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Mali

Mali: Conclusion

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Mali: Conclusion

Chart 37: Policy recommendations

Recommendations

- Address the numerous security challenges confronting the country and transition the country into a constitutional rule.
- Improving governance by reducing corruption and enhancing efficiency in the public sector.
- Invest significantly in education to enhance its quality and ensure that students receive an education aligned with the demands of the 4th Industrial Revolution.
- Modernise agriculture and diversify away from cotton, exploring other sub-sectors such as biofuels, shea butter, mangoes, peanuts, cashews, poultry and cattle production
- Pursue aggressive industrialisation strategy focused on producing low-end manufacturing commodities
- Address its energy challenges by using its renewable energy resources, particularly solar and hydroelectric power, to expand its solar mini-grids and hybrid systems initiatives to provide affordable and stable electricity.
- Provide youth apprenticeship programmes and entrepreneurial programmes as part of measures to address youth unemployment.
- The AU, international organisations and development partners should employ diplomacy to ensure that Mali does not exist ECOWAS.
- Grant incentives to informal businesses to formalise their operation through tax education and tax incentives to micro and small business owners.
- Development partners should support Mali with aid in the medium term to support poverty eradication.
- The government should encourage its expatriate community to invest in the economy by establishing diaspora bonds.

Chart 37 summarises the policy recommendations for Mali.

Since gaining independence, Mali's economy has experienced notable growth, primarily driven by the implementation of various medium-term programs and internationally supported economic reform initiatives. These include the Structural Adjustment Programmes, the Aid Effectiveness efforts, the Highly Indebted Poor Countries (HIPC) initiative, the Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs). The impact of these policies and initiatives has contributed to relatively high economic growth, surpassing the performance of its income peers in Africa over the past three decades.

However, despite Mali's economic growth, the expected development benefits have not materialised. While the country possesses abundant natural resources, it continues to lag behind and is unable to keep pace with the expectations of a rapidly growing population. Widespread poverty and inequality persist, public debt is increasing and the unemployment rate, particularly among the youth, remains high, while average incomes are growing at a slower pace. The informal sector dominates a significant portion of the economy, depriving the government of potential revenue but serves as an essential survival sector for large portions of the population. The macroeconomic fundamentals of the Malian economy remain fragile, with an economic structure that is still largely agrarian and untransformed, relying heavily on the export of traditional raw materials like gold and cotton. As a result, economic growth is highly volatile, subject to the vagrancy of changing weather conditions, fluctuations in international commodity prices and external shocks.

Mali's economy faces challenges across various sectors, in spite of the improvements in certain areas. The country's youthful population and rapid population growth are a drag on economic progress, with Mali expected to enter a demographic dividend only by 2059. While communicable and infectious diseases remain the leading cause of mortality, deaths from more expensive non-communicable diseases are on the rise. Access to education, particularly for females, continues to be a challenge, and the quality and relevance of education is low. Agriculture in Mali is rainfed and largely subsistence in nature, heavily reliant on unpredictable weather patterns and the effects of climate change, which pose a significant threat of severe food insecurity.

The manufacturing sector is underdeveloped, hindered by inadequate transportation networks, unstable power supplies and limited access to financing. Mali's decision to leave ECOWAS will inevitably affect its intra-regional trade, particularly with non-WAEMU members. A large portion of the population, especially in rural areas, lacks access to electricity, and even those with access face unreliable and expensive power. Foreign aid, a critical source of financial support for the government, is declining in the contribution that it makes to government revenues, and foreign direct investment (FDI) and remittances have yet to make up for the shortfall. Furthermore, Mali faces considerable governance challenges, including issues of insecurity, corruption, low government effectiveness, and, most notably, the difficulty in achieving a stable transition to a democratic government.

In effect, while Mali's economy is growing, the required and associated governance transformation lags behind. On its current development trajectory, the country will fall short of achieving key development goals, including SDG 1 of eliminating extreme poverty by 2030. This highlights the urgent need for Mali to rethink its economic development strategy, focusing on diversification and adding value to its primary commodities. In other words, for Mali to achieve sustainable development, it must address the structural challenges that have hindered its economy since independence. Additionally, the country must build a more resilient economy that is less vulnerable to external volatility and shocks, particularly those related to the global commodity cycle.

While international and regional organizations have made commendable efforts to support Mali's transition to a democratic regime, it is important to recognize that long-term sustainability will require prioritizing economic reforms. A key observation from Mali's history is the notable correlation between economic performance and the occurrence of military takeovers. Previous coups in Mali, including those in 1990-92, 2012, 2020, and 2021, were preceded by economic crises, coupled with heightened insecurity, which contributed to conditions conducive to such takeovers. This highlights the critical role that the economic situation plays in determining the stability and sustainability of the governing regime. Therefore, a mere transition to democratic rule without addressing the underlying economic and security challenges will not be sustainable. Development partners must support Mali in rebuilding its economy and addressing its security challenges to ensure lasting peace and stability. While this will be a difficult task, it is not insurmountable.

As this study illustrates, Mali has the potential to increase its GDP to US$83.3 billion by 2043, which would represent a 57.3% increase over its current trajectory, with the economy growing at an average rate of 8.4% instead of 5.5% during that period. This growth could also improve living standards by raising GDP per capita by an additional 40%, reaching US$4 284. Furthermore, Mali could achieve its SDG target of eliminating extreme poverty by 2037, much earlier than the Current Path, where this goal would only be met in 2051. Additionally, income inequality could be reduced. Achieving these outcomes requires implementing major policy reforms and targeted investment in key sectors of the economy across demographics, health, education, agriculture, infrastructure, manufacturing, trade, financial flows and governance.

While a multisectoral approach is crucial, there are specific sectors that could rapidly unlock Mali's development potential and should therefore be prioritised. Three critical sectors require focused attention from Mali's authorities.

The first is the agricultural sector, which employs nearly 80% of the population and has the potential to boost incomes and reduce poverty in both the medium and long term. To harness this potential, Mali needs to modernise its agriculture and diversify away from cotton, exploring other sub-sectors such as biofuels, shea butter, mangoes, peanuts, cashews, poultry and cattle production, all of which remain underdeveloped but hold significant promise. Secondly, an aggressive industrialisation strategy focused on producing low-end manufacturing commