 1

CONSULTANT TERMS OF REFERENCE

TASK ORDER 121

PRIVATE SECTOR COORDINATION AND PROMOTION FOR MALI

SCOPE OF WORK

The required private sector/investment promotion specialist will assist MDI in coordinating the potential investment visits of the President of Mali for his upcoming trip to the U.S. The specialist will work closely with Ken Swanberg in identifying potential investors in the six sectors defined as potential investor areas in Mali: mining, telecommunications, commercial irrigated agriculture, meat processing and livestock products, and cotton and textiles.

Coordination will involve in-depth discussions with the World Bank, IFC, Department of Commerce, OPIC, TDP, EXIM Bank and AID. The specialist will canvass the potential investor sectors for U.S. firms that may have interest in joint ventures, sourcing contracts or supply contracts. The specialist may then visit those firms which indicate interest in possible Malien investments, so as to arrange for the President's visit.

The investment promotion specialist should have a minimum of 5 years international development, general business, or investment promotion experience. The specialist should have a general familiarity with AID and the other organizations with which he/she will be coordinating. A graduate degree in business, economics, or finance is required. The specialist should have excellent presentation and interpersonal skills. An understanding of and/or experience in Mali is highly desirable, as well as general business development experience in Sahelian African countries. French speaking skills at an S3+ is also highly desirable.

It is anticipated that the requested services will be required for a period of six weeks (5 day work weeks) beginning o/a 9 July 1990.

APPENDIX 2

SAN FRANCISCO CONFERENCE MATERIAL PREPARED BY

A.I.D. CONSULTANTS

APPENDIX 2.1

BACKGROUND NOTES ON THE REPUBLIC OF MALI

BACKGROUND NOTES ON THE REPUBLIC OF MALI

Geography

Mali is a landlocked country most of which lies in the West African savanna region, a transition zone between the coastal rain forest and the desert. The northern third of the country, north of Timbuktu, lies within the Sahara Desert and is sparsely populated.

Mali's climate is characterized by a short rainy season between mid-May and mid-October and a long dry season the rest of the year. Rainfall is heaviest and most regular in southeastern Mali (127 centimeters, or 51 inches per year) and diminishes to occasional cloudbursts in the northern half of the country.

The terrain is flat throughout the country, although significant plateaus and spectacular butte outcroppings exist in the west between Bamako and Kayes and in the area south and east of Mopti.

Mali has two large river systems. The Niger River and its tributaries drain the southern and southeastern portion of the country. Downstream from Mopti, the Niger flows into a delta, a vast system of channels and inland lakes that converge as a single river near Timbuktu. Seasonal floods inundate the area and, when they retreat, leave damp areas for cultivation and pasture for livestock. The Niger is navigable from Koulikoro to Gao from mid-July to mid-December by large riverboats (the exact period varies depending on the annual flood level) and most of the rest of the year by smaller craft. The Senegal River, which drains the western part of the country, flows through less productive agricultural land. The major Manantali dam on a branch of the Senegal River in southwestern Mali is now completed and will provide electricity and irrigation water to Mali, Mauritania, and Senegal.

People

Mali's population consists of diverse sub-Saharan ethnic groups, sharing similar historic, cultural, and religious traditions.

Historically, good inter-ethnic relations have been facilitated by easy mobility on the savannas that characterize much of the country. Each ethnic group traditionally is tied to a specific occupation, all working within close proximity to one another. The Bambara, Malinke, and Sarakole are farmers; the Peulh, Moor, and Tuareg are herders; and the Bozo are fishermen. Along the Niger River between Timbuktu and Gao, the Songhai are both farmers and fishermen, while the Tuaregs are herders.

Although each ethnic group speaks a separate language, nearly 80% communicate in Bambara, the common market language. This legacy of relative inter-ethnic harmony is unique among African states. Accurate statistics on Mali's entire ethnic composition are unavailable.

Most Malians live in small towns and villages; only about 16% live in communities of more than 5,000 inhabitants.

Mali's population of 8 million people is growing at about 2.7 percent per year. Rural-to-urban migration (about 70,000 people per year) has pushed the urban growth rate to an estimated 5.0 to 6.7 percent.

History

Mali takes great pride in their ancestry. Mali is the cultural heir to the succession of ancient African empires—Ghana, Malinke, and Songhai— that occupied the West African savanna. These empires—well-organized political groupings that brought security and prosperity to large regions—based their strength upon control of Saharan trade and were in touch with Mediterranean and Near Eastern centers of civilization.

The Ghana Empire, dominated by the Soninke people and centered in the area along the Malian-Mauritanian frontier, was a powerful trading state from about A.D. 700 to 1075. The Malinke Kingdom of Mali, from which the republic takes its name, had its origins on the upper Niger River in the 11th century. Expanding rapidly in the 13th century under the leadership of Soundiata Keita, it reached its height about 1325, when it conquered Timbuktu and Gao. Thereafter, the kingdom began to decline, and by the 15th century it controlled only a small fraction of its former domain.

The Songhai Empire expanded its power from its center in Gao during the period 1465-1530. At its peak under Askia Mohammad I, it encompassed the Hausa states as far as Kano (in present-day Nigeria) and much of the territory that had belonged to the Mali Empire in the west. It was destroyed by a Moroccan invasion in 1591.

French military penetration of the Soudan (the French name for the area) began around 1889. Ten years later, the French made a concerted effort to occupy the interior. The timing and method of their advances were determined by resident military governors. A French civilian governor of Soudan was appointed in 1893, but resistance to French control was not abrogated until 1898, when the Malinke warrior, Samory Toure, was defeated after seven years of war. The French attempted to rule indirectly, but in many areas they disregarded traditional authorities and governed through appointed chiefs. As part of the colony of Soudan, Mali was administered with other French colonial territories as the Federation of French West Africa.

In early 1957, as a result of French law, the Territorial Assembly obtained extensive powers over internal affairs and was permitted to form a cabinet with executive authority over matters within the assembly's competence. After the 1958 French constitutional referendum, Soudan became a member of the French Community and enjoyed complete internal autonomy.

In January 1959, Soudan joined Senegal to form the Mali Federation, which became fully independent within the French community on June 20, 1960. The federation collapsed on August 20, 1960, when Senegal seceded. On September 22, Soudan proclaimed itself the Republic of Mali and withdrew from the French Community.

President Modibo Keita, whose party, the Union Soudainaise, had dominated pre-independence politics, moved quickly to declare a single-party state and to pursue a socialist policy based on extensive nationalization. A continuously deteriorating economy led to a decision to rejoin the Franc Zone in 1967 and modify some of the economic excesses.

On November 19, 1968, a group of young officers staged a bloodless coup and set up a 14-member Military Committee for National Liberation (CMLN) with Lt. Moussa Traore as president. The military leaders renounced socialism and attempted to pursue economic reforms but for several years faced debilitating internal political struggles and the disastrous Sahelian drought.

The first moves toward a return to civilian rule occurred in 1974 when a new constitution was approved, but the military leaders declared they would remain in power for five more years to implement the political transition. In September 1976, a new political party was established-- the Democratic Union of the Malian People (UDPM)-- based on the concept of nonideological democratic centralism. Presidential and legislative elections occurred in June 1979, when Moussa Traore, the CMLN military leader, received 99% of the votes and became the first president under the new constitution. The political situation stabilized during 1981 and 1982. Student and teachers jailed in the 1980 riots were released. Since then, student unrest has been quelled. The UDPM began attracting additional members as it demonstrated that it could offer an effective voice against the excesses of local administrative authorities. The government shifted its attention to economic difficulties, approving plans for an agreement with the International Monetary Fund (IMF), cereal marketing liberalization, reform in the state enterprise system, and new incentives to private enterprise. In 1988, the government negotiated a three-year structural adjustment facility with the IMF and a major public enterprise reform program with the World Bank. The government is also pursuing numerous other reforms under a new Agricultural Sector Adjustment Program (PASA) and an Educational Sector Adjustment Program (PASED).

Government and Political Conditions

The president is chief of state, head of government, secretary general of Mali's political party, and minister of defense. General Moussa Traore was re-elected president for a second 6-year term in 1986. The cabinet-- Council of Ministers-- consists of individuals nominated by and reporting to the president and administers government policies.

The National Assembly is the sole legislative arm of the government. Its 82 members-- deputies-- are apportioned one for every 60,000 inhabitants of Mali's districts, known as cercles. Elections are held every 3 years, most recently in 1988. The National Assembly meets for two regular sessions each year, during which it considers the budget and other issues. Laws proposed by the executive are presented by members of the cabinet to the legislature, where debates and votes on individual legislation takes place in open session.

According to the constitution, the UDPM is the country's supreme political authority. A 19-member Central Executive Bureau directs party activities at the cabinet level and takes precedence over the cabinet. The Central Executive Bureau is the most powerful political institution in the country. The party structure parallels the structure of the government from the local to national level. The UDPM pursues the mobilization of popular will. All Malians are encouraged to be members. Its most recent elections were open to all party members desiring to run, and many posts were openly contested by multiple candidates.

Administratively, Mali is divided into seven regions and the capital district of Bamako, each under the authority of an appointed governor. Each region consists of five to nine districts, or cercles, administered by commandants. Cercles are divided into arrondissements and arrondissements into villages and nomadic fractions..

Mali's legal system is based on codes inherited at independence from France. New laws have been enacted to make the system conform to Malian life, but French colonial laws not abrogated still have the force of law. The judicial system is an arm of the executive. The apex of the judicial structure is the Supreme Court.

Agriculture

Agriculture is the backbone of the Malian economy, involving around 75 percent of the active labor force. It is estimated that about 69,000 square miles, or about 15 percent of the total land area, is suitable for crop cultivation, with only 7,600 presently being cultivated. Most Malian agriculture remains traditional farming. Periodic droughts have sometimes caused low yields and food shortages, although during the past two years the nation has registered net food surpluses.

Agricultural production in Mali depends greatly on climatic conditions. There are three major climatic zones in the country in which agricultural production occurs: the Guinean zone (rainfall over 1100 mm), mostly in the south; Sudanic (1100 to 500 mm), mostly in the center; and Sahelian (550 to 150 mm) in the north bordering the desert. However, there can be significant variations from year to year in rainfall.

Of particular importance to Malian agriculture are the nation's river resources: the Niger and the Senegal. The parastatal Office du Niger, located near the central city of Segou, currently operates 50,000 hectares of irrigated land. New irrigated infrastructure is also being developed at Selingue and at Manantaly, on the Senegal River.

With a production level of around 187,000 metric tons, cotton, Mali's traditional major export, has regularly increased in recent years by as much as 7 percent per annum. The 1988-89 harvest set a new record of 250,000 metric tons. Most of the cotton is grown in the southern area of the country and is presently exported to France, Germany, Algeria, and China.

Mali's national livestock herd, which declined during the height of the 1983-85 drought, has been rapidly reconstituted in recent years. Most cattle and small ruminant (sheep and goat) exports are to the Côte d'Ivoire, with annual net export earnings of some 23.5 billion CFA (\$83 million). These numbers are expected to grow, as the dumping of chilled and frozen meats from the European Economic Community decline during the next year.

The government of Mali has created a number of regional development organizations to encourage and improve the production of specific crops, particularly rice, cotton, and sugar, in specific zones. These agencies have provided agricultural infrastructure, extension, and other services, and have been the principal vehicle for channeling foreign assistance into rural development. The government has also sought to encourage improved production by eliminating public sector monopolies on cereal grain marketing and by lifting price controls on certain crops and commodities.

