Mali

Mali: Current Path

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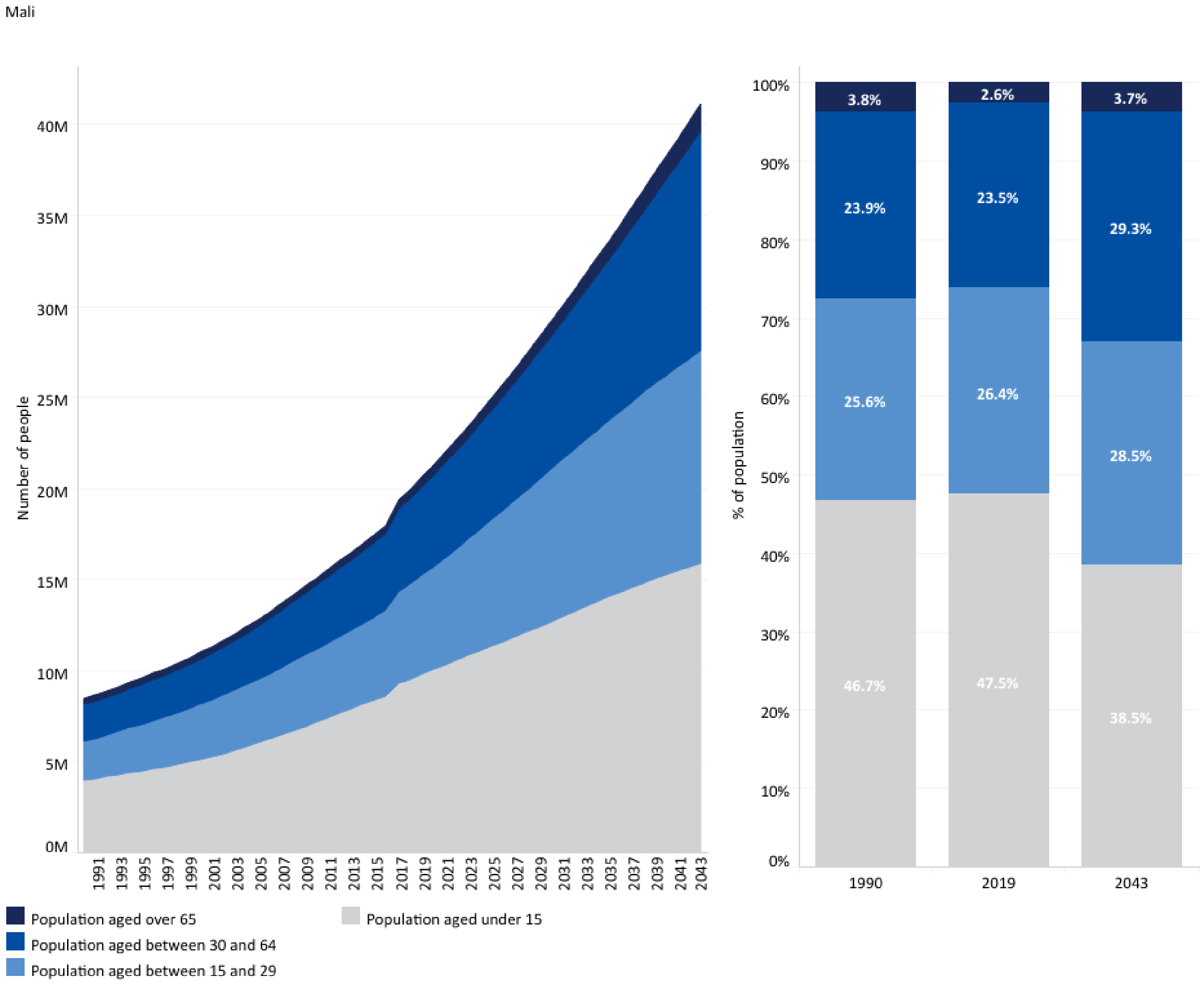
Chart 2: Population structure in Current Path, 1990-2043



Source: IFs 7.84 initialising from UNPD population prospects estimate and WDI population data

Chart 2 presents the population structure to 2043 in the Current Path forecast.

The population of Mali more than doubled between 1990 and 2019, increasing from 8.5 million people to 20.6 million in 2019. This places Mali as the fifth most populous country in West Africa and the 19th most populous in Africa. In 2019, the country had the seventh highest population growth rate in Africa at 3.3%—an increase from 2.6% in 1990.

