

MALI

Key conditions and challenges

Recent developments

Table 1 **2023**

Population, million	23.3
GDP, current US\$ billion	21.8
GDP per capita, current US\$	936.3
International poverty rate (\$2.15) ^a	20.8
Lower middle-income poverty rate (\$3.65) ^a	56.1
Upper middle-income poverty rate (\$6.85) ^a	85.9
Gini index ^a	35.7
School enrollment, primary (% gross) ^b	72.6
Life expectancy at birth, years ^b	58.9
Total GHG emissions (mtCO2e)	48.0

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

a/ Most recent value (2021), 2017 PPPs.

b/ Most recent WDI value (2021).

GDP growth stabilized at 3.5 percent (0.6 percent per capita) in 2023, below expectations, due to lower agricultural output and an electricity crisis, resulting in limited poverty reduction with an extreme poverty rate of 20.2 percent in 2023. Growth is projected to weaken slightly in 2024. The outlook is subject to downside risks from rising insecurity, increasing financing costs, impacts of the announced ECOWAS withdrawal, and climate-related shocks.

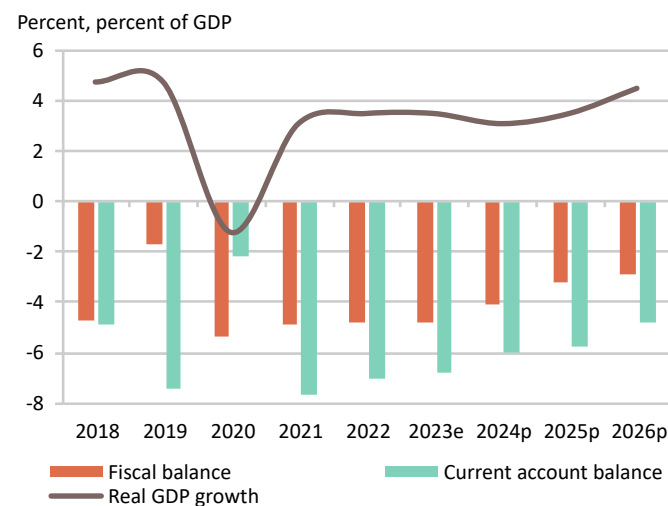
Mali's economy has experienced little structural change over the last three decades. Agriculture and low-productivity services dominate the economy; manufacturing remains limited and concentrated in agro-industries and cotton ginning. Exports are dominated by gold and cotton and vulnerable to commodity-price and climatic shocks. GDP growth per capita stagnated during the last decade limiting poverty reduction, while human development indicators show mixed results.

Insecurity, a weakened social contract, and the absence of the State in remote areas, and limited investment are key bottlenecks for inclusive growth. Political instability following the two coup d'états in 2020 and 2021 has also become a significant growth constraint. In September 2023, Burkina Faso, Mali, and Niger formed the Alliance of Sahel States (AES), a security and military pact with political and economic aims. On January 28, 2024, in a joint communiqué, the three countries announced their 'immediate' withdrawal from ECOWAS. According to the revised ECOWAS Treaty, a notification period of one year is required to leave ECOWAS. These developments have increased political and policy uncertainty, including the timetable for elections in Mali.

GDP growth stabilized at 3.5 percent in 2023, less than initial projections, due to lower food agricultural production, which was impacted by insecurity and unfavorable weather conditions. The second major contributor was the electricity crisis starting in August 2023 with shortages due to a large accumulation of arrears to suppliers disrupting manufacturing. Industrial output was also dampened by the effects of the 2022 unsuccessful cotton season on ginning industries. The service sector remained resilient, supported by telecommunications and public services. On the demand side, growth was supported by public and private consumption, in contrast to public investment and net exports, which underperformed. The terms of trade improved in 2023 as commodity prices of energy and food imports eased. This was offset by lower exports as cotton exports declined 13.5 percent on the back of lower production in 2022, and the recovery of import demand after the lifting of the 2022 ECOWAS sanctions. As a result, the current account deficit remained high at 6.8 percent of GDP.

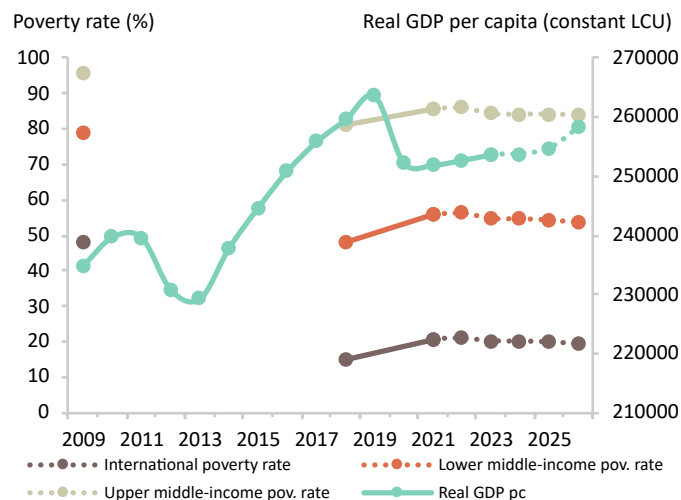
After surging to a record high of 9.7 percent in 2022, inflation declined to 2.1 percent in 2023, due to strong 2022 agricultural production and the easing of international commodity prices. As a result, the extreme poverty rate has decreased by 0.8 percentage point to 20.2 percent in 2023. However, the humanitarian situation remains serious, with over 350,000 internally

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



Sources: Malian government and World Bank.

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



Source: World Bank. Notes: see Table 2.

displaced persons due to insecurity, in addition to an estimated 715,000 people facing severe food insecurity as of December 2023.

To counter inflation across WAEMU countries, the Central Bank of West African States (BCEAO) raised policy interest rates by a cumulative 150 basis points since mid-2022 to 3.5 percent for liquidity calls and 5.5 percent for the marginal lending facility. However, inflation in the region (3.7 percent in 2023) was still above the 1-3 percent target range and foreign exchange reserves have been on a downward trend, estimated at 3.5 months of imports at end-2023, down from 4.3 months at end-2022.

The fiscal deficit stabilized at 4.8 percent of GDP in 2023, while public debt slightly increased to 52.1 percent of GDP. Though the risk of debt distress remains moderate, there are increasing fiscal risks from the electricity sector with contingent liabilities (arrears) of 4.6 percent of GDP. Tax revenues recovered in 2023, supported by digitalization reforms, and higher indirect collections, boosted by the recovery of trade flows. Public wages (8.8 percent of GDP) and security spending (6.4 percent of GDP)

continued to increase and crowd out public investment (4.2 percent of GDP). The fiscal deficit was financed predominantly by the increasingly expensive regional bond market, where Mali's average yields on 12-month treasuries reached 9.4 percent in February 2024.

Outlook

Growth is projected to weaken slightly to 3.1 percent in 2024 and average 4 percent over 2025-26 – below the long-term potential rate for the economy of 5 percent – reflecting the combined effects of the electricity crisis and the expected impacts of an orderly ECOWAS withdrawal: lower trade with non-WAEMU ECOWAS states, higher investors' risk premia, and increased regional financing costs.

The fiscal deficit is expected to decline to 4.1 percent of GDP in 2024, before gradually converging towards the WAEMU ceiling of 3 percent by 2026, as the government consolidates in the face of high financing costs. The current account deficit is expected to

gradually decline over 2025-26 with the coming onstream of lithium production.

Due to the weak growth in GDP per capita, particularly in agriculture and service sectors, the extreme poverty rate is expected to decline only slightly - by 0.9 ppt over 2023-2026 - and will result in nearly 76,500 additional extreme poor per year.

The outlook remains subject to significant downside risks, including rising insecurity from the exit of the 13,000 MINUSMA peacekeeping force in 2023 and the end of the Algiers peace accord, a persistent electricity crisis, climatic shocks, and the withdrawal from ECOWAS. An unnegotiated ECOWAS withdrawal with disruptions to transport, transit and free movement of goods, services, capital, and labor could exacerbate negative impacts due to spillovers onto WAEMU trade. The BCEAO may need to continue monetary tightening in 2024 to bring inflation under control and in the context of increased risks from the withdrawal of Niger, Mali, and Burkina Faso from ECOWAS. A further increase in the cost of financing could lead to Mali further cutting investment expenditure to reduce its borrowing needs.

TABLE 2 Mali / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023e	2024f	2025f	2026f
Real GDP growth, at constant market prices	3.1	3.5	3.5	3.1	3.5	4.5
Private consumption	3.0	4.0	3.9	3.8	3.9	4.1
Government consumption	5.8	7.6	16.7	-0.2	0.8	-1.0
Gross fixed capital investment	4.8	1.0	-3.6	4.7	4.5	9.2
Exports, goods and services	-1.0	18.1	-3.9	2.8	4.3	5.1
Imports, goods and services	14.1	0.7	2.3	3.9	4.3	4.3
Real GDP growth, at constant factor prices	3.0	4.3	3.4	3.1	3.5	4.5
Agriculture	1.4	2.4	2.3	3.6	4.5	4.5
Industry	1.0	3.7	2.0	3.0	3.5	3.5
Services	5.1	5.8	4.9	2.8	2.8	4.9
Inflation (consumer price index)	4.0	9.7	2.1	2.5	2.3	2.0
Current account balance (% of GDP)	-7.7	-7.0	-6.8	-6.0	-5.8	-4.8
Net foreign direct investment inflow (% of GDP)	3.0	2.6	2.4	3.0	2.9	2.7
Fiscal balance (% of GDP)	-4.9	-4.8	-4.8	-4.1	-3.2	-2.9
Revenues (% of GDP)	22.0	19.8	20.8	20.8	21.9	20.5
Debt (% of GDP)	50.4	51.8	52.1	52.6	52.8	53.4
Primary balance (% of GDP)	-3.5	-3.4	-3.1	-2.2	-1.4	-1.2
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	20.8	21.0	20.2	20.1	19.9	19.3
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	56.1	56.4	54.7	54.6	54.2	53.5
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	85.9	86.1	84.3	84.1	84.1	83.8
GHG emissions growth (mtCO2e)	4.0	3.3	2.7	3.6	4.0	4.2
Energy related GHG emissions (% of total)	8.5	9.0	8.6	8.4	8.3	8.4

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 2021-EHCVM. Actual data: 2021. Nowcast: 2022-2023. Forecasts are from 2024 to 2026.

b/ Projections using microsimulation methodology.