

MALI

Table 1 **2021**

Population, million	20.9
GDP, current US\$ billion	18.5
GDP per capita, current US\$	887.2
International poverty rate (\$1.9) ^a	16.3
Lower middle-income poverty rate (\$3.2) ^a	49.5
Upper middle-income poverty rate (\$5.5) ^a	77.8
Gini index ^a	36.1
School enrollment, primary (% gross) ^b	75.6
Life expectancy at birth, years ^b	59.3
Total GHG Emissions (mtCO2e)	47.6

Source: WDI, Macro Poverty Outlook, and official data.
 a/ Most recent value (2018), 2011 PPPs.
 b/ WDI for School enrollment (2018); Life expectancy (2019).

Two military coups in August 2020 and May 2021 and growing insecurity have resulted in a stagnant economy, with negligible per capita growth in 2021 and projected for 2022, exacerbated by food price inflation that particularly hurt the poor. The medium-term outlook is subject to significant downside risks, notably with uncertainty over the political transition and regional sanctions, with poverty expected to decline only slightly due to limited per capita income growth.

Key conditions and challenges

Insufficient investment in human and physical capital has hindered Mali's structural transformation. Subsistence farming with low productivity still dominates agriculture, manufacturing is concentrated in low-value added textiles and agri-food, while cotton and gold dominate exports. The services sector expanded rapidly over the last decade but lacks the skilled labor and infrastructure base for sustained growth. The under-diversified economy remains vulnerable to commodity price volatility and climate-related shocks. Contingent liabilities related to the energy utility and the surge of domestic debt constitute significant fiscal risks. National monetary poverty has stagnated over 2011-2020 while nonmonetary poverty indicators show mixed results: from 2011 to 2020 the share of households with a child not attending school fell from 62 to 41 percent, while the share with sick members unable to receive healthcare rose from 22 to 37 percent.

Violent conflict and insecurity have expanded to central and southern regions, disrupting agriculture and service delivery outside Bamako. Though transfers to local governments have increased, newly created administrative regions are not adequately staffed to provide public services. Following the postponement of national elections, due in February 2022, ECOWAS imposed tough sanctions against Mali in

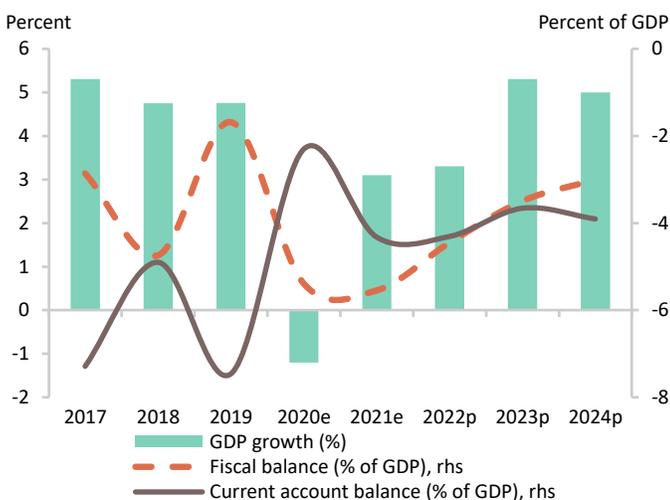
January 2022 including border closure, suspension of commercial and financial transactions, freeze of public assets and suspension of regional funding.

Recent developments

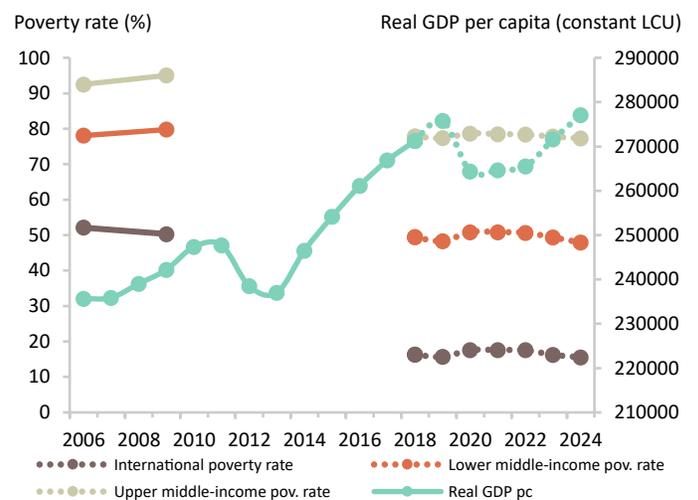
The economy grew by 3.1 percent, 0.1 percent in per capita terms, in 2021, driven by services and agriculture as the cotton sector recovered. Private consumption and public investment also rebounded. The current account deficit (CAD) widened in 2021 to 4.3 percent of GDP, as the terms of trade deteriorated following the gold price stabilization and oil price rise. Exports declined from lower gold and cotton exports, while imports rose from higher domestic demand.

The fiscal deficit stayed high, at 5.5 percent of GDP, with public expenditure estimated at 27.9 percent of GDP, driven by a larger wage bill, capital expenditure and quasi-fiscal measures to contain retail food and fuel prices. Revenues increased following improved indirect tax collections. Financing was covered by concessional credits, grants and domestic borrowing. Public debt rose to 52.7 percent of GDP though Mali remains at moderate risk of debt distress.