Commerce and Industry

Commerce comprises approximately 23 percent of Mali's gross domestic product (GDP). The inefficient public enterprises that dominated commerce for years are now being scaled, liquidated, or privatized. The largest of these, SOMIEX, the state import-export trading company, with sales of over 41 billion CFA in 1983 (\$156 million) and more than 2,300 employees, was liquidated in 1988.

In 1986, the government of Mali adopted a new commercial code that makes it easier to establish and operate a private business. In early 1988, the government began to issue licenses to private traders for the importation and sale of sugar, salt, milk, and tea--SOMIEX's last monopolies. Next, in 1989, the government finally approved applications for import and export licenses. Consequently, private sector involvement in these lines of commerce is growing rapidly.

Mali's industrial sector, which makes up around 15 percent of the country's GDP, has been growing slowly. It is characterized by large public enterprises involved in the processing of agricultural products and small, mainly privately owned, firms involved in import substitution activities. Although many of Mali's industries are located in Bamako, those that rely on agricultural commodities inputs are usually located closer to the production areas.

More than 50 percent of Mali's industrial production is in textiles, all of which are domestically consumed. Since 1986, COMATEX, the state textile company, has been co-managed with a Chinese state company and production has increased. Another major textile company, ITEMA, is a mixed public enterprise with both Malian and foreign partners. The government has authorized the privatization of many industrial enterprises, including those producing textiles, leather, cement, ceramics, canned foods, agricultural equipment, and cotton seeds.

Mining

Although Mali's mining sector is still relatively small, it has considerable potential, and foreign interest in this area is steadily increasing. Gold is already Mali's third largest export. In addition to large industrial operations at Syama (operated by BHP-Utah) and Kalana (operated by the Soviet Union), artisanal mining is widespread.

Mining in Mali is regulated by the Direction National de Géologie et des Mines in the Ministry of Industry, Hydraulics, and Energy. A public enterprise, SONAREM, is involved in mineral research and exploitation. The United Nations Development Program (UNDP) has also assisted in assessing Mali's mineral resources.

In addition to gold mining, Mali also hosts operations at the Tamaguilelt open pit phosphate mine, the Diamou cement plant, and numerous quarries of building materials (clays, sands, gravel, sandstone, limestone, marble and gypsum).

Oil exploration has been carried out in Mali since 1957 by a variety of companies and organizations, however no commercially viable reserves have yet been identified.

In addition, minor uranium occurrences have been discovered at Samit, in the Tilemsi valley; at Kania, Diabere, and Bodilo, in the south-west; and in the Saharan Adrar des Iforas.

Currency and Monetary Affairs

Mali's currency is the CFA franc, which is pegged to the French franc at the rate of 50 CFA= 1 Fr franc. Monetary affairs are administered through the West African Monetary Union, which Mali re-entered in 1984, after a 17-year period of monetary independence. The principal policy-making body for monetary affairs is the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO).

Since 1987, the BCEAO has supervised the daily operations of the commercial banks and has imposed sanctions on banks exceeding the credit ceilings. The BCEAO has also been requiring that companies place a minimum 75 percent deposit of the value of their import purchases in blocked accounts to obtain letters of credit from their banks.

In 1987, as a result of a reduction in deposits and an accumulation of non-performing loans, the Development Bank of Mali (BDM), a state-owned institution, experienced severe financial problems. The Moroccan Bank of External Trade, the French government and other foreign investors have since stepped in and reorganized, reliquified, and recapitalized the BDM.

Under a new agreement, signed in May 1989, the government of Mali's financial involvement has been reduced to 20 percent. The newly restructured BDM is operating with streamlined organization and operations. Equity shares in the bank have been made available to the public and all were acquired within a short time. The BDM agreement is a major breakthrough in restoring the viability of Mali's financial sector and ensuring continuation of the government's reform program.

Foreign Trade, Payments, and Assistance

Mali has had a \$200 million plus trade deficit for several years. It has only three major exports (cotton, livestock, and gold) and must import all of its petroleum, vehicles, machinery, and most manufactured items. Mali's major trading partners are France, Belgium, West Germany, and the Côte d'Ivoire.

Mali has a foreign debt of over \$2 billion, almost all public or publicly guaranteed debt. The majority of this debt is bilateral loans, primarily from the Soviet Union, France, China, and petroleum-exporting Arab countries.

Multilateral loans from the World Bank, the IMF, the African Development Bank, and European and Arab development organizations make up most of the rest of the debt. The terms of most of these loans are long-term repayment at well below market interest rates. However, Mali's current IMF loans have shorter repayment periods at high rates.

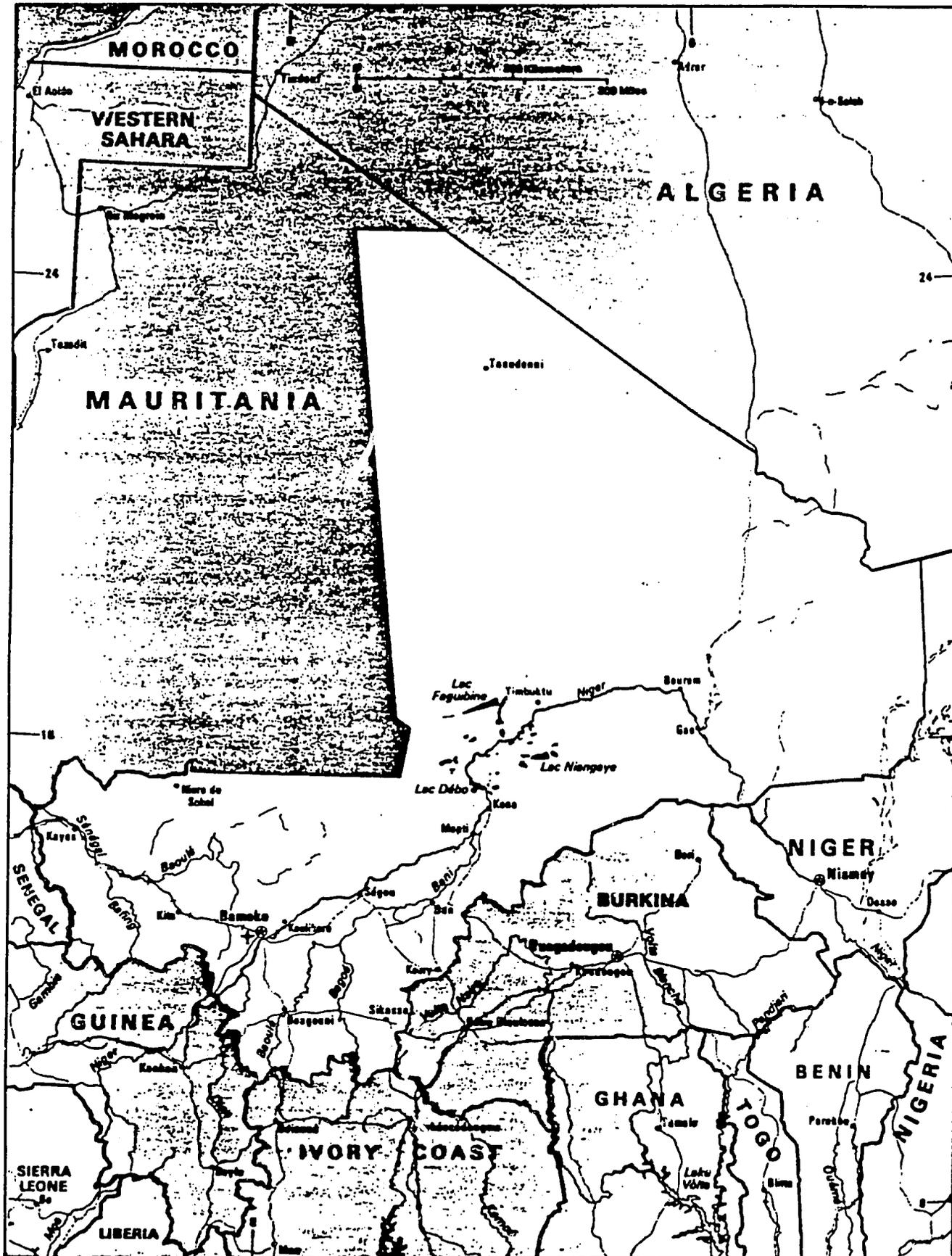
Mali receives between \$250 million and \$350 million each year in foreign assistance. This is approximately equal to the size of the Malian government budget and is about one-sixth of the GDP. France is the largest bilateral donor. Foreign assistance in Mali is used for drought relief, water projects, agricultural development, road construction, commerce and industry, and education, health, policy reform, and forestry and conservation.

Opportunities for U.S. Trade and Investment

The government of Mali's actions to mobilize the private sector and to reduce the burden of public enterprises, along with the fall in the value of the dollar, have stimulated Malian business people's interest in trade and investment opportunities with the United States.

While Mali's small markets and the nation's economic difficulties of years past have dissuaded U.S. business from making inroads into Mali, the newly-liberalized economic environment has begun to generate considerable interest in the United States.

Mali



- International boundary
- National capital
- + International airport
- Road
- +— Railroad

Boundary representation is not necessarily authoritative

APPENDIX 2.2

THE MALIAN ENVIRONMENT FOR FOREIGN INVESTMENT

The Malian Environment for Foreign Investment

OFFICIAL ATTITUDE TOWARD FOREIGN PRIVATE INVESTMENT

The Government of Mali is committed to a policy of encouraging foreign investment and, since promulgation of the 1986 Investment Code, has undergone a fundamental transformation. Additionally, a law published on December 17, 1987 emphasizes the government's commitment to a privatization program, encouraging state-owned companies to be opened up to the private sector and possible foreign investment. Efforts to enhance Mali's attractiveness as a site for foreign investment may be forthcoming as a project to further liberalize the investment regime is completed.

Within the context of ongoing structural adjustment programming, Mali has moved forward aggressively to abolish the least-efficient of its public enterprises and is currently seeking overseas and domestic investors for those companies with the greatest profit and employment-generation potential.

The government of Mali is making efforts to create a hospitable climate for investment. If an investor fulfills contractual obligations and follows investment and tax laws faithfully, he should encounter few problems with the government. There are no major differences between the official Malian position and the manner in which relevant laws are enforced.

RULES AND REGULATIONS COVERING DIRECT INVESTMENT

Basic Laws and Regulations Covering Direct Investment

The major laws affecting both local and foreign investment are Bill 86-39/AN-RM dated March 8, 1986; Executive Order 93/PG-RM of March 29, 1986; Law No. 88-36/AN-RM of 5 April 1988; and Decree No. 061/PG-RM of 13 February 1988. These laws prescribe the composition of the national commission on investment, priority areas for investment, the application procedures, investment incentives, sectoral and geographical preferences, and the regulation of investment disputes.

The 1986 Investment Code outlines the regulations and incentives applicable to incoming investment by "priority companies." These are defined by the government as national, or foreign firms, whose operations contribute to Mali's development objectives.

These priority companies are specified as:

- industrial firms producing or processing products of vegetal or animal origin;
- companies engaged in fishing, preservation or processing of fish;
- stockraising companies whose facilities include those for the reproduction or sanitary protection of livestock;
- mining and metallurgical companies;

- manufacturing companies, or those assembling manufactured products;
- water and power producing companies;
- firms engaged in the development of tourist infrastructure or real estate development;
- companies engaged in transportation or public works (including hydraulics);
- research and development firms engaged in investment promotion.