Mali's high fertility rate has declined from 7.1 children per woman in 1987 to 6.3 in 2018 and to 5.5 children per woman in 2022, but is still the fourth highest rate in the world.[1] This is due to several factors such as the high prevalence of early childbearing, low levels of female education and empowerment, poverty, informal and subsistence lifestyles, low levels of urbanisation and extremely low contraception use.[2] In 2019, the total fertility rate among fertile women in Mali was the second highest in Africa only below Niger. As a result, 45.2% of Malians were below the age of 15 years while 48% were in the age group 15–64 years (working age) and 2.3% were 65 years and older. Comparing this with the structure in 1990 reveals that Mali's population structure has not fundamentally changed over the past three decades.

The country's youth bulge (the ratio of its population aged between 15 and 29 to the total adult population) stood at about 50.6% in 2019—a rise from 48% in 1990 and above the average of 46% for Africa and 47% for West Africa. The median age for Mali in 2019 was 16.1 years—a slight decline from 16.5 years recorded in 1990 and lower than West Africa and Africa's median ages of 18 and 19.7 years, respectively. At 32%, youth unemployment in the capital city Bamako is very high and currently above the national average of 12%.[3] With over 300 000 young Malians entering the labour market annually, the security crisis could intensify if adequate jobs are not provided for them.[4]

In the forecast horizon, the structure of Mali's population will not change much. Although the country's population growth rate is expected to decline to 2.4% by 2043, the total population is projected to double to 41.1 million by 2043 on the Current Path. By then, the median age is expected to increase to 20.3 years, and the youth bulge will fall to 46.3%. The proportion of people under the age of 15 will slightly decline to 38.6%, while the share of the working-age population and the population aged 65 and older will increase to 57.8% and 3.7%, respectively, by 2043. Such rapid population growth constrains development and condemns Mali to very modest improvements in average incomes given the demands on the fiscus to cater for its rapidly expanding youthful population.

