

MALI

Table 1 2022

Population, million	22.6
GDP, current US\$ billion	18.8
GDP per capita, current US\$	833.3
International poverty rate (\$2.15) ^a	15.2
Lower middle-income poverty rate (\$3.65) ^a	48.2
Upper middle-income poverty rate (\$6.85) ^a	81.0
Gini index ^a	36.0
School enrollment, primary (% gross) ^b	78.7
Life expectancy at birth, years ^b	58.9
Total GHG emissions (mtCO2e)	48.1

Source: WDI, Macro Poverty Outlook, and official data.

a/ Most recent value (2018), 2017 PPPs.

b/ WDI for School enrollment (2020); Life expectancy (2021).

GDP growth is projected to reach 4 percent in 2023 (0.9 percent per capita), supported by the recovery of cash crops and agri-food manufacturing. Poverty is expected to resume a gradual decline after rising in 2022. The fiscal deficit is expected to remain elevated with rising security outlays and the outlook is subject to downside risks related to the political transition, regional instability, insecurity, climate-related shocks, and high borrowing costs.

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 physical and human capital. Exports are dominated by gold and cotton, exposing the economy to commodity and climatic shocks. Per capita growth stagnated during the last decade (0.4 percent average) limiting progress in poverty reduction while human development indicators show mixed results with improvements in school attendance but deteriorating access to healthcare.

Persistent insecurity and a weakened social contract are key bottlenecks for inclusive growth, with the absence of the State in remote areas undermining service delivery. Political instability following the coups in 2020-2021 and delays in the political transition leading to the six-month ECOWAS commercial and financial sanctions in 2022 have constrained growth. The adoption of a new constitution in June 2023 paves the way for general elections, currently scheduled for 2024.

Recent developments

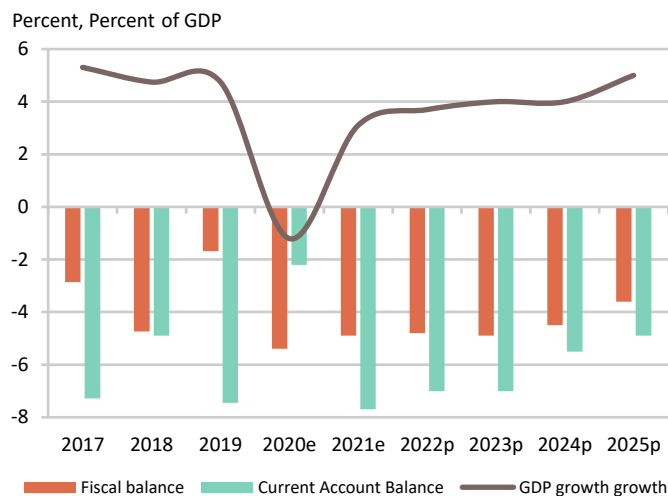
Despite the ECOWAS sanctions, Mali's economy showed resilience with real GDP

growth of 3.7 percent in 2022 (0.7 percent per capita), reflecting the strong performance of gold mining and subsistence agriculture – sectors less impacted by the sanctions – and public services. Growth slowed in Q1-2023 due to insecurity-linked transport bottlenecks and weak cotton ginning output. However, growth is expected to reach 4 percent in 2023 (0.9 percent per capita), supported by agriculture exports, agri-food manufacturing, trade and financial services.

The current account deficit (CAD) narrowed to 7 percent of GDP in 2022 despite a terms of trade deterioration as the ECOWAS trade embargo reduced imports while gold exports continued. Both exports and imports are expected to recover in 2023, maintaining a CAD of 7 percent of GDP.

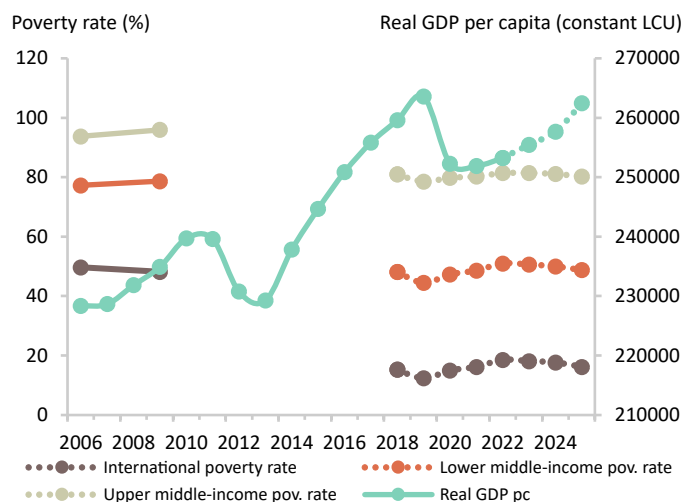
Inflation rose to 9.7 percent in 2022, due to sanctions and high global food and energy prices but decelerated in 2023 (averaging 4.2 percent y/y over January-July) as food inflation declined (1.8 percent over the period), due to higher supply from last year's agricultural campaign. With lower inflation, the extreme poverty rate (\$2.15/day 2017 PPP), estimated at 18.5 percent in 2022, is projected to decrease slightly to 18.1 percent in 2023, mainly in rural areas where poverty is expected to decline by 0.7 percentage points. However, the humanitarian situation remains serious with an estimated 1.26 million people severely food insecure during the 2023 lean season. Population displacement continues, particularly in the border areas with Burkina Faso and Niger with over 375,000 internally displaced persons at end-April 2023.