The Malian investment code applies to all manufacturing and service industries, and offers particular advantages for those which contribute to overall economic and social development, including human and animal health; environmental protection; professional and non-professional training; and cultural development.

The Investment Code is composed of three sections, divided according to the size of investment:

- a set of regulations and incentives which comprise the ordinary system known as "Regulation A," and apply to investments of at least 150 million CFA (\$535 million);
- those grouped under a special system known as "Regulation B, pertaining to the largest investments, i.e. those of more than 1 billion CFA (\$3,500,00);
- Regulation C, which applies to small- and medium- sized businesses and requiring a capital outlay of at least 25 million CFA (\$90,000).

Two sectors not covered by the code are mining and petroleum-related activities, which have their own specific regulations, and investments in strictly export-import or commercial activities which do not use domestically-produced inputs. These investments are subjected to the same application and screening process as priority enterprises, but their contract terms are negotiated on an ad hoc basis and they are not eligible for the benefits outlined in the present code.

While Mali's favorable investment outlook assures the entrepreneur of an evolving range of benefits, a number of impediments to private business transactions remain within the system. Government officials are in the process of attempting to streamline the bureaucracy which handles investment matters.

Investment Screening Mechanisms

A National Commission on Investment has been created to examine applications for investments totaling at least 150 million CFA (\$500,000). The commission is headed by the Minister of Industrial Development, Hydrology and Energy.

In June 1990 the government of Mali issued a decree creating, within the National Directorate of Industries, a "one-stop" office for the processing and advocacy of foreign investment applications.

An investment application in a prescribed format is required of all investors in Mali and should be submitted to the National Commission on Investment for authorization. The Commission submits its approval of applications to the Ministry of Industry, Hydraulics and Energy, which subsequently authorizes individual investment proposals by decree.

Sectoral or Geographical Preferences or Restrictions

In the past, the vast majority of foreign-owned business in Mali was located in Bamako. However, throughout the last decade the Malian government has emphasized decentralization of public and private investment in an effort to bring industry to Mali's rural regions. Accordingly, incentives beyond those outlined in the code are now offered to foreign and domestic investors willing to establish enterprises in Segou, Mopti and other outlying regions.

Although there are no geographical or sectoral restrictions on foreign investment in Mali, preference is shown to enterprises which will build up the nation's industrial base or otherwise are in accordance with general development objectives.

Policies Toward Arbitration of Investment Disputes

There is no formal record of disputes involving private business and the Malian Government. Government officials and private investors acknowledge, however, that minor disagreements may occur on occasion. Since Mali has no official commission to handle business disputes, these are invariably settled on an informal basis.

Expropriation and Nationalization

There have been no expropriations or nationalizations under the present Government.

Policy on Reinvestment and Repatriation of Earnings and Capital

The government of Mali imposes no restrictions on reinvestment or on repatriation of earnings and capital.

There is no delay period currently in effect for covering investment returns. The conversion and transfer of funds are as quick as possible involving the local commercial bank and its corresponding bank.

INVESTMENT INCENTIVES AND PERFORMANCE REQUIREMENTS

Investment incentives are provided to firms engaged in activities considered complementary to Mali's general economic development objectives. The Malian Investment Code utilizes three schedules (A,B,C) under which incentives are specifically defined for eligible companies.

Regulation A: Incentives available to medium-size investment (150 million CFA or \$ 535,000)

- Maximum three year exoneration from import taxes and duties (except for an import tax known as the Contribution pour Prestation de Service rendu (CPS) and all the taxes on equipment, machinery, spare parts, tools and other materials (passenger cars excluded) required for the fulfillment of the investment program.
- Exemption from import taxes and duties, with the exception of the CPS on raw materials used as inputs or non-reusable packaging of the final product. The percentage of the exemption is: 100% for the first five years; 66% for the following two years; 35% for the following year;
- Maximum five year exemption from the government tax on industrial and commercial profits and the patent contribution;
- Exoneration from the real estate tax for ten years on housing units built by real estate companies and put up for rental, and for five years on buildings used in business operations;
- The possible extension, over a three-year period, of payment of the tax on capital contributions and the registration tax on documents prorogating the company;
- A guarantee of profit repatriation in the amount of the original investment.

Regulation B: Large-Scale Investments (1 billion CFA or \$3,500,000)

Incentives offered under this system are reserved for firms deemed "of capital importance" to the Malian economy and having a substantial investment program. These enterprises are eligible for all the benefits listed under Regulation A as well as:

- Stabilization of customs and fiscal arrangements.
- Guarantees of bank credit (in reality this benefit is only available to domestic investors).
- Possible guarantees of national resources, such as hydraulic power. Investment projects eligible for regulation B are negotiated under a convention between the Malian Government and the investors. The conventions are generally valid for a maximum of twenty years.

Regulation C: Small Investments (25 million CFA or \$90,000)

Automatically granted to eligible firms, incentives under Regulation C include:

- Three year exoneration from taxes and income levies for the importation of materials, machines, replacement parts, equipment and inputs necessary for the implementation of the project (with the sole exception to exonerations being payment of the Contribution pour Prestations de Service);
- Exoneration from taxes on imports of raw materials as follows: 100 percent during the first three years; 66 percent during the fourth year; and 33 percent during the fifth year. (The exception to this exoneration being payment of the Contribution pour Prestations de Service);
- Exoneration from payment of patent fees and profits on profits for a three-year period;
- Exoneration from taxes on physical plants erected for the investment project during a five-year period.

This schedule of incentives is neither all-inclusive nor strictly followed. The government of Mali negotiates benefits on an ad hoc basis and is prone to liberal interpretations of its investment code. In addition, it offers incentives such as state participation in the development of access roads, the free provision of land (which is all state-owned) or an extension of certain tax exonerations to investors in favored industrial projects.

INVESTMENT INCENTIVES AND PERFORMANCE REQUIREMENTS

Meeting specific performance requirements, notably contributions to national economic welfare or a significant percentage of the foreign investment's inputs to products of local origin, qualifies investment projects for certain tax exemptions or other benefits. Domestic inputs may include the use of local electricity, raw materials or the employment of Malian nationals. In sum, firms hoping to obtain tax exonerations or other benefits must be prepared to tailor their operations to the needs of the Malian economy. By the same token, official interpretation of such contributions are liberal.

Foreign or domestic investors interested in obtaining benefits should be attentive to the guidelines which are stated in the Investment Code. Particularly well-regarded are investment projects which:

- Use inputs of Malian origin (including raw materials, intermediate and finished components);
- work closely with Malian service companies;
- generate significant local employment and which provide job training;
- use technology deemed appropriate for the local milieu;
- are environmentally sound and non-pollutive;

- provide at least 20 percent of initial investment in cash;
- reinvest at least 15 percent of their net proceeds within Mali;
- report regularly to the Investment Commission on the status of their operations in terms of finance, local employment, and external financial support.

TAXATION AND CAPITAL MOVEMENT

Foreign, domestic and mixed private enterprises are given equal tax treatment in Mali.

After initial periods of tax exemption have expired— usually five years from the start-up of operations for "Priority Companies"—the profits of industrial and commercial activities are taxed according to the following schedule:

- 15 percent of net profits for artisans or contract craftsmen who work out of their homes (not applicable to foreign investment).
- 25 percent of net profits for operations classified as individual or joint ventures. The enterprise must not be connected in any way with an established corporation or other foreign firm in order to be eligible for this tax rate.
- 45 percent of net profits for all other companies. This normally includes state and multinational enterprises, as well as any strictly commercial business, regardless of size or structure.
- foreign or domestic enterprises failing to show a net profit are taxed at a rate equal to .75 percent of gross annual income. (It is foreseen that, beginning in 1991, this will be reduced to a levy of .50 percent.

All foreign-owned firms in Mali must reinvest a certain percentage of their net profits. The rate is determined during negotiations on investment treaties and vary from project to project.

Government officials point out that this restriction has rarely been applied, since nearly all foreign firms share some degree of equity with local business partners. In these cases, the Malian nationals generally retain their share of profits in the country—thereby satisfying repatriation restrictions—while foreign partners remain free to transfer their respect share of profits abroad.

The Investment Code allows all foreign employees to repatriate their personal income within "reasonable" limits; this is a loosely regulated stipulation which intends only that expatriates use a portion of their income to pay for everyday living expenses. There is not interference by the government in the setting of foreign workers' salaries, and expatriates have never experienced any difficulty in repatriating income earned in Mali.

Joint Ventures

There are no restrictions or regulations concerning equity ownership in joint ventures which are composed of private foreign and local investors; all financial arrangements and internal business decisions are made by the individual participants.

When the government is involved in a joint venture with a foreign partner, Malian law requires that the government control at least 51 percent of total equity. In spite of this regulation, private participants have often negotiated contract terms which enable them to control the actual business operations, management and financial decisions.

Requirements Affecting Technology Transfer

At present, the government of Mali maintains an ad hoc approach toward regulating technology transfer by private investors. Its general objectives are to encourage the invention and development of technology in Mali, and to control its importation. The only regulation affecting technology at present is directed at agricultural machinery which is imported and marketed in Mali; these specific activities come under the jurisdiction of the Division of Agricultural Machinery (DMA).

In September 1984 Mali ratified the Bangui Accord, which created the African Organization for Intellectual Property (OAPI). This agreement protects intellectual property for all investors and businesses, and covers trademarks, patents, copyright, models and designs. The accord stipulates that the fourteen national signatories of the OAPI must adhere to necessary procedures in order to protect investors from contractual abuses in their dealings with foreign partners.

Revision of the Investment Code

Beginning in June 1990, the government of Mali initiated an effort to revise its investment code. Among the innovations that it will include are:

- Increases in the period of time during which business are eligible for tax exonerations;
- Supplementary incentives to promote regional decentralization (i.e. location of businesses outside of Bamako and other major cities) and exports;
- Special incentives for investors who acquire equity in formerly parastatal companies, or who invest in the rehabilitation of existing enterprises;
- A lowering of the threshold for the classification of Regulation C enterprises, to CFA 10 million, and inclusion of micro-enterprises and artisanal enterprises with a value of less than CFA 1 million.
- Initiation of a franchise, exempting businesses which export 100 percent of their output from all taxes;
- The reduction or removal of all restrictive clauses governing foreign private investment.

IMPORT AND EXPORT REGULATION

Tariff and Non-Tariff Barriers

Mali does not prohibit the importation of goods from any specific country. The government does, however, maintain a preferential import policy for goods originating in countries which are members of the European Economic Community (EEC), the Economic Community of West Africa (CEAO), and the Economic Community of West African States (ECOWAS). A 5 percent preferential tax is levied on all items imported from EEC countries; a preferential tax for regional cooperation is placed on all goods from CEAO and ECOWAS countries. In addition, essential food items or products from CEAO and ECOWAS countries are exempt from import duties; necessary goods from any third country receive across-the-board tariff reductions.

All export taxes have been suppressed including the Prestation de Services levy, creating a franchise for export production.

Non-Tariff Barriers

One of the government of Mali's economic objectives is to encourage the growth of its indigenous industries. As a result, it subscribes to the theory that infant industries must be shielded from "unfair competition" and "foreign competitiveness." The government's means of achieving this, as well as of attempting to rectify its current balance-of-payments disequilibrium, is to control the nation's foreign trade.