Chart 3: Population distribution map, 2022

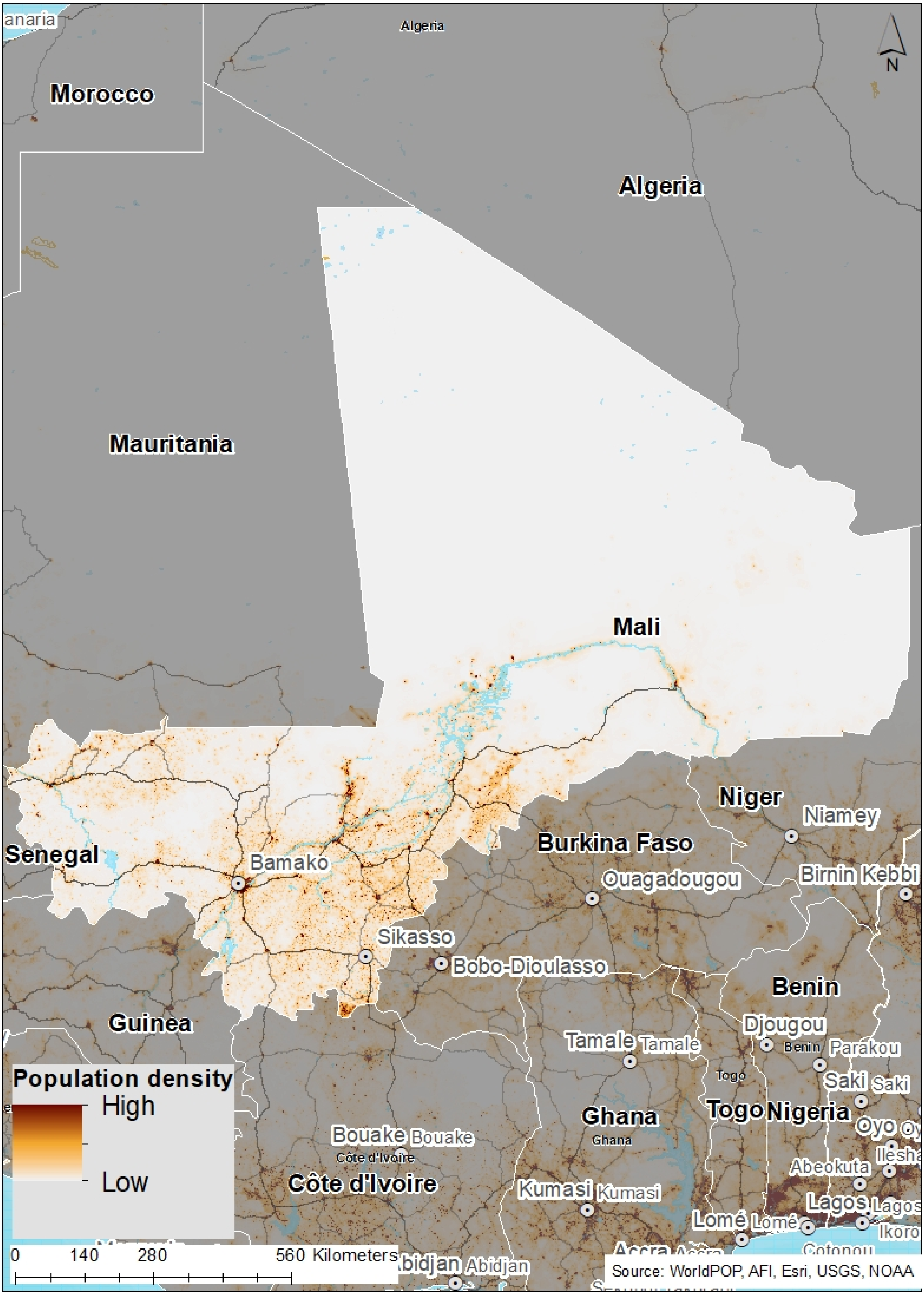
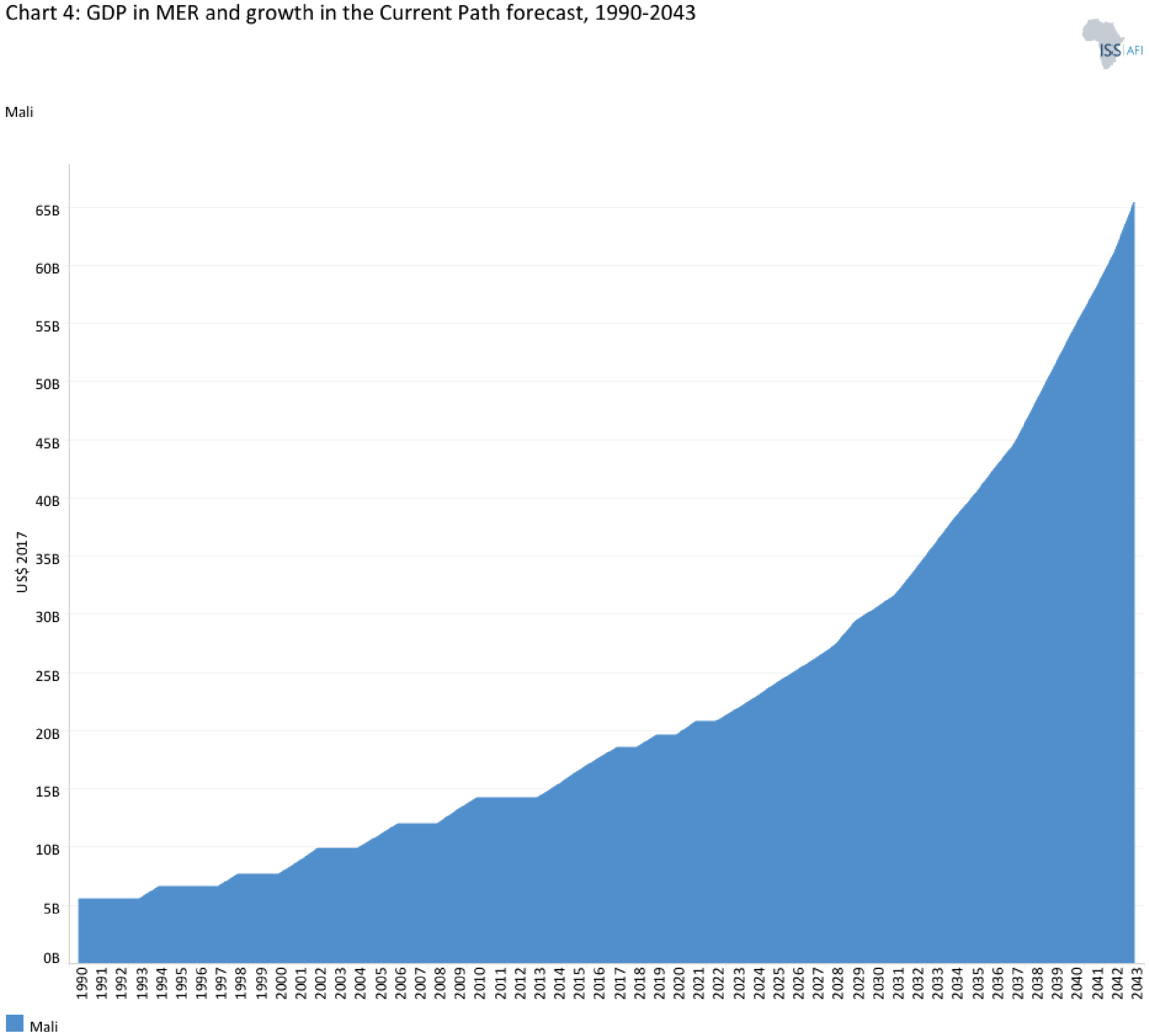

