

MALI

Table 1 **2021**

Population, million	20.9
GDP, current US\$ billion	19.1
GDP per capita, current US\$	917.7
International poverty rate (\$2.15) ^a	14.8
Lower middle-income poverty rate (\$3.65) ^a	47.5
Upper middle-income poverty rate (\$6.85) ^a	80.5
Gini index ^a	36.1
School enrollment, primary (% gross) ^b	75.6
Life expectancy at birth, years ^b	59.7
Total GHG emissions (mtCO2e)	46.7

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2018), 2017 PPPs.
 b/ WDI for School enrollment (2018); Life expectancy (2020).

Insecurity and political instability limited economic growth to 3.1 percent in 2021, leaving per capita income unchanged. The recovery expected in 2022 has been dampened by regional economic sanctions, which lasted for six months, combined with rising food price inflation, driven by low cereal production and higher global prices. Consequently, the poverty rate will increase slightly in 2022. The medium-term outlook is subject to significant downside risks from the political transition, insecurity, and climate-related shocks.

Key conditions and challenges

Mali's economy remains under-diversified and dominated by agriculture and low-productivity services. Manufacturing absorbs little employment and is concentrated in agro-industries and cotton ginning, reflecting low levels of capital. Exports are dominated by gold and cotton, exposing the economy to commodity-price and climatic shocks. GDP growth per capita stagnated during the last decade limiting progress in poverty reduction while human development indicators show mixed results.

Political instability, weak governance, and the absence of the state in remote areas remain the main bottlenecks for inclusive growth. This is exacerbated by persistent insecurity, which has expanded to central and southern regions, increasingly disrupting agriculture and service delivery. On January 9, 2022, ECOWAS and WAEMU imposed sanctions, including a trade embargo and the freezing of government assets in the region's Central Banks, in response to the authorities' decision to delay elections that were scheduled for February 2022. Sanctions were lifted on July 3, 2022, after the transitional government adopted a timetable leading to elections in 2024.

Recent developments

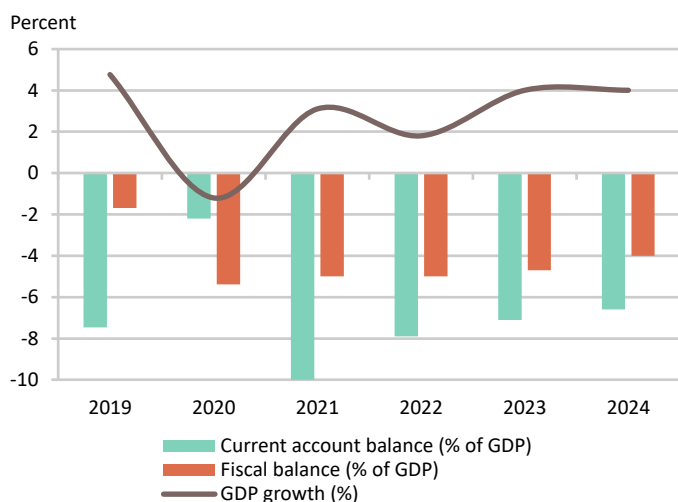
Real GDP grew by 3.1 percent in 2021, 0.1 percent in per capita terms, but economic

activity slowed in the first quarter of 2022 due to the sanctions. Construction and manufacturing contracted sharply, while some services showed resilience. GDP growth is expected to remain positive in 2022, at 1.8 percent (but negative 0.9 percent in per capita terms), despite the ECOWAS sanctions and persistent insecurity, reflecting a modest recovery in food production and service sector resilience. Food inflation picked up in 2021, following a drop in domestic cereal production in 2021, and continued to accelerate in 2022, averaging 12.3 percent y-o-y over the period January-June 2022 (H1) as global prices rose. Inflation in the transport sector increased by 10.9 percent y-o-y, driven by price increases in fuels and lubricants, which reflected the steep rise in global energy prices.

The current account deficit (CAD) widened in 2021, to 10 percent of GDP, and will remain high in 2022 due to elevated oil prices. Merchandise exports (-6 percent y-o-y) and imports (-21 percent y-o-y) declined significantly in H1-2022 due to the ECOWAS trade embargo but are expected to partially recover in the second half of 2022 after the removal of sanctions.

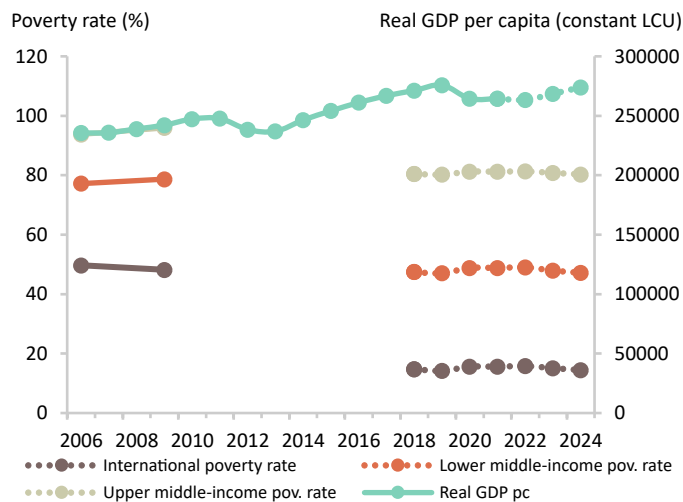
Monetary and exchange rate policies are managed by the Central Bank of West African States (BCEAO). Its reserves declined to 5.2 months of imports in June 2022, from 5.5 months in 2021, due to higher energy prices and food imports caused by the Ukraine crisis. To counter inflation pressures, the BCEAO raised rates for liquidity calls (2 percent to 2.5 percent) and the marginal lending window (4 percent to 4.5 percent) in June and September 2022.