The National Bureau of Economic Affairs publishes an annual Import\Export program, which outlines the value, volume and quantity of specific goods which may be imported or exported. Private business investors must coordinate their imports and exports with IMEX stipulations in order to retain the right to operate in Mali. However, the IMEX program as officially implemented does not directly impose constraints but, rather, provides guidelines.

Customs taxes and duties constitute the government's primary source of budget revenue, however Mali's leaders hope that over the long term tariff rates may be decreased as other sources of revenue come on stream.

With regard to regional and sub-regional trade, a distinction between the two existent economic unions is irrelevant, since CEAO's members are all part of ECOWAS. CEAO members include: Mali, Cote D'Ivoire, Senegal, Burkina Faso, Niger, Benin and Mauritania. ECOWAS' membership consists of these seven plus Nigeria, Ghana, Gambia, Guinea, Liberia, Benin, Guinea Bissau, Cape Verde, Sierra Leone and Togo.

LABOR REGULATION

All public and private enterprises in Mali are required to join the Federation of Malian Employers (FEM) and to register with the National Labor Office (ONMD). They must provide the latter with periodic updates of employment rosters.

Unskilled local labor is abundant and inexpensive relative to most neighboring countries. Although no minimum hiring requirements have been established by the government of Mali, foreign investors will receive greater incentives, on an ad hoc basis, if they employ a substantial number of domestic workers.

Likewise, there are no investment regulations concerning appropriate technologies. Private investors have often found it to their advantage, however, to use labor rather than capital intensive technology, not only because local labor is inexpensive, but also because there are virtually no domestic facilities or personnel available for maintaining complex equipment.

Due to the relative scarcity of technical and professional skills in Mali, the Malian authorities allow private investors to use as many foreign workers as necessary. Every enterprise must, however, establish a professional training program to prepare local employees in management and technical fields. The size and structure of the program is determined by the investor and government officials during contract negotiations.

The majority of Malian labor regulations are grouped under Government Law No.62-67 AN-RM, dated August 9, 1962. The document contains stipulations concerning salaries, bonuses and paid vacations, the right to unionize, and conditions for the hiring and firing of employees.

The regulations have not been revised since 1962, and the salary scales they outline do not reflect subsequent inflation and general cost-of-living increases. While these wage rates--salaire minimum agricole garanti (SMAG) and the minimum interprofessional garanti (SMIG) for workers in all other sectors of the economy--serve as the official minimum wages, it is an unwritten rule that private investors negotiate higher salaries with their employees on an individual basis.

Private business and labor relations have a relatively smooth, if not extensive, history in Mali. Government officials express optimism that these relations will remain congenial, particularly in light of the private sectors' new status as a potentially large employer of domestic labor. Although all labor in the country is unionized, workers' organizations are by-and-large vehicles for political participation. For its own part, the government of Mali maintains a fairly firm hold on the various syndicates, and discourages strikes or other activities which will disrupt local business operations.

BILATERAL AND MULTILATERAL INVESTMENT AGREEMENTS

In 1990 Mali will become one of the newest signatories to the Multilateral Investment Guarantee Agency.

The government of Mali completed a Bilateral Investment Agreement with France in 1979. As a member of the Economic Community of West Africa (CEAO) and the Economic Community of West African States (ECOWAS), Mali has signed multilateral investment agreements which prohibit the restriction of or discrimination against investment from any other member country. In effect, this means that Mali maintains bilateral agreements with all CEAO and ECOWAS participants. These include the Cote d'Ivoire, Senegal, Burkina Faso, Niger, Mauritania, Nigeria, Ghana, Gambia, Guinea, Benin, Togo, Liberia, Guinea Bissau, Cape Verde and Sierra Leone.

The Malian Government signed a bilateral agreement on investment with the U.S. Overseas Private Investment Corporation in 1969. This accord provides the organization with approval to insure and provide financing for American investors in Mali. OPIC coverage to three operations in Mali.

APPENDIX 2.3

SECTORAL INVESTMENT PROSPECTS IN THE REPUBLIC OF MALI

**SECTORAL INVESTMENT PROSPECTS IN
THE REPUBLIC OF MALI**

**MINING
MEAT PROCESSING
TEXTILES
IRRIGATED AGRICULTURE
SOLAR ENERGY**

**ADDITIONAL SOURCES OF INFORMATION
ON INVESTMENT IN MALI**

PROSPECTS FOR INVESTMENT IN MALI'S MINING SECTOR

GOLD

A comprehensive survey of prospecting data on Mali's gold resources has been specially prepared for the Malian investment mission. "Some Occurrences and Anomalies of Gold in Mali", prepared by the Direction Nationale de la Géologie et des Mines is available upon demand from conference coordinator or from the Embassy of Mali in Washington, D.C.

An additional reference, obtainable from the United Nations Development Program is "Mineral Resources of Mali", (UNDP/DTCD MLI/85/007 Project, 1987.

PETROLEUM

A survey of available data on petroleum prospecting results in Mali, "Perspective de la Reprise de la Recherche Petroliere au Mali" is available in French from the Direction Nationale de la Géologie et des Mines. An English-language translation will be available in coming weeks from the Embassy of Mali.

PHOSPHATES

An assessment of investment prospects for the formerly parastatal phosphate mine at Tilemsi, in eastern Mali, "Etude sur la Privatisation de la Production d'Engrais de Phosphate Brut" is available from the Bureau des Entreprises Publiques of the Malian Ministry of Plan. or from the Embassy of Mali.

CEMENT

Information regarding privatisation of the parastatal SOCIMA cement plant at Diamou, in western Mali, is available from the Bureau des Entreprises Publiques of the Malian Ministry of Plan. An English language translation is available from the Embassy of Mali.

For further information on mining contact:

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Direction Nationale de la Géologie et des Mines
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Telephone: 22-58-21

M. Bakary Diarra
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Bureau des Entreprises Publique
Bamako, Mali

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PROSPECTS FOR INVESTMENT IN MALIAN MEAT PROCESSING

Background

Livestock constitute one of Mali's richest resources. From the productive agricultural lands in the south, where intensive livestock production takes place within the complex of other farming activities, to the marginal lands of the north, where nomadic herding is the norm, Malians have long-established traditions as stock-raisers.

Mali's national livestock herd is presently estimated to be in the range of 8 million head of cattle and 12 million head of sheep and goats. The livestock population has fluctuated dramatically at times, due to the effects of protracted droughts in the early 1970s and, again, a decade later. The Malian veterinary services, meanwhile, have an admirable record in the detection and control of disease and epizootics.

Prior to 1986, Mali's 5th Region, with Mopti at its center, was the principal national production zone for livestock, accounting for more than a third of all cattle and small ruminants produced. However, beginning in the late 1970s, the Sikasso region began a sustained pattern of growth, during which its cattle population rose from a mere 637,000 head in 1977 to more than 1,228,000 head in 1989. While some of this growth has been due to southward migration by herding populations, intensified production, including livestock fattening operations, among sedentary farmers has also contributed in large measure to this change.

Traditionally, the majority of Mali's livestock exports have been in the form of live animals trucked, trekked, or carried by rail to coastal markets in adjacent Côte d'Ivoire, Guinea, Ghana and Liberia. During the past decade, however, the dumping of chilled and frozen European meat on West African markets reduced demand for Malian exports. Having attained the herd reduction targets of its Common Agricultural Policy, the European Community has recently curtailed exports to the region.

Market Prospects

Export potential for chilled, frozen, and canned meats has been estimated at 310,000 head per annum for cattle, and 435,000 head of sheep and goats. These figures are based upon an offtake rate of 12 to 15 percent for cattle and 35 percent for small ruminants.

While extensive supplies of agricultural by-products for livestock fattening (including molasses, cottonseed and peanut cake) are available in Mali, infrastructure for chilling, freezing, and processing meat is negligible, thereby presenting an opportunity for prospective investors. Market prospects for corned beef and other canned meat products are especially good, given the lean character of range-fed stock.

Although occasional large-scale sales efforts have been launched from Mali to target markets in the Middle East and North Africa, few of these have been sustained, due principally to an absence of sales organizations to regularly serve those markets. An advantage Mali enjoys in these markets, however, is its established credibility in Halal (Islamic) butchering, demanded by consumers in Moslem nations.

For further information contact:

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M. Sekou Oumar Tall, President
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PROSPECTS FOR INVESTMENT IN THE MALIAN TEXTILE SECTOR

Background

Approximately 250,000 metric tons of cotton are produced annually in Mali, with cotton exports earning roughly \$110 million. Cotton production alone currently accounts for approximately one-half of total export earnings for the Malian nation.

Malian cotton is, for the most part medium staple-length, and is similar to the more well-known varieties grown in Egypt.

The growth of the Malian cotton industry has been due, in large measure, to the activities of the Compagnie Malienne pour le Développement du Textiles (CMDT). This joint venture, which is 60 percent Malian owned and 40 percent French owned, operates in a 96,200 km² zone of southern Mali, where it is a primary force for agricultural development. CMDT-sponsored programs integrate the production of cotton with traditional and improved varieties of food grains and market crops, and promote agricultural rotations aimed at improving soil fertility and farm production. Each year, CMDT agents provide extension services to more than 117,000 farmers.

The Malian Textile Industry

Approximately 95,000 tons of cotton fiber are produced in Mali each year. Only 3 percent of this total is used in domestic textile production, with the remainder being exported to Europe and North Africa.

The foundation of Mali's domestic textile industry is the parastatal Compagnie Malienne du Textiles (COMATEX), which is currently in search of foreign joint-venture partners.

The COMATEX factory, located only two hours from the capital in Mali's second-largest city of Segou, is a vertically-integrated production facility: raw cotton moves in and finished clothing moves out. The plant employs 1600 workers, including Malian engineers trained in France, Germany, and China.

Production at the COMATEX plant currently runs at three shifts each day to meet demand. The most popular items produced by COMATEX are printed cloth and thread.

The COMATEX facility also include 5,000 kilowatt generating capacity, compared with current usage of only 2,700 kilowatts. Located near the banks of the Niger River, COMATEX is endowed with an abundant water supply.

COMATEX has cultivated a commercial network of wholesalers and retailers, and and last year generated an annual profit of CFA 61 million (\$ 250,000).

Prospects for Investors

COMATEX strategy for the long term is to slowly upgrade production capacity with new machinery, replacing existing 1960s technology with more efficient technology capable of producing higher quality and higher quantity products. Estimated upgrading costs over the short term are \$300,000.

COMATEX priorities for investment and development include:

- Upgrading and renovation of equipment for the fabrication of tee shirts for European and American markets;
- Upgrading and renovation of equipment for the production of cotton thread for the European market;
- Renovation of installations for the chemical treatment of thread destined for the national and sub-regional market;
- Upgrading of weaving equipment for the diversified production of goods having a greater rapport of quality and price.

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PROSPECTS FOR INVESTMENT IN MALIAN IRRIGATED AGRICULTURE

Background

The ongoing process of policy reform in Mali has invigorated production and markets for agricultural produce. Liberalized pricing and trade policies and privatization of parastatal organizations is enabling Mali's entrepreneurs to tap one of the nation's greatest resources to a greater extent than ever before.

It is an irony of geography that Mali, so much of whose territory is occupied by the Sahara desert, is also endowed with extensive water resources. The Niger River, which crosses the nation from west to east, and the Senegal River, in the west, are vital arteries on which much of the nation's economic well-being survives.

The Office du Niger, originally established in the 1930's with a goal of placing some one million hectares under irrigation, remains a largely public enterprise. It currently manages some 50,000 hectares of irrigated land and a vast network of canals and waterworks.

As the result of policy reform, many lands served by the Office du Niger infrastructure have become available to private investors, under 50-year and 99-year lease agreements. Both the government and private businessmen are actively seeking interested foreign partners to further develop secondary and tertiary irrigation infrastructure beyond its present bounds; to manage and operate new farms; and bring exports to untapped markets.

Prospects for Investors

Agricultural engineers estimate the potential for irrigated agriculture in or adjacent to the Office du Niger zone to exceed one million hectares.

Current and proposed leaseholds range between 600 and 5,000 hectares. The majority of available lands are located near the nation's second-largest city, Segou, only two hours by car from Bamako on good roads.

Additional leaseholds are possible for areas being developed near the Selingue and Manantaly dams, respectively in southern and western Mali.

Traditional crops grown on irrigated lands in Mali include rice, sugar cane, cotton, sorghum, maize, millet and local vegetables. However Malian investors are particularly interested in joint ventures which could promote the production of winter vegetables and exotics for European markets.

For further information contact:

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Ministere de l'Agriculture .
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M. Almamy Sylla
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PROSPECTS FOR INVESTMENT IN SOLAR ENERGY

Background

Mali occupies a leading role in African research and development of renewable energy. The Centre Régional d'Énergie Solaire, representing the cooperative efforts of eleven nations is based in Bamako.

The existing photovoltaic systems market in Mali is dominated by public sector installations, village water supply, rural electrification, and telecommunication. It represents a total power of around 405 kWp installed during the mid-1980s.

At present, private users have access only to two kinds of product lines: those providing services and those envisaged for the mass market.

Nonetheless, the regional and sub-regional potential for photovoltaic systems is extremely significant, as determined by a study conducted by IT Power, Ltd. of Eversley, England in 1987. Among their findings were that the potential market in the sub-region alone over a five-year period would be:

- 8130-14700kWp for the private sector, and
- 3150 kWp for the public sector, derived from the regional program for renewable energy installations.

The Market

High-potential products for the sub-regional and regional photovoltaic systems market include:

- individual, family, or community lighting kits;
- dry battery chargers and rechargeable batteries;
- 12 V storage battery chargers, power applications up to and including 15 kW multi-purpose generators;
- refrigerators for home, clinic, and retail outlet use;
- pumps for lifting water;
- mills and small electric-powered agricultural machines;
- telecommunications systems, including radio-telephones, radio transmitters and receivers.

For further information, contact:

**Le Centre Régional d'Énergie Solaire (CRES)
BP 1872
Bamako, Mali
Telephone: 22 61 88
Telex: (2) 532 CRES BAMAKC**

For a feasibility study of production and market potentials:

**Feasibility Study for Photovoltaic Systems Production Plant
Volumes I-III
Prepared for CRES by I.T. Power Ltd.
The Warren, Bramshill Road
Eversley, Hants
RG27 0PR
England**

ADDITIONAL SOURCES OF INFORMATION ON INVESTMENT IN MALI

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**Please Note: All telecommunications with Mali
require that you use the country code, 223.**

Information contained in this portfolio is freely excerpted from the following documents in the public domain, and available from the U.S. Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Background Notes: Mali, (June 1990), U.S. Department of State.

**Foreign Economic Trends and Their Implications for the
United States: Mali, (March 1990) U.S. Department of Commerce.**

**Investment Climate Statement: Mali, (July 1989), U.S. Department
of State.**

APPENDIX 2.4

**OFFICIAL BIOGRAPHIES OF PRESIDENT TRAORE
AND MADAME TRAORE**

**Biography of His Excellency
General Moussa Traore**

**General Secretary of the
Democratic Union for the People of Mali**

President of the Republic of Mali

Moussa Traore was born on September 25, 1936 at Sebetou, fourteen miles from the western Malian city of Kayes. Between 1945 and 1950 he attended primary school at the *École régionale de Kayes*, whence he went on to study at the *École Préparatoire Africaine (EMPA)* at Kati, near the present-day capital of Bamako.

In 1960 he became a cadet at the prestigious *École Militaire de Fréjus*, in France and in 1962 was commissioned as a Second Lieutenant. By 1964 he had advanced to become a Lieutenant and instructor at the *École Militaire Internationale* of Kati.

On November 19, 1968 Lieutenant Traore led a group of officers in bringing an end to the regime of then-President Modibo Keita. The new government which they established-- the *Military Committee for National Liberation*-- devoted itself to three principal objectives: economic and financial recovery; national political reconciliation; and the return of constitutional life to the people of Mali.

Between 1971 and 1978 Mali's future president advanced through the military ranks while devoting himself to the goals of the new government.

On March 31, 1979 Brigadier Moussa Traore was elected General Secretary of the national political party-- the *Democratic Union of the People of Mali (UDPM)*. In June 1979 he stood as the presidential candidate of the party and was elected President of the Republic by universal suffrage. In October 1982 he was promoted to the rank of General.

Among his many honors and distinctions, President Traore is especially proud to have received the *SIMBA* award (a national honor) in 1983; the *International Relations Award* in 1984; the *Cross of the Order of Diplomatic Merit* of the Brussels Committee of Belgium (1987); and the *Doctor of Laws Honoris Causa* of Calabar University of Nigeria in 1987.

President Traore, who is a devout Moslem, was married to Mariam Cissoko on November 20, 1963, and is the father of six children.

The President's Achievements and His Views

On June 2, 1974 Moussa Traore held fast to promises that he had made to the Malian people. A national referendum for the re-establishment of the Constitution was held, returning the nation to a democratic form of government. The Democratic Union of the People of Mali was subsequently established as a representative vehicle for the hopes and aspirations of the nation.

Open to all, the UDPM works to mobilize popular support of national unity and national economic independence. The President has long held the position that government must support economic choice and avoid any rupture with Mali's historical tradition of private entrepreneurship. The economic reforms which he began to initiate throughout the 1980's underline his commitment.

President Traore repeatedly urges the Malian people "to count on their own efforts above all, foreign aid being considered as an extra," and also to believe that "the most noble and useful aid comes from within ourselves."

The President's views on self-sufficiency extend throughout the continent. In 1980, during the economic summit of the Organization of African Unity held in Lagos, Nigeria, he deplored the fact that "Africa uses what she does not produce and produces what she does not use."

After the severe droughts of the 1970's, Moussa Traore declared the struggle against drought and desertification to be one of his highest priorities. A new movement for the protection of the environment and wildlife has also acquired prominence in Mali.

The President's devotion and support for agriculture are very much a personal passion. Much of his free time is spent with farmers, comparing experiences and lessons learned regarding cultivation and livestock raising. In seeking to promote the interests of Mali's young people in returning to agriculture, the President regularly argues, "The earth doesn't lie."

As a result of his in support of young farmers and in the promotion of village associations for improved agricultural production, Mali has registered important gains. During the last two years alone, the nation has registered a net surplus in foodgrains and reconstituted the national livestock herd.

As the result of Mali's longstanding devotion to the cause of liberating the African continent and all the oppressed peoples of the world, the African Lawyers Association chose Moussa Traore to be the sponsor of its international trial against Apartheid.

Biography of Madame Moussa Traore First Lady of the Republic of Mali

Mali's First Lady was born Mariam Cissoko on November 4, 1944 at Kati, a town only fifteen kilometers from the Malian capital of Bamako. She attended primary schools in Senegal, France and the Cote d'Ivoire, and secondary schools in France and Belgium.

Married to then-Second Lieutenant Moussa Traore in November 1963, she is the mother of five children.

Madame Traore has devoted much of her adult life to improving the economic and social well-being of the less-advantaged. In 1974 she created the National Union of the Women of Mali (UNFM), and now serves as its Honorary President. The principal objectives of the UNFM are to serve as a voice for the interests of Mali's children; to promote the interests of women and the family; and to advance the role of women in Mali's political, economic, social and cultural life. With the support of Madame Traore and such overseas partners as the United States, Canada, the Federal Republic of Germany and North Korea, the UNFM has established a variety of social development programs. These are based at its headquarters in the nation's capital, as well as at the Training Center for Rural Promoters (CFA) at Ouelessebougou and at the Women's Center for Professional Training.

Since 1970, Madame Traore has also become a leading Malian advocate of the interests of the handicapped. In 1972 she played a leading role in the creation of the Malian National Institute for the Blind and the School for Blind Youth.

As a result of her tireless efforts and many accomplishments in promoting social betterment, in 1979 Madame Traore received the SIMBA award, a prestigious national honor.

Madame Traore is known for her affection for the Malian countryside, and she enjoys livestock-raising, reading and the theater.

APPENDIX 2.5

TALKING POINTS FOR THE PRESIDENTIAL ADDRESS

Talking Points for the Presidential Address

Point 1: How the Policy Environment for Private Investment Has Evolved

- When Mali achieved independence in 1960, its economy was characterized by a number of major problems. These included:
 - * Inadequate, poorly-developed infrastructure;
 - * Virtually no modern industrial sector;
 - * Limited opportunities for expansion of the traditional private sector;
 - * A very small number of university-educated citizens, most of whom were concentrated in the civil service.
 - * A high degree of regulation, with a highly centralized administrative system;
- The limited resources of the country at independence required that the State play a leading role in the development of the economy as a whole, and of industry in particular. Dependence upon the State as the engine for development grew during the 1970's until:
 - * The weight of government demands on the banking and financial system became onerous;
 - * The civil service, including parastatal employees, became large and inefficient;
 - * Fiscal and political demands evolved so that the civil service wage bill, subsidy payments to the parastatal sector, and debt service forced aside many of the government's other social and economic priorities.
- Oil price shocks, serious drought, and budgetary difficulties all weighed heavily as the government attempted to meet its development objectives. This resulted in a shrinkage of the economy and a deteriorating environment for Mali's own entrepreneurs.
- In the early 1980s the government sought to revise its approach to economic management and initiated a program of broad structural changes, aimed specifically at creating an environment in which private business could thrive and in which government could attend to the highest priorities of its people.
 - * Mali's efforts to implement a new, growth-oriented economic course have been the result of a great deal of earnest and patriotic effort by its own citizens;
 - * As a result, they have attracted the participation of, and assistance by, a wide variety of bilateral and multi-lateral partners, including the International Monetary Fund, the World Bank, and the governments of many countries, including the United States.

- The course that Mali has chosen is not unlike that of many of its neighbors. However I am proud to say that the process of evolution and structural adjustment in Mali has been marked by no disturbing social disruptions or public protests.
 - * While the benefits of policy reform do not occur overnight, the economic environment in Mali-- as a place in which to live, to work, and to pursue one's ambitions for a better life--shows many promising signs.

Point 2: What Changes Have Occurred to Improve the Investment Climate?

- The changes that have occurred in just the last several years have been many, but some deserve special mention:
 - * In the early 1980s price control was in Mali was the norm. By 1986 the number of commodities subject to price control was 55. By last year, that number was reduced to only ten, including medicines, energy, and international transport tariffs.
 - * Price decontrol has meant that prices of practically all goods produced or consumed in our country are now freely set, introducing a greater measure of competition and efficiency into the economy.
- Tax reform has also received a great measure of attention.
 - * Beginning in 1987, the corporate income tax rate, tax rates for unincorporated businesses, pay-as-you-go taxes, and minimum turnover taxes on business gross revenues were all reduced;
 - * The net result of these changes--as indicated in surveys by the U.S. Agency for International Development--has been that 98 percent of firms interviewed claim that they have benefitted from the reforms through increased after-tax profits; 16 percent had made investments that they could not otherwise have made; and 27 percent said that they had increased employment.
- Mali has made numerous agreements with foreign partners to assure the security of foreign investment.
 - * In 1969 Mali signed an agreement on investment with the U.S. Overseas Private Investment Corporation.
 - * Mali's first broad-based, bilateral investment agreement was signed with France in 1979.
 - * Other agreements have been signed with the Economic Community of West African States (ECOWAS) and with the Economic Community of West Africa (CEAO).
 - * And in 1990, in just several days, Mali will join the community of nations that constitute the Multilateral Investment Guarantee Agency.

- * The net effect of these agreements is that Mali embraces the underlying principles that are so necessary for foreign investment: assurances of the security of persons, physical property, and capital from undue interference under the law.

Point 3: What Does Mali Have to Offer?

- While tourists and adventurers have long come to Mali in search of the beauty of its landscape and the warmth of its people, businessmen have yet to discover Mali's attractions. But like the early explorers, the first to arrive are the privileged ones: those who discover precisely what they seek: opportunity.
 - * Policy liberalization has created a new environment for Malians and foreign investors alike.
 - * This environment arises as a response to the entrepreneurial drive of the Malian people themselves.
 - * A glance at the opportunities that await investors is, in a sense, also a tour of Mali.
 - * Like a tour of the countryside, a view of Malian investment opportunities takes you far and wide, into each and every segment of economic life.

Point 4: Mining

- Mali's mineral resources have been known for many centuries.
 - * Gold was the source of wealth and power for the many successive empires that our ancestors ruled.
 - * Historians point out the great pilgrimage of the Malian king, Kanka Moussa, who in 1324 traveled to Mecca and brought with him 8 tons of gold... an amount which would impress even our friends at BHP-Utah!
 - * But the ancestors of present day Malians left not only legends, but also much more wealth in the ground.
 - * Gold deposits remain in the southern and western part of the country, in the districts of Kangaba, Kalan, Yanfolila, Bougouni, Bagoe, Syama, and Sikasso. There are other promising sites, too, at Kenieba, Kayes and north into the Sahara, in the Adrar des Iforas.

Most important, however, is that the people and the government of Mali are working hard to build the legal, administrative and technical conditions necessary for the profitable exploitation of these valuable resources.

- * Mali's mining code is generous by global standards, and offers numerous fiscal and operating incentives aimed at encouraging efficiency and profitability.
- Let gold occupy your thoughts too much, remember too that other riches are to be found in Mali:
 - * Phosphates at Tilemsi;
 - * Uranium at Samit, in the Tilemsi Valley, at Kania, Diabere, and Bodilo.
 - * Though no major finds have yet been identified, all of the necessary geological indicators suggest that Mali may also possess a wealth of oil and natural gas.

Point 5: Agriculture

- Agriculture is the backbone of our nation:
 - * 75 percent of our people derive their livelihood and their daily bread from cultivating the soil;
 - * While some 69,000 square miles of our nation is suitable for agriculture, a mere 15 percent is fully exploited to its potential.
- While nature is not always kind to us, you might be surprised to learn that:
 - * Through the labors of our experienced farmers and the enthusiasm of our youth, Mali has produced net surpluses in food grains and market crops during the past two years.
 - * Our herders, through sheer force of determination, are returning their herds to a size not seen since before the successive droughts of the 1970's and 1980's.
- If the people of Mali derive their nourishment from the soil, they quench their thirst from our rivers.
 - * The Niger and the Senegal rivers are generous, providing Mali with the means to irrigate more than 50,000 hectares of land, producing cotton, rice, sugar cane, and other food and export crops.
 - * Yet even with this much accomplished, Mali has enormous capacity to expand its land under irrigation; to venture into new forms of irrigated production; to discover new markets for new products; possibly even to provide lettuce and other green vegetables to Europe when it is in the midst of winter.

- Mali seeks partners who will help us to discover our potential; to bring with them profitable and efficient technologies; who will help us to enter new markets with products that even we are not yet familiar.

Point 6: Textiles

- Malian's not only feed themselves from their work on the soil. They also clothe themselves and others.
 - * With production levels of around 187,000 metric tonnes-- and 250,000 tons just two years ago, cotton is our nation's greatest export.
 - * A Malian company, the CMDT, has contributed in large measure to economic and social development through its extension efforts and its promotion of cotton as a dependable and productive cash crop.
 - * Malian cotton production continues to grow, by as much as 7 percent each year.
 - * While we are pleased to ship our cotton to foreign markets, we are also anxious to increase textile production at home which, at present, utilizes a mere 3 percent of our domestic production.
- COMATEX, a fully verticalized factory located in our second city--Segou-- moves cotton into its facilities and ships out finished clothing.
 - * The plant employs 1600 workers, on three shifts each day, to meet a demand which far exceeds its capacity.
 - * COMATEX, a venture which has reason to be proud, is just one of the Malian companies which is seeking foreign partners who can help to bring in new technology to produce more and better quality products for the Malian and the regional market.

Point 7: Meat Processing

- Livestock are another of our greatest resources. Cattle, sheep and goats are raised in virtually every corner of our nation, from the agriculturally productive south all the way up into the dry lands of the north.
 - * While drought has, on occasion, brought hardship to our livestock raisers, the fact remains that our national herd of cattle may be as large as 8 million head, with half again as many sheep and goats.
- Yet, at present, the majority of our livestock must be exported on the hoof, due to a lack of adequate facilities for chilling, freezing or canning meat.
 - * Our markets are well-established, both in the nations of the Atlantic coast and into North Africa and the Middle East.

- Improving the performance of this sector requires investments in equipment and facilities that will allow us to derive the full value of this rich resource.

- * And for this, we seek foreign partners.

Point 8: Solar Energy

- Nowhere is it more logical that we pursue advancement and opportunity than in our quest to develop renewable energy resources.

- * We are a landlocked nation that must pay dearly for imported oil.

- * Our rivers provide electricity, but in spite of our best efforts, the costly technology of a national power grid is only gradually within our grasp.

- * And yet one of our major goals is to bring light to our rural villages; cooling facilities for medicines and vaccines in our rural clinics and pharmacies; power to help rural industries grow.

- * And we seek to do this in a manner which does not force our citizens to choose between food for their tables and light for their lamps.

- Mali occupies a leading place in research and development of renewable energy.

- * Bamako is the headquarters for the Centre regional d'Energie Solaire, representing the cooperative efforts of eleven nations to harness the power of the sun.

- * Through CRES we have identified the significant market potential for solar-powered appliances: lighting kits, batteries and chargers; water pumps, mills, and telecommunications systems.

- Yet Mali does not yet manufacture the photovoltaic cells and the equipment that will place this technology more easily in reach of our people.

- * Not only CRES, but also independent entrepreneurs, are seeking foreign partners to invest in building the equipment to tap into one of our most abundant resources.

Point 9: Telecommunications

- While Mali is very much a part of the world community—with excellent telecommunications facilities in our major cities—the fact remains that our vast territory is not yet fully integrated into the global village.

- * Mali seeks foreign partners who will help up to erect a series of ground stations that can link our smallest villages to the world beyond our doorstep.

- * This will enable us to better fulfill our promise of extending education and learning--modern education and learning--into areas we cannot yet reach.
- * This will enable us to better serve those regions which are only just coming into their own, as they take advantage of the economic opportunities for investment, and growth.

Point 10: Summing Up

- In the past there have been times when Mali has turned to the United States for help. Times when nature was cruel and when even our best efforts could not suffice.
 - * But those days are far behind us.
- We are here today-- with representatives of our political institutions, with techr entrepreneurs-- who have earned the admiration of their neighbors through sound business practice.
 - * We are here with an invitation for you to join us in achieving what we are to accomplish ultimately.
 - * We are here to offer an opportunity for partnership...profitable partnershi
- And we are here to make a promise.
 - * Our promise is that Mali will not disappoint you in your ventures.
 - * Mali will not constrict you in your freedom to build and to earn as you know best to do.
 - * Mali will not ask for an unjust portion of the fruit of your labors.
 - * Our people will ask for nothing more than an opportunity to help you see your projects through to success.
 - * Our people will provide you with strong and honest labor.
- And for those of you who invest your faith in our promises, Mali will reward you in good time and in good measure.

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APPENDIX 2.6

OFFICIAL DELEGATION TO SAN FRANCISCO

REPUBLIC OF MALI
OFFICIAL DELEGATION TO SAN FRANCISCO

His Excellency General Moussa Traore
President of the Republic of Mali

Madame Traore
First Lady of the Republic of Mali

Tiena Coulibaly
Minister of Finance and Commerce

Ngoïo Traore
Minister of Foreign Affairs and International Cooperation

Amadou Deme
Minister of Industry, Hydraulics and Energy

Moustapha Deme
Director of the Presidential Cabinet

Mohamed A. Toure
Ambassador of the Republic of Mali to the United States

Bakary Mariko
Technical Counsellor to the Presidential Secretariat

Moctar Ouane
Technical Counsellor to the Presidential Secretariat

Cheick Bougady Bathily
Cabinet Director, Ministry of Agriculture

Abdoulaye Kolta
Technical Counsellor, Ministry of Finance

Ousmane Guindo
Technical Counsellor, Ministry of Environment and Livestock

Sahibou Traore
Director, SOTELMA

Mory Kane
Director of Geology and Mines

Mamadou N. Traore
Director of International Cooperation

Bakary Diarra
Director, Bureau of Public Enterprises

Mamadou Bagayoko
Director, Office of Employment

Almamy Sylla
President-Director General, Bank of Africa

Adama Traore
Director, BIAO-Mali

Abdohamane Toure
President, Malian Chamber of Commerce and Industry

Cheick Omar Tall
President, Malian Chambe of Agriculture

Youssouf Bagayoko
Adjutant Director of Industries

Alou Kane
Adjutant Director of COMATEX

Tidiane Kane Diallo
Adjutant Director, CNAR

Malamine Tounkara
Private Entrepreneur

Alou Kouma
Private Entrepreneur

APPENDIX 3

LIST OF PERSONS ATTENDING THE SAN FRANCISCO CONFERENCE

**List A: Corporate Attendees at the San Francisco Investment
Conference**

1. Mr. Luke Alexander
Director,
Chaco International, Inc.
P.O. Box 700
Menlo Park, CA 94026

Tel: 408 629 4800
FAX: 408 365 9400

Interest: Agriculture, mining, and other equipment
Initial contact: Garrett Smith

2. Mr. Craig Andrews
BHF Utah International
550 California Street
San Francisco, CA 94104

Tel: 415 774 2595

Interest: Gold mining

3. Mr. Bob Angle
Thomas White & Company
1 Second Street
San Francisco, CA 94105

Tel: 415 904 7500

Interest: Finance and agriculture
Initial contact: Garrett Smith

4. Mr. Fred Aurelio
Partner,
Sierra Resources Group
251 Kearny Street
Suite 406
San Francisco, CA 94121

Tel: 415 434 1480

5. Mr. Peter R. Berger
CONAGRA/Berger & Company
1050 Sansome Street
San Francisco, CA 94111

Tel: 415 956 6100
FAX: 415 956 9210

Interest: Agriculture (fruits and nuts)
Initial contact: Garrett Smith

6. Ismaila Biaye
Professor,
Golden State University
San Francisco, CA

Interest: Marketing

7. Mr. Joseph R. Bisho
J.R. Bisho & Company
564 Market Street
San Francisco, CA 94104
415 397 0767

Interest: Agricultural and mining equipment parts supply
Initial contact: Garrett Smith

8. Ms. Margaret Bishop
Peace Corps
San Francisco, CA

Interest: Textiles

No further information available

9. Mr. Kennedy Brooks, Esq.
Weller, Drucker & Brooks
144 Second Street
Suite 300
San Francisco 94105

Tel: 415 543 8366

Interest: Legal services
Initial contact: Garrett Smith

10. Mr. Russell Clark
Area Manager, Africa
Rain Bird International, Inc.
Glendora, CA 91740

Tel: 818 963 9311
FAX: 818 963 4287

Interest: Agriculture
Initial contact: Nick Kulibaba

11. Mr. Gerald Cooper
Director of International Sales
Lummis Industries, Inc.
712 Tenth Avenue
P.O. Box 1260
Columbus, GA 319945-1260

Tel: 404 322 4511
FAX: 404 322 3679

Interest: Textile and agricultural machinery

12. Mr. Hugh Douglas
President
Hugh Douglas & Company, Ltd.
124 Sixteenth Avenue
San Francisco, CA 94118

Tel: 415 398 3060
FAX: 415 752 4342

Interest: Mining
Initial contact: Nick Kulibaba

13. Ms. Cecily Drucker
Weller, Drucker & Brooks
144 Second Street
Suite 300
San Francisco 94105

Tel: 415 543 8366

Interest: Legal services
Initial contact: Garrett Smith

14. Mr. Lionel R. Dyer
Vice President, International Marketing/Sales
Automation Research Systems, Ltd.
4480 King Street
Suite 500
Alexandria, VA 22302

Tel: 793 820 9000
FAX: 703 820 9106

Interests: Telecommunications, gold mining, management
information systems.

15. Mr. Richard Flood
IT Power International
5801 Bagshotte Drive
Oakland, CA 94611
Tel: 415 531 0693

Interest: Renewable energy
Initial contact: U.S. Dept. of Commerce

16. Mr. Dennis Fukumoto
Advisor,
California Energy Commission
1516 9th Street
Sacramento, CA 95814

Tel: 916 324 3316

Interest: Renewable energy resources
Initial contact: U.S. Dept. of Commerce

17. Mr. Jay Hammitt
Exploration Manager,
Kennecott/RTZ
Salt Lake City, Utah 84147

Tel: 801 322 7000

Interest: Mining
Initial contact: Lloyd Quashie

18. Mr. David A. Huggins
General Manager,
Syama Gold Project
BHP-Utah Mali Inc.
BP 2856
Bamako, Mali

Tel: 223 22 28 06
FAX: 223 22 81 87

Interest: Gold mining

19. Mr. Erik Hunt
International Trade Administration
450 Golden Gate Avenue
Box 36013
San Francisco, CA 94102
Tel: 415 556 7219
FAX: 415 556 2121

Interest: Promotion of US-Malian investment and commercial
affairs
Initial contact: Garrett Smith

20. Nicolas Kulibaba
Labat-Anderson, Inc.
2200 Clarendon Blvd.
Arlington, VA 22201

Tel: 703 525 5200 ext. 262
Fax: 703 524 7668

21. Mr. Joseph LaVigna
Lavigna & Company
601 Montgomery Street
Suite 2030
San Francisco, CA 94111

Interest: Unspecified
Initial contact: Garrett Smith

22. Mr. Philippe Lietard
International Finance Corporation
1818 H Street NW
Washington, DC 20433

Interest: Gold mining

23. Mr. Berah McSwain
President
TEM Associates
Oakland, CA

Interests: Renewable energy
Initial contact: U.S. Dept. of Commerce

24. Mr. Ayalew Mandefro
COMSAT Systems Division
950 L'Enfant Plaza SW
Washington, DC 20024

Tel: 202 863 6872

Interest: Telecommunications

25. Mr. Kitili Mbathi
Merrill Lynch
San Francisco, CA

Interest: Finance
Initial contact: Garrett Smith

26. Mr. Issa Mohamad
Managing Director
U.S. Export Marketing Corporation
Citicorp Center
One Sansome Street
Suite 1900
San Francisco, CA 94104

Tel: 415 951 4731
FAX: 415 951 4660

27. Mr. Tim Mooney
Business Analyst,
Abt Associates/C. Itoh
Hampden Square
4800 Montgomery Land
Suite 500
Bethesda, MD 20814

Tel: 301 913 0500
FAX: 301 652 7791

Interest: All sectors

28. Reginald P. Morrow
Executive Vice President,
African Agricultural Systems, Inc.
1278 Sodo Street
San Francisco, CA 94106

Tel: 415 775 2115
FAX: 415 775 2050

Interests: Agriculture and mining
Initial contact: Garrett Smith

29. Mr. Njeri Wa Muthoni
Wells Fargo Bank
420 Montgomery Street
4th Floor
San Francisco, CA 94163

Interest: Finance
Initial contact: Garrett Smith

30. Macodou N'Daw
International Finance Corporation
1818 H Street NW
Washington, DC 20433

Tel: 202 473 0606
FAX: 202 334 0235

Interest: Gold mining

31. Mr. Dick Ortmeyer
Africa Focus Project

Tel: 415 775 9622
FAX: 415 775 1422

Interest: Economic and social development
Initial contact: U.S. Dept of Commerce

32. Mr. William Paratore
Dames & Moore, Inc.
221 Main Street
Suite 600
San Francisco, CA
94105-1907

Interests: Agriculture, Mining engineering

Initial contact: Nick Kulibaba

33. Mr. Sunday Peters
President, AIDCO
1839 Irving Street
P.O. Box 410072
San Francisco, CA 94141

Tel: 415 665 6682
FAX: 415 753 6696

Interest: Unspecified
Initial contact: U.S. Dept of Commerce

34. Mr. Douglas Quade
SPEC International

Illegible entry; no further information available

Interest: Mining

35. Mr. Lloyd Quashie
Resources Development Consultant
210 Rue Barrette
St. Jerome, PQ
Canada J7Y 3K1

Tel: 514 438 5437

Interest: Gold mining

36. Mr. Douglas Saunders
U.S. Small Business Administration
211 Main Street
4th Floor
San Francisco, CA 94105-1988

Tel: 415 741 6779

Interest: All sectors

37. Mr. Trevor Schultz
BHP-Utah International
550 California Street
San Francisco, CA 94104

Tel: 415 774 2595

38. Mr. Robert Schumacher
President, Geneva Resources, Inc.
Interest: Petroleum and mining

No further information available.

39. Yumi Sera
Oxfam America
San Francisco, CA

No further information available

40. Mr. Don Shirk
Vice President, Asia and Africa
Morrison-Knudson Corporation
180 Howard Street
San Francisco, CA 94105

Tel: 415 442 7300

Interest: Mining
Initial contact: U.S. Dept of Commerce

41. Mr. Garrett Smith
Labat-Anderson, Inc.
2200 Clarendon Blvd.
Arlington, VA 22201

Tel: 703 525 5200 ext. 262
Fax: 703 524 7668

42. Mr. Tom Strand
TEM Associates

No further information available

Interest: Renewable energy resources

43. Mr. Larry C. Treadgold
Pacific Precious Metals
6657 Camelia Drive
San Jose, CA 95120

Tel: 408 997 7017

Interest: Mining

44. Mr. Christian Trottier
President, R.C. Trottier, Inc.
3886 St. Laurent Street
Jonquere, PQ J7X 2N7
Canada

Tel: 514 946 6503

FAX: 418 695 4422

Interest: Mining
Initial contact: Lloyd Quashie

45. Karl Volter
International Finance Corporation
1818 H Street NW
Washington, DC 20433

Tel: 202 473 6677

Interest: Gold mining

46. Mr. Keith Wallace
Group General Manager,
International Minerals Division
BHP-Utah International
550 California Street
San Francisco, CA 94104

Tel: 415 774 2595

Interest: Gold mining

47. Eric J. Ward, Esq.
Heller, Ehrman, White & McAuliffe
1262 Grove Street 94117

Tel: 415 772 6296

Interest: Legal Services
Initial contact: Garrett Smith

48. Mr. Oliver M. Warin
BHP-Utah International
550 California Street
San Francisco, CA 94194

Tel: 415 774 2595

Interest: Gold mining

49. Mr. R.O. Wheaton
BHP-Utah International
550 California Street
San Francisco, CA 94194

Tel: 415 774 2595

Interest: Gold mining

50. Mr. Richard White
Vice President, International Division
Kaiser Engineering
P.O. Box 23210
Oakland, CA 94623

Interest: Mining

51. Mr. Richard White
International Trade Administration
450 Golden Gate Avenue
Box 36013
San Francisco, CA

Tel: 415 556 7219

FAX: 415 556 2121

Interest: Investment and commercial affairs

List B: Individuals Expressing Interest But Unable To Attend

52. Mr. John Azlant
Corporate Financial Officer
Pegasus Gold Inc.
400 North 9 Post Street
Spokane, WA 99201

Tel: 509 624 4653

FAX: 509 623 1503

Interest: Gold mining
Initial contact: Lloyd Quashie

53. Kurt Barnes
Inco Gold Inc.
One, New York Plaza
New York, NY 10004

Tel: 212 612 5500

FAX: 212 612 5826

Interest: Gold mining
Initial contact: Lloyd Quashie

54. Mr. M.P. Bossick
The RTZ Corporation PLC
6 St. James Square
London SW1Y 4LO
England

Tel: 44 071 930 2399

FAX: 44 071 930 3249

Interest: Gold mining
Initial contact: Lloyd Quashie

55. Mr. Micheael I. Bottomley,
Senior Mining Consultant
LONRHO PLC
138 Cheapside
London EC2V 6BL
England

Tel: 44 71 606 9898

FAX: 44 71 796 3243

Interest: Gold Mining
Initial contact: Lloyd Quashie

56. Mr. Benny Bray
Corporate Financial Officer,
Nord Resources Corporation
Fountain Grove Corporate Center
3510 Unocho Place
Santa Rosa, CA 95401

Tel: 707 576 7515

Interest: Gold mining
Initial contact: Lloyd Quashie

57. Mr. Robert Carrier
Vice President,
Midland Walwyn Capital Inc.
1, Place Ville Marie
Bureau 2300
Montreal, PQ
Canada H3B 3M5

Tel: 514 393 2912
FAX: 514 393 2953

Interest: Mining operations financing
Initial contact: Lloyd Quashie

58. Mr. John Catchpole
Vice President,
West Pac Banking Corporation
335 Madison Avenue
New York, New York 10017

Tel: 212 850 7867
FAX: 212 850 7872

Interest: Financing of mining operations
Initial contact: Lloyd Quashie

59. Mr. Peter Davis
Nord Resources Corporation
Fountain Grove Corporate Center
3510 Unocho Place
Santa Rosa, CA 95401

Tel: 707 576 7515

Interest: Gold mining
Initial contact: Lloyd Quashie

60. Mr. Tom Foster
Phelps Dodge Corporation
2600 North Central Avenue
Phoenix, AZ 85004

Tel: 602 234 8100
FAX: 602 234 8150

Interest: Gold mining
Initial contact: Lloyd Quashie

61. Mr. Mark Fujita
Keystone Overseas, Inc.
1801 Murchison Drive
Burlingame, CA 94010

Tel: 415 692 3484

Interest: Export and import of heavy equipment
Initial contact: Garrett Smith

62. Mr. Gary Geiger
Valmont Industries
Valley, NB 68064

Tel: 402 359 2201

Interest: Agriculture
Initial contact: Garrett Smith

63. Mr. Nigel Grant
Billiton International Metals
2265 BD Leidschendam
The Netherlands
MTEN 11

Tel: 31 703 172 298
FAX: 31 703 172 700

Interest: Gold mining
Initial contact: Lloyd Quashie

64. Mr. Richard Heath
Hakman and Company
3500 Old Bayshore Hiway
Suite 333
Burlingame, CA 94010

Tel: 415 348 1700

Interest: Finance
Initial contact: Garrett Smith

65. Mr. John Hedges
West Pac Banking Corporation
335 Madison Avenue
New York, New York 10017

Tel: 212 850 7867
FAX: 212 850 7872

Interest: Financing of mining operations
Initial contact: Lloyd Quashie

66. Mr. Laurence Jennings
Photron, Inc.
77 West Commercial Drive
Willits, CA 95490

Tel: 707 459 3211

Interest: Solar equipment manufacturing

67. Mr. Robert Kinneberg
Pegasus Gold Inc.
400 North 9 Post Street
Spokane, WA 99201

Tel: 509 624 4653
FAX: 509 623 1503

Interest: Gold mining
Initial contact: Lloyd Quashie

68. Mr. Robert Layton
Midland Walwyn Capital Inc.
1, Place Ville Marie
Bureau 2300
Montreal, PQ
Canada H3B 3M5

Tel: 514 393 2912
FAX: 514 393 2953

Interest: Mining operations financing
Initial contact: Lloyd Quashie

69. Ambassador Arthur Lewis
Nord Resources Corporation
Fountain Grove Corporate Center
3510 Unocho Place
Santa Rosa, CA 95401

Tel: 707 576 7515

Interest: Gold mining
Initial contact: Lloyd Quashie

70. Mr. Michael Lotker
Luz Corporation
924 Westwood Boulevard
Los Angeles, CA 90024

Tel: 213 443 1281

Interest: Solar equipment manufacturing
Initial contact: Garrett Smith

71. Mr. A.N. McLaurin
The RTZ Corporation PLC
6 St. James Square
London SW1Y 4LO
England

Tel: 44 071 930 2399
FAX: 44 071 930 3249

Interest: Gold mining
Initial contact: Lloyd Quashie

72. Dr. Hugh Morris
Imperial Metals Corporation
Suite 800
601 West Hastings Street
PO Box 84
Vancouver, BC V6B 5A6
Canada

Tel: 604 669 8959
FAX: 604 687 4030

Interest: Gold mining
Initial contact: Lloyd Quashie

73. Mr. Gordon Parker
Chief Executive Officer
Newmont Gold Company
1700 Lincoln Street
Denver, CO 80203

Tel: 303 863 7414

Interest: Gold mining
Initial contact: Lloyd Quashie

74. Mr. John Pearson
LAC Minerals Ltd.
21st Floor
North Tower
PO Box 156
Royal Bank Plaza
Toronto M5J 2J4
Canada

Tel: 416 865 0722
FAX: 416 865 9597

Interest: Gold mining
Initial contact: Lloyd Quashie

75. Mr. A.J. Petrina
President,
Placer Dome Inc.
1055 Dunsmuir Street
Vancouver, BC V6C 1 A8
Canada

Tel: 604 682 7082
FAX: 604 682 7092

Interest: Gold mining
Initial contact: Lloyd Quashie

76. Mr. Randall Redenius
967 Church Street
San Francisco, CA 94114

Tel: 415 647 7850

Interest: Meat processing and agriculture

77. Mr. Floyd Smith
Agwest
3840 Rosin Court
Suite 101
Sacramento, CA 95834

Tel: 916 929 0328
FAX: 916 929 4674

Interest: Irrigated agriculture
Initial contact: Garrett Smith

78. Mr. Richard L. Steinberger
Nord Resources Corporation
Fountain Grove Corporate Center
3510 Unocho Place
Santa Rosa, CA 95401

Tel: 707 576 7515

Interest: Gold mining
Initial contact: Lloyd Quashie

79. Mr. Philip Tarsh
Director,
LONRHO PLC
138 Cheapside
London EC2V 6BL
England

Tel: 44 71 606 9898
FAX: 44 71 796 3243

Interest: Gold mining, irrigated agriculture
Initial contact: Lloyd Quashie

80. Mr. Kjeld Thygesen
Managing Director,
Lion Resource Management Ltd.
10 Artillery Passage
London E1 7LS
England

Tel: 44 071 377 1155
FAX: 44 071 375 0319

Interest: Gold mining
Initial contact: Lloyd Quashie

APPENDIX 4

**QUESTIONS PREPARED FOR A BRIEFING OF PRESIDENT TRAORE
(PROSPECTIVE INVESTOR OR JOURNALIST QUESTIONS)**

Appendix 4: Questions Prepared for a Briefing of President
Traore (Prospective Investor or Journalist Questions)

POLITICAL ISSUES

1. Democratization and Political Reform

- What commitments has your government made for a transition to multiparty democracy in Mali?
- You have been quoted as arguing that democratic reforms can occur within a single-party system. Isn't this a contradiction?
- Recently the Secretary General of the national political party, the UDPM, resigned his post, voicing serious criticism of the party's competence and mission. Will this have a destabilizing affect on your government? How has it affected the confidence of Malian citizens in their government? Have his charges discredited the party hierarchy?

2. Problems in the VIth and VIIth regions:

- What was the cause of the recent armed uprising of Tuaregs in the Sixth and Seventh regions?
- You have been quoted in the media as alleging that these events have been provoked by the neighboring states of Libya and Algeria. What proof can you provide to support those allegations ?
- What actions has your government taken to protest foreign intervention in this matter?
- Is there any basis in fact to Amnesty International's allegations that government troops have carried out extrajudicial executions (executions without preliminary due process), torture, and other human rights abuses against men, women, and children?
- Why were the Sixth and Seventh regions sealed off to journalists during the recent crisis there?
- Will your government will bring to justice those responsible for extrajudicial executions and other human rights violations?
- Will your government allow an independent and impartial investigation into these charges of human rights abuses?

3. International Relations

- What is your government's official position on Iraq's occupation of Kuwait? Do you support the multilateral embargo of Iraq and the multilateral military force in Saudi Arabia?

- What is your government's position on the current civil conflict in Liberia? Do you support the multilateral peace-keeping force there? What is your government's position regarding allegations that the governments of Libya and Burkina Faso are providing materiel and troop support to the Charles Taylor?

- Are you concerned that the opening up of the Eastern Bloc will affect the flow of economic development assistance to Mali and other countries in the region? How do you respond to those who argue that aid to Eastern Europe will produce faster and more positive results, particularly compared with overall decline of economic and social well-being in Africa?

4. Malian Investment Climate and Government Services to Business

- Are there any sectors in which foreign investment is banned? For what reasons?

- Why should a prospective investor in Africa choose Mali over other nations in the region?

- Given Mali's landlocked position and the overall high costs of operating a business in the Sahel, does Mali present any comparative advantages as a site for investment?

- Your country has a history of socialist economic management. What assurances can your government provide that its current welcome for private investment is not just a passing flirtation with capitalism?

- One of our biggest concerns is with nationalisation or "creeping nationalisation" of business. What guarantees does your government offer to prevent this? Is Mali a member of the Multilateral Investment Guarantee Association? Is political risk insurance available from OPIC? From such commercial insurers as Lloyd's, CIGNA, or AIG? Are any existing foreign-owned businesses in Mali currently insured under these programs?

- We have heard that Mali is currently in the process of drafting new investment and labor codes. What will the new regulations state? What new incentives will your country offer to private investors? When will the new regulations be announced? When will they come into effect?

- Many other nations have introduced "one-stop" investment approval and assistance offices ("guichets unigues"). Will Mali be instituting a similar system?
- Many other nations have introduced high-level ombudsmen offices, which act on behalf of foreign investors. Does such an office exist in Mali? Will one be instituted?
- We are told that most foreign businesses in Mali operate on the basis of treaties or other similar agreements with the government. Why isn't investment administered with a single, uniform set of laws and regulations?
- Communications and utilities costs in Mali are very high when compared with other countries in the region. Is it possible for foreign investors to obtain tax exonerations or reduced rates for telecommunications, electricity, public water supply, and fuels (hydrocarbons)?
- Which Malian government agency is responsible for investment promotion?
- Are foreign investors required by law to have Malian partners?
- Can foreign investors purchase land in Mali or must they rent or lease it?
- We are told that doing business in Mali requires many "under-the-table" payments to government officials. These payments are said to be required for speedy or efficient administrative performance or to pass police road barriers. Is this true? What steps is your government taking to reduce this kind of corruption?

5. Equity, Finance and Capital Movement

- Are there any limits on foreign-owned equity in business? Can a business be owned 100 percent by a foreign investor?
- Can investors repatriate profits, dividends, royalties and invested capital freely from Mali? Are there ceilings on the amount of capital that can be repatriated at any one time? What kind of administrative procedures are required? How long are the delays for necessary approvals?
- We have heard that Mali's banks have been through a liquidity crisis, and that there are often foreign exchange shortages. Will your government allow foreign investors to maintain foreign exchange accounts? Will your government guarantee complete access to funds placed in Malian banks? Are accounts in Malian banks insured against default or bank failures?

- The CFA Franc is overvalued at the present time. Do you believe that devaluation will occur? When? What effect will this have on the Malian economy? What effect will this have on personal and commercial capital in Malian banks?

- Can foreign investors obtain credit from Malian banks? From the Malian government? Under what terms? Have any, in fact, done this?

- Can our prospective Malian partners obtain credit from Malian banks? Under what terms?

- What are typical current payment delays for commercial transactions with foreign suppliers?

- Can Malian banks issue letters of credit?

6. Taxation

- What levels of taxation are foreign businesses subject to?

- We are told that Mali typically allows new foreign investment projects tax holidays and other fiscal incentives for a period of only five years. Other nations in the region offer tax holidays of up to twelve years. Are extensions of tax exoneration possible? Can they be guaranteed even before new ventures are established?

- Does Mali have an internal turnover tax? How does this work?

- Are foreign-owned business eligible for exoneration from customs duties and taxes? Export taxes? Tariffs? Import controls?

- Are expatriate workers subject to personal income tax?

- Are mining and manufacturing companies subject to ad valorem taxes? At what rates?

- Are physical facilities of foreign-owned companies subject to real estate tax assessments?

-What fiscal incentives are provided for business engaged in manufacturing or processing for export?

7. Labor Costs and Regulations

- What regulations cover the employment of foreign nationals? Are there restrictions for managers? Skilled technicians? Unskilled labor?

- What is the Malian government's official policy on labor unions? Collective bargaining? Right of workers to strike?

- What is the established scale of minimum wages for different categories of Malian workers? Does this apply to the entire nation or only to certain regions?

- Does your government expect to raise minimum wages in the near future? During the next several years? If not, how will you cope with worker's demands given inflation?

8. Intellectual Property Rights

- The Malian marketplaces are full of merchandise that carry fraudulent trademarks and pirated sound and video recordings. In light of this, what guarantees can your government offer on the protection of patents? Trademarks? Copyright?