Annual average inflation rose to 4 percent in 2021, reaching 8.9 percent (y/y) in December, driven by food (5.2 percent), particularly cereals (8.9 percent), and services. Mali's monetary and exchange rate policies are managed by the BCEAO, which maintains a peg between the CFA

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

Franc and the Euro. Its reserves reached 5.8 months of imports of goods and services in 2021 following the recovery in export repatriation proceeds. Mali's WAE-MU membership was suspended as part of the sanctions. Commercial banks still benefit from the Central Bank's refinancing operations (at a reduced level), while the government's access to the regional market was suspended.

With near zero per capita income growth, the extreme poverty rate (US\$1.90/day per capita, 2011 PPP) remained at 17.6 percent, though high food inflation and insecurity disproportionately impact poor and vulnerable households, who spend 46 percent of the budget on food, compared with 31 percent for the non-poor.

Outlook

In 2022, the economy is expected to grow at 3.3 percent, which reflects the impact of regional sanctions on the construction and service sectors that depend on regional supply networks. However, this projection assumes that the sanctions will

expire by the end of March 2022. Growth is expected to recover gradually, reaching 5.2 percent on average over 2023-24. High levels of inflation will continue in 2022 but will normalize towards the regional target (2 percent) by 2024. The CAD is projected to stabilize around 4.2 percent of GDP in 2022 and narrow to 3.5 percent of GDP by 2025 with the easing of oil prices.

The fiscal deficit is expected to narrow to 4.5 percent of GDP in 2022, as part of a fiscal consolidation program that targets returning to the regional ceiling of 3 percent of GDP by 2024. Tax revenue is expected to slightly decline due to the slow recovery and trade embargo, while the suspension of international financial flows limits financing options. Spending should be reprioritized away from non-priority capital investment in response to the fiscal constraints. Public debt will subsequently decline to 48.2 percent of GDP by 2024.

WAEMU reserves are expected to fall to around 5.5 months of imports in 2022 and 5.3 months in 2023 and 2024, reflecting faster growth in imports and a reduction in net capital

inflows, due to the uncertain environment for Eurobond issuances.

The extreme poverty rate is projected to stagnate at around 17.5 percent in 2022, due to the high projected population growth rate of 2.9 percent over 2021-2023. Protracted sanctions may reduce employment and incomes for the urban poor engaged in construction, transport, commerce and hospitality. Internally displaced persons and refugees will increasingly flock into Bamako when the government is ill-equipped to mitigate humanitarian crises and support the vulnerable.

The outlook is subject to multiple downside risks, the most important being regional sanctions extending beyond March, but also from intensified insecurity, further climatic shocks, food insecurity and new COVID outbreaks. It is likely that at least some of these risks will materialize and concurrent shocks are possible. The Russia-Ukraine war presents additional risks through higher food and energy prices. The projections reflect recent sharp increases in commodity prices since January 2022, though with a high degree of uncertainty. Higher gold prices could help offset the negative impact of surging oil prices.

TABLE 2 Mali / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2019	2020	2021e	2022f	2023f	2024f
Real GDP growth, at constant market prices	4.8	-1.2	3.1	3.3	5.3	5.0
Private Consumption	3.8	1.9	5.0	4.0	4.0	4.0
Government Consumption	4.0	4.5	11.2	2.8	4.1	2.1
Gross Fixed Capital Investment	6.3	-1.2	3.8	-2.1	8.4	7.5
Exports, Goods and Services	2.3	0.5	-0.5	2.1	5.0	5.0
Imports, Goods and Services	5.9	-2.9	10.1	1.0	3.7	3.1
Real GDP growth, at constant factor prices	4.5	-1.1	3.1	3.3	5.3	5.0
Agriculture	4.0	-4.8	2.2	4.8	5.0	5.0
Industry	3.7	-0.1	0.7	2.6	6.0	4.0
Services	5.2	1.4	4.9	2.5	5.2	5.4
Inflation (Consumer Price Index)	-2.9	0.5	4.0	7.0	2.5	2.0
Current Account Balance (% of GDP)	-7.5	-2.3	-4.3	-4.3	-3.7	-3.9
Net Foreign Direct Investment (% of GDP)	5.0	3.1	2.4	2.4	2.4	2.6
Fiscal Balance (% of GDP)	-1.7	-5.4	-5.5	-4.5	-3.5	-3.0
Debt (% of GDP)	40.7	47.3	52.7	49.8	49.0	48.2
Primary Balance (% of GDP)	-0.7	-4.2	-4.0	-2.5	-1.8	-1.4
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	15.7	17.6	17.6	17.5	16.3	15.5
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	48.3	50.8	50.8	50.6	49.3	47.9
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	77.4	78.7	78.5	78.4	77.8	77.3
GHG emissions growth (mtCO2e)	4.8	-1.5	6.4	4.0	4.3	4.4
Energy related GHG emissions (% of total)	17.6	17.6	17.9	18.1	18.5	19.0

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

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 = 0.87 based on GDP per capita in constant LCU.