FIGURE 1 Mali / Real 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.

To counter inflation across WAEMU countries, the Central Bank of West African States (BCEAO) raised policy interest rates by a cumulative 125 basis points since the start of 2022 to 3.25 percent for liquidity calls and 5.25 percent for the marginal lending facility. However, the monetary policy stance remains broadly accommodative, inflation in the region is still above target and foreign exchange reserves have been on a downward trend. The fiscal deficit is expected to stay elevated at 4.9 percent in 2023 with higher revenues from tax administration and policy measures offset by higher expenditures, driven by wage bill, security outlays and interest payments. With limited external concessional financing available, the deficit will be primarily financed through domestic borrowing on the regional market, where interest rates have risen to around 8 percent for 3- and 5-year bonds, compared with around 6 percent earlier this year. Public debt, now dominated by relatively more expensive domestic debt (55 percent of the

debt stock), is projected to reach 51.3 percent in 2023.

Outlook

GDP growth is expected to average 4.5 percent over 2024-25 (1.4 percent per capita) underpinned by agriculture and services, and by private consumption and the recovery of capital investments. However, the withdrawal of the MINUSMA peacekeeping force by end-2023 could have localized economic impacts where the bases are located. The CAD is expected to gradually narrow to 4.9 percent of GDP by 2025, as new lithium exports come onstream in 2024. Annual inflation is projected to gradually fall, with the recovery of food production, towards the regional target of 2 percent by 2025. Consequently, the extreme poverty incidence is expected to gradually decrease to 16.3 percent by 2025. A gradual fiscal consolidation could be achieved with sustained tax policy and

administration reforms and improved public expenditure efficiency. Fiscal deficits will continue to be mainly financed through domestic borrowing as the availability of external financing is limited. Public debt is expected to increase to 52.3 percent of GDP by 2025.

The outlook is subject to multiple downside risks. Further election delays could trigger economic sanctions again and reduce private investments. Other economic risks relate to intensified insecurity following the withdrawal of MINUSMA and climatic shocks. Contingent liabilities, notably of the energy utility (EDM), domestic arrears and continued growth of the wage bill constitute significant fiscal risks. The coup in neighboring Niger on 26 July 2023 and the response from ECOWAS and WAEMU (economic and financial sanctions) have increased regional instability with risks of negative spillover effects on security, economic, and humanitarian fronts, including further increasing the cost of financing on the regional market.

TABLE 2 Mali / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2020	2021	2022	2023e	2024f	2025f
Real GDP growth, at constant market prices	-1.2	3.1	3.7	4.0	4.0	5.0
Private consumption	1.9	3.0	3.2	3.2	3.0	4.0
Government consumption	4.5	5.8	7.1	17.2	0.6	-0.5
Gross fixed capital investment	-1.2	4.8	-10.4	-1.6	11.1	12.4
Exports, goods and services	0.5	-1.0	8.0	4.2	5.0	5.0
Imports, goods and services	-2.9	14.1	-2.5	5.0	4.0	4.0
Real GDP growth, at constant factor prices	-1.1	3.0	4.0	4.0	4.0	5.0
Agriculture	-4.8	1.4	1.7	5.0	5.0	5.0
Industry	-0.1	1.0	5.4	6.0	4.0	4.0
Services	1.4	5.1	5.0	2.5	3.3	5.4
Inflation (consumer price index)	0.5	4.0	9.7	4.0	2.5	2.0
Current account balance (% of GDP)	-2.2	-7.7	-7.0	-7.0	-5.5	-4.9
Net foreign direct investment inflow (% of GDP)	3.1	3.0	2.6	2.5	3.1	3.0
Fiscal balance (% of GDP)	-5.4	-4.9	-4.8	-4.9	-4.5	-3.6
Revenues (% of GDP)	20.7	22.0	19.8	21.4	21.7	22.5
Debt (% of GDP)	46.9	50.4	51.7	51.3	51.9	52.3
Primary balance (% of GDP)	-4.2	-3.5	-3.3	-3.2	-2.6	-1.7
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	14.9	16.2	18.5	18.1	17.7	16.2
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	47.3	48.6	51.0	50.6	50.0	48.8
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	79.8	80.3	81.4	81.5	81.1	80.2
GHG emissions growth (mtCO₂e)	2.3	3.4	3.2	3.0	3.9	4.5
Energy related GHG emissions (% of total)	14.5	15.7	16.2	16.3	16.7	17.5

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

Notes: e = estimate, f = forecast.

a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2022. Forecasts are from 2023 to 2025.

b/ Projections using microsimulation methodology.