Algeria
Morocco
Algeria
Mauritania
Mali
Niger
Niamey
Burkina Faso
Senegal
Bamako
Ouagadougou
Birnin Kebbi
Sikasso
Bobo-Dioulasso
Benin
Guinea
Djougou
Tamale
Parakou
Togo
Saki
Ghana
Togo
Nigeria
Oyo
Bouake
Côte d'Ivoire
Abeokuta
Côte d'Ivoire
Kumasi
Lagos
Lomé
Accra
Abidjan
Population density
High
Low
0 140 280 560 Kilometers
Source: WorldPOP, AFI, Esri, USGS, NOAA
N

Chart 3 presents a population density map.

Spanning 1.24 million km^2, Mali is the eighth largest country in Africa, comparable to the sizes of Angola and South Africa. This, coupled with its small total population of 20.6 million, makes it technically one of the most sparsely populated countries in Africa. The majority of Malians live in the southern half of the country, which comprises only a third of its total land area. This southern half is more suitable for agriculture thanks to the Niger River and is home to nearly all of Mali's sizable cities, of which the capital city Bamako is the largest with over three million inhabitants. Bamako is also considered to be one of Africa's fastest growing cities.[5] Other large cities include Sikasso with over 445 000 people, Mopti with 200 000 people and Koutiala with over 160 000 people. Conversely, the north of the country has faced continuous depopulation fuelled by desertification, insecurity, instability and the attraction of urban life in the south.

The desert nation of Mali is characterised by its Sahelian climate—a transitional zone between the arid Sahara desert in the north of Africa and savannas to the south. The country is divided into three natural zones: the cultivated Sudanese zone in the south, the semi-arid Sahelian zone in the centre, and the arid Saharan zone in the north. The desert covers 30% of the country, and 59% of the country is classified as having annual rainfall of less than 400 mm. 'The country is characterised by drought, desertification, and the overexploitation of natural resources that are under the pressure of a rapidly growing population.'[6]

Chart 4: GDP in MER and growth in the Current Path forecast, 1990-2043



Source: IFs 7.84 intialising from IMF data

Chart 4 presents the size of Mali's economy from 1990 and includes a forecast to 2043, including the associated growth rate.

Mali's economy is essentially based on its agriculture and mining sectors. It is highly undiversified and depends mainly on its major export commodities of gold and cotton. In 2020, gold alone accounted for 82.9% and cotton accounted for 6.7% of exports.[7] This makes the economy vulnerable to international commodity price fluctuations and external shocks.[8] Currently, the Malian economy is the sixth largest in West Africa and the seventh largest among the 23 low-income countries in Africa. Mali's GDP measured in market exchange rates (MER) almost quadrupled from US$5.2 billion in 1990 to US$20.0 billion in 2019. Between 1990 and 2019, Mali's GDP grew at an average of 4.5% per annum, above the average of 3.9% for low-income countries in Africa. The country's strong economic growth in recent years, averaging about 5.7% from 2014 to 2019, has mainly been driven by its significant commodity exports of gold and agriculture (mainly cotton).

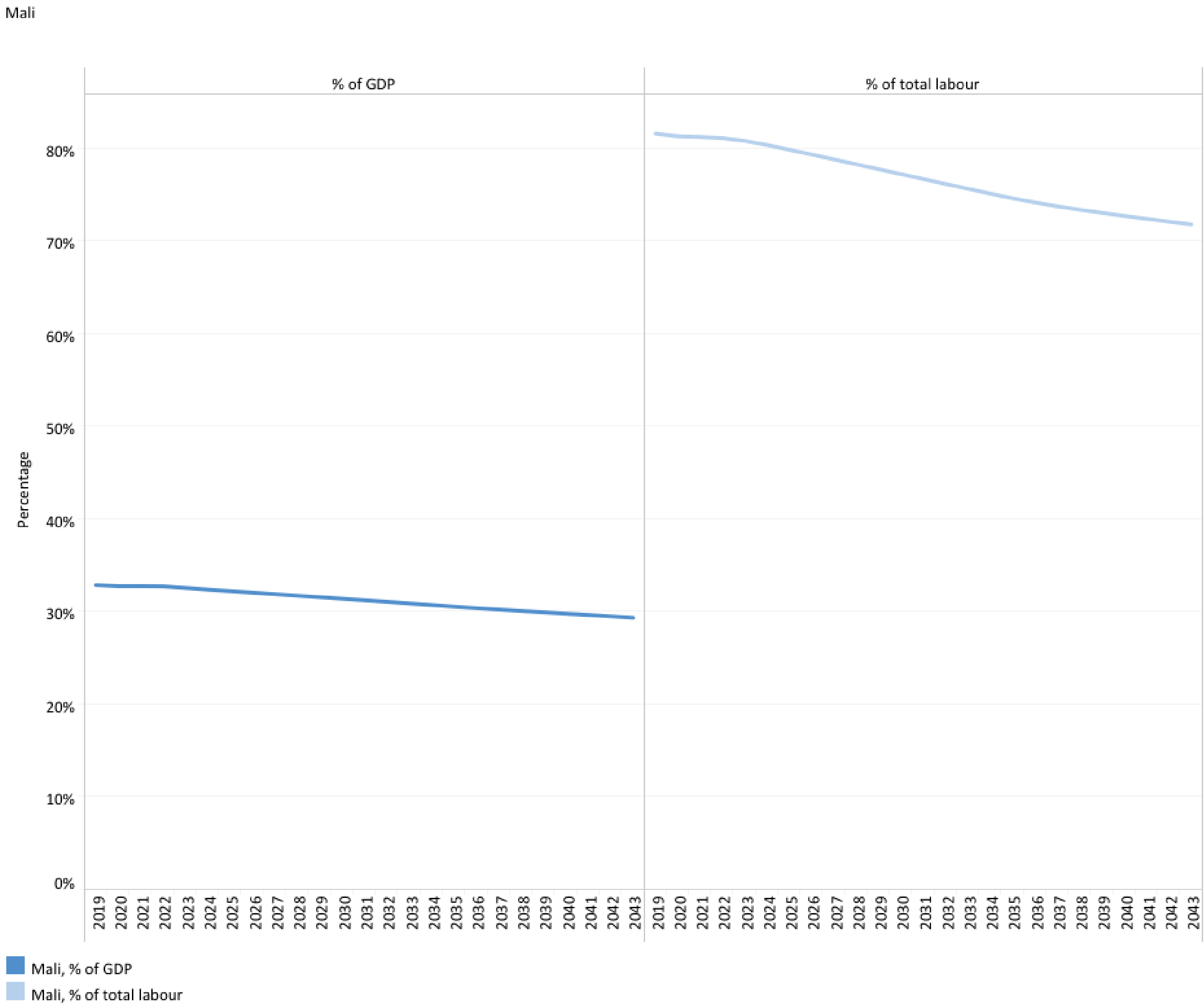
However, like many economies, Mali's economic growth was disrupted by the COVID-19 pandemic in 2020. The restrictive measures and protocols instituted to control the virus curtailed economic activities, resulting in the GDP shrinking by 1.2% in 2020—the largest drop since 1992. The economic contraction was accentuated by political instability in the country arising from the 2020 coup. However, the GDP recovered and grew by 3.1% in 2021, mainly due to the recovery of the service and agriculture sectors. GDP growth dropped to 1.8% in 2022 as a result of the combined effect of ECOWAS sanctions, high food inflation and parasite infestations affecting cotton production as well as the negative impact of the Russian invasion of Ukraine on commodity prices.[9]

Regardless, the country faces an optimistic future with economic growth projected to rebound to 4% in 2023. In the medium term, insecurity and the political transition pose a risk to the economy as the military is yet to hand over power to civilian rule and return the country to multiparty democracy and constitutional rule. In the long term, the country's huge natural resource deposits, together with its agricultural and renewable energy potential, are opportunities that can be used to grow and transform the economy.[10] The structural problems facing the Malian economy include its undiversified exports basket dominated by gold and cotton, which exposes the economy to commodity price and climatic shocks, rising foreign debt and a large informal sector. Also, over-reliance on the agriculture sector, in addition to its low-productivity informal service sector and a limited manufacturing sector concentrated in agro-industries and cotton ginning, remains a structural weakness in the economy.[11]

Annual inflation reached an all-time high of 13.9% in August 2022,[12] mainly driven by high food inflation. This is due to the displacement of farmers arising from the persistent insecurity, ECOWAS sanctions and increased global food prices.[13] Huge public spending is also resulting in a large fiscal deficit and public debt largely financed by external borrowing. From 2010 to 2019, the country's debt-to-GDP ratio increased from 25.3% to 40.7%, which rose to 47.3% in 2020 due to COVID-19 expenditure, high wage bills and security spending. Public debt stood at about 55.2% of GDP by the end of 2022. External debt constituted about 28.5% of total debt in 2022.[14]

With the easing of COVID-19 restrictions, and with donor support, the economy is expected to bounce back as Mali still has strong growth potential. The government now faces the difficult job of reviving its economic growth record and translating such gains into poverty and inequality reductions as well as addressing long-term development needs. On the Current Path, Mali's GDP is estimated to more than triple to US$65.6 billion by 2043. The increase in GDP reflects the higher rate of economic growth expected to occur within the next 20 years, although its high population growth can impede such progress.

Chart 5: Size of the informal economy, as per cent of GDP and per cent of total labour, 2019-2043



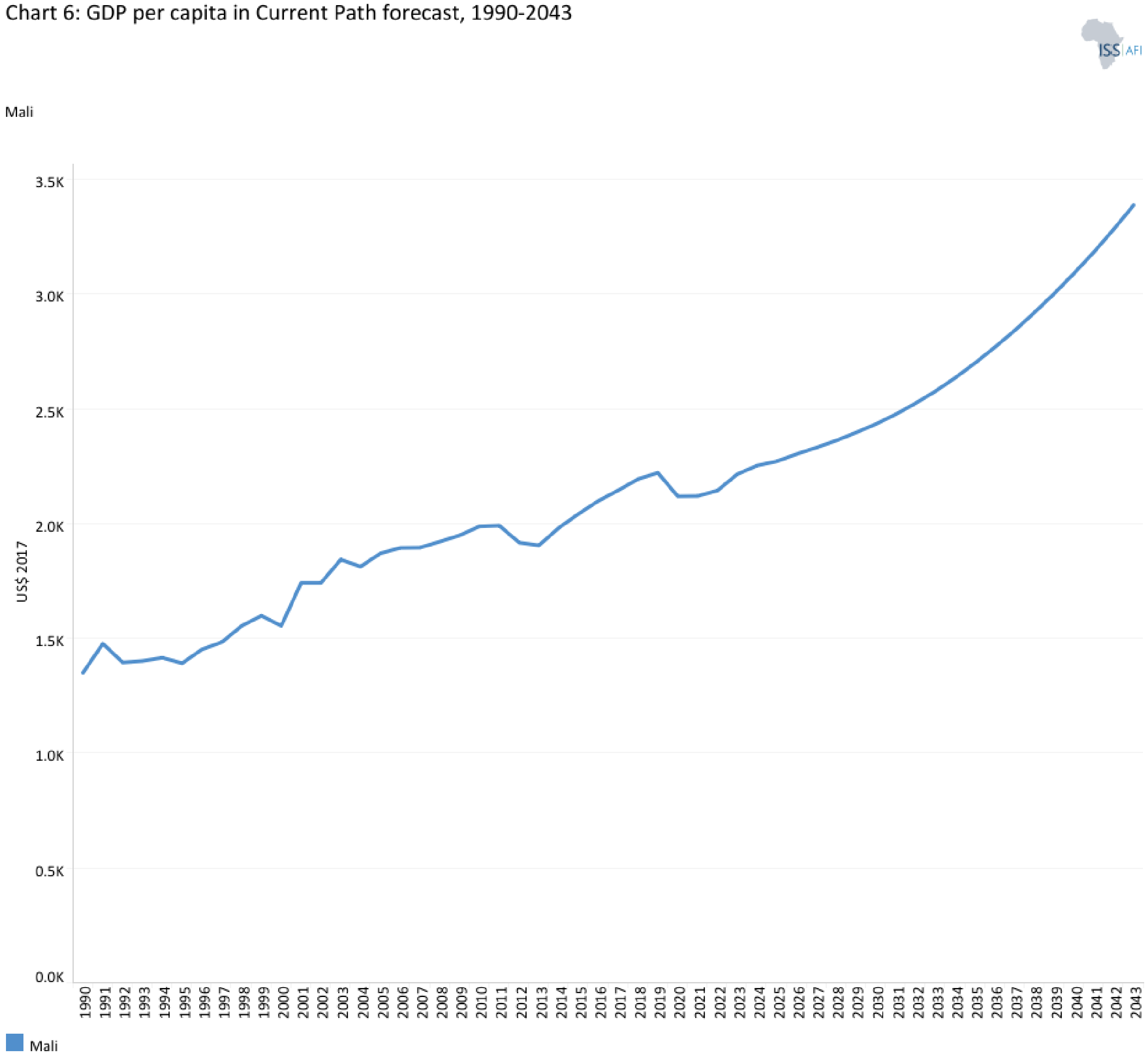
Source: IFs 7.84 initialising from Elgin and Oztunali (2008), and Schneider and Enste (2012) data

Chart 5 presents the size of the informal economy as a per cent of GDP and in absolute terms, as well as the per cent of total labour involved in the informal economy.

The informal sector in Mali, like many African countries, is large, serving as a source of livelihood for the majority of the population, especially young people who largely depend on the sector for survival. Over the years, the share of the informal sector has grown rapidly compared to the formal sector. The contribution of the informal sector to total value added by the service sector increased from less than 40% in 1980 to over 60% in 2015. It currently contributes about 98% of all value added in the primary sector, mainly agriculture.[15] According to the International Labour Organization, 73% of the economically active population in the country works in the informal sector, with about one-third of these workers being young people between the ages of 15 and 35 years.[16] IFs estimates that 83% of total labour in Mali works in the informal sector making it the fifth largest among the 23 low-income countries in Africa. A significant proportion of informal workers are employed in the agriculture sector.[17]

In 2019, IFs estimated the size of the informal sector in Mali was approximately 33% of GDP. Among Africa's 23 low-income countries, it has the ninth smallest informal sector, suggesting that Mali has performed better in formalising its economy compared to the average of other African countries within its income group. The size of the informal sector is expected to decline slightly to 29.3% of GDP by 2043, constituting a 3.7 percentage point decrease over the 24-year period. Over the forecast horizon, Mali will perform relatively poorly compared to its low-income-group peers: by 2043, the country will have the eighth largest informal sector among low-income countries in Africa.

Chart 6: GDP per capita in Current Path forecast, 1990-2043



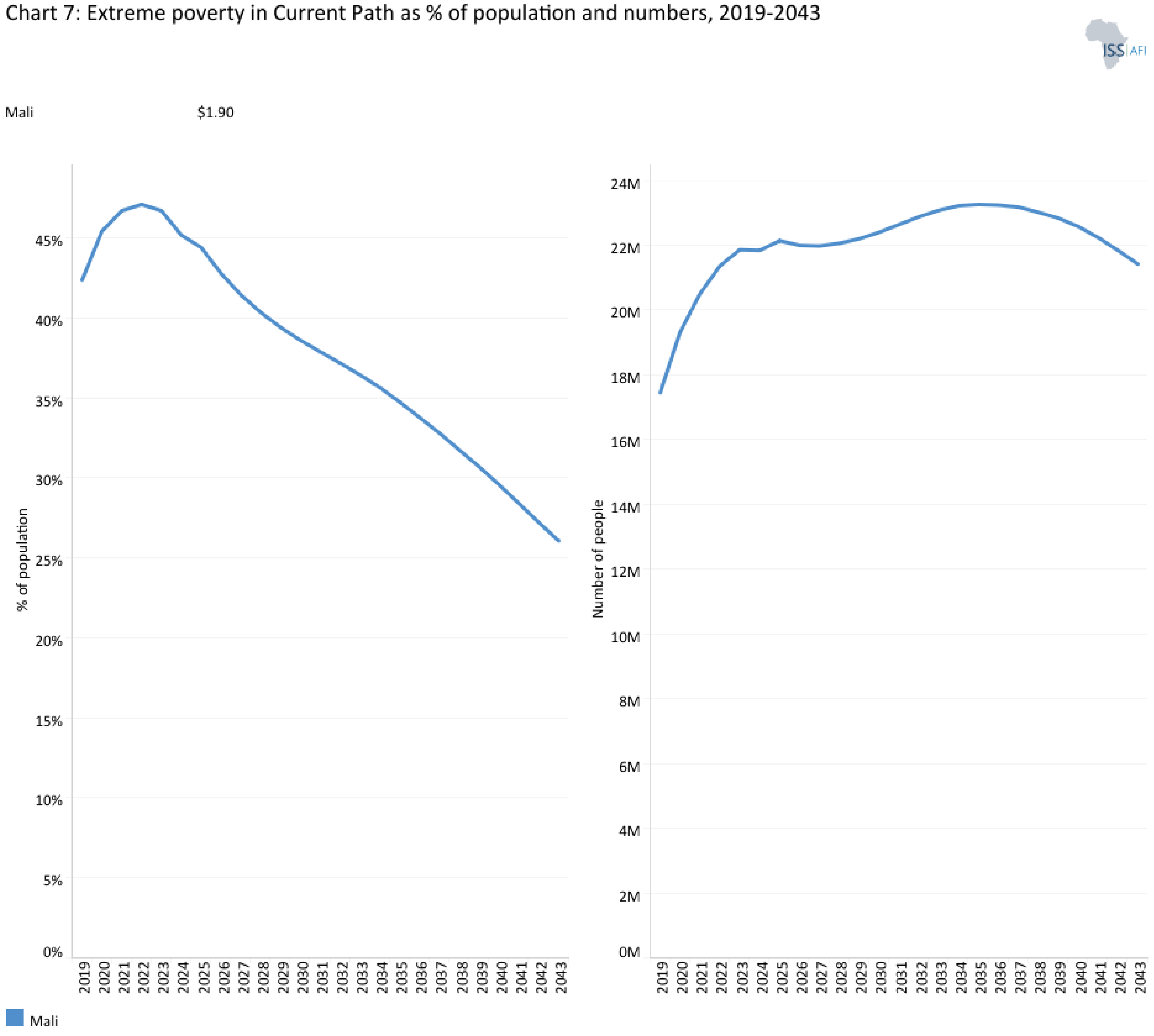
Source: IFs 7.84 initialising from IMF data

Chart 6 presents average GDP per capita from 1990 and includes the Current Path forecast to 2043.

Despite its limitations, GDP per capita is generally used to measure the standard of living and is the most widely used and accepted indicator to compare welfare among countries. Using the purchasing power parity (PPP) measure for this analysis, Mali's GDP per capita of US$2 217 in 2019 is the sixth highest GDP per capita among the 23 low-income countries in Africa, and it is 21% higher than the group average of US$1 832 for low-income countries in Africa. This figure represents a tremendous improvement of about 64% from the US$1 351 it recorded in 1990, which made it the eighth highest among the low-income countries group in Africa.

Between 2009 and 2019, GDP per capita grew at an average of 1.6%, slightly below the average of low-income countries in Africa. The slow growth in its GDP per capita is largely due to high population growth, which limits progress in poverty reduction and human development indicators. On the Current Path, Mali will lose ground on its income-group peers as GDP per capita is projected to reach US$3 388 by 2043, placing it eleventh among low-income African countries, five places below its 2019 ranking. At this rate, the country's GDP per capita will be only 3.1% higher than the average of US$3 494 for its income-group peers in Africa.

Chart 7: Extreme poverty in Current Path as % of population and numbers, 2019-2043



Source: IFs 7.84 initialising from UNPD population prospects estimate, WDI and PovcalNet data

Chart 7 presents the number of people living in extreme poverty, also expressed as a per cent of the population.

There are numerous methodologies for and approaches to defining poverty. We measure income poverty and use GDP per capita as a proxy. In 2015, the World Bank adopted the measure of US$1.90 per person per day (in 2011 international prices), also used to measure progress towards achieving Sustainable Development Goal (SDG) 1 of eradicating extreme poverty. To account for extreme poverty in richer countries at slightly higher levels of income than in poor countries, the World Bank introduced three additional poverty lines in 2017:

- US$3.20 for lower-middle-income countries
- US$5.50 for upper-middle-income countries
- US$22.70 for high-income countries

As a low-income country, Mali uses the US$1.90 benchmark for extreme poverty and it is one of the poorest countries in the world. Its Human Development Index (HDI) score of 0.434 in 2019 ranks 184 out of 189 countries globally. Poverty and inequality are widespread, especially in the rural areas, with about 68% of Malians considered to be multidimensionally poor.[18] In 1990, 7.3 million Malians, representing 86.3% of the population, lived below the poverty line of US$1.90, far above the average of 69.2% for low-income countries in Africa. Over the past three decades, the country's effort at poverty eradication has yielded some results as the poverty rate declined to 43.5% in 2019—slightly below the average for low-income countries in Africa. Despite this progress in poverty reduction, 8.7 million Malians still lived below the poverty line of US$1.90 in 2019.

The cause of poverty in Mali is multifaceted. The main causes include lack of education, poor governance, malnutrition and widespread conflict due to terrorism and political instability.[19] Also, the large family size (average household size in 2019 was 8.2 people), coupled with increased drought, food shocks and primitive agricultural practices, has severely raised the cost of living in the country.[20] In recent years, the effect of the COVID-19 pandemic in addition to the security crisis has increased poverty levels particularly from 2020 to 2022. About 90% of the poor people in the country are concentrated in the densely populated areas of the southern part of Mali.[21]

On the Current Path, Mali's progress in reducing poverty rates will be slower compared to the average of its income-group peers in Africa such that by 2043, the poverty rate of 26.1% (equivalent to 10.7 million Malians) will be about 8 percentage points higher than the average for low-income countries in Africa.

Endnotes

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Mr Enoch Randy Aikins joined the AFI in May 2021. Before that, Enoch was a research and programmes officer at the Institute for Democratic Governance in Accra. He also worked as a research assistant (economic division) with the Institute for Statistical Social and Economic Research at the University of Ghana. Enoch's interests include African politics and governance, economic development, public sector reform, poverty and inequality. He has an MPhil in economics from the University of Ghana, Legon.

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