FIGURE 1 Mali / GDP growth, current account and fiscal balances



Sources: Malian government and the World Bank.

FIGURE 2 Mali / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

The fiscal deficit remained elevated, at 5 percent of GDP in 2021, and public debt rose to 52 percent of GDP. Fiscal revenues contracted sharply in H1-2022 (-12.1 percent y-o-y) due to the sanctions. In contrast, wages and security spending increased, despite limited access to the regional debt market. This was possible through a reduction in public investment and exceptional private sector financing. The fiscal deficit is projected to stabilize at 5 percent of GDP in 2022 with both lower tax revenues and total public spending relative to 2021. Financing is expected to be mainly covered by domestic debt on the regional market. Public debt will increase to 55.9 percent of GDP by end 2022.

The extreme poverty rate (\$2.15/day 2017 PPP), estimated at 15.6 percent in 2021, is projected to increase slightly, to 15.8 percent in 2022. Rainfall deficits in several localities and insecurity that disrupted field work reduced agricultural output. The subsequent deterioration in incomes is further increasing the exposure of poor

households to food insecurity in the center and north. There were an estimated 1.3 million food insecure people in Q4 2021. From January to June 2022, about 1.5 million Malians (77 percent of those targeted) benefited from food assistance. At the same time, population displacement continues, particularly in the border areas with Burkina Faso and Niger. At the end of April 2022, there were over 370 thousand registered displaced persons.

Outlook

Growth is expected to recover gradually, averaging 4 percent over 2023-24, supported by a continued recovery of food production and services, including hospitality. Annual inflation will accelerate in 2022 to 8 percent before normalizing towards the regional target of 2 percent by 2025. The CAD will gradually narrow as trade flows normalize

to reach 6.6 percent of GDP by 2024. The fiscal deficit will gradually decline and converge to the ceiling of 3 percent by 2025, while public debt will first increase before stabilizing around 55 percent by 2024.

The extreme poverty rate is expected to decline, by 1.4 percentage point to 14.4 percent over the same period with the number of poor projected to slowly decrease by an average of 50,000 people per year.

The outlook is subject to multiple downside risks. Despite the lifting of sanctions, further delays in the electoral timetable could trigger round(s) of economic sanctions. Other domestic risks relate to intensified insecurity, lower appetite for Mali's treasuries on the regional market, and climatic shocks. The war in Ukraine, and additional monetary tightening in the eurozone represent additional risks through elevated food and energy prices, and debt refinancing costs on the regional market.

TABLE 2 Mali / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021	2022e	2023f	2024f
Real GDP growth, at constant market prices	4.8	-1.2	3.1	1.8	4.0	4.0
Private Consumption	3.8	1.9	3.0	2.0	3.0	3.0
Government Consumption	4.0	4.5	5.8	7.1	4.1	2.1
Gross Fixed Capital Investment	6.3	-1.2	4.8	-10.4	7.4	8.9
Exports, Goods and Services	2.3	0.5	-1.0	2.6	5.0	5.0
Imports, Goods and Services	5.9	-2.9	14.1	-2.5	4.0	4.0
Real GDP growth, at constant factor prices	4.5	-1.1	3.0	1.8	4.0	4.0
Agriculture	4.0	-4.8	1.4	2.0	5.0	5.0
Industry	3.7	-0.1	1.0	3.0	6.0	4.0
Services	5.2	1.4	5.1	1.2	2.4	3.2
Inflation (Consumer Price Index)	-2.9	0.5	4.0	8.0	4.0	2.5
Current Account Balance (% of GDP)	-7.5	-2.2	-10.0	-7.9	-7.1	-6.6
Net Foreign Direct Investment Inflow (% of GDP)	5.0	3.1	5.5	4.4	3.2	3.1
Fiscal Balance (% of GDP)	-1.7	-5.4	-5.0	-5.0	-4.7	-4.0
Debt (% of GDP)	40.7	47.3	51.9	55.9	55.8	55.3
Primary Balance (% of GDP)	-0.7	-4.2	-3.6	-3.5	-2.9	-2.1
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	14.2	15.6	15.6	15.8	15.1	14.4
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	47.1	48.8	48.8	49.0	47.9	47.2
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	80.2	81.2	81.2	81.3	80.8	80.3
GHG emissions growth (mtCO₂e)	4.4	2.4	3.2	3.5	4.2	4.5
Energy related GHG emissions (% of total)	14.9	14.7	15.6	16.1	16.9	17.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast. Poverty lines are expressed in 2017 PPP, resulting in changes from earlier editions that used 2011 PPP. See pip.worldbank.org.

a/ Calculations based on 2018/19 EHCVM. This survey replaced the previous 2009-ELIM survey used to calculate poverty rates in previous years.

b/ Projection using neutral distribution (2018) with pass-through = 0.7 (Low (0.7)) based on GDP per capita in constant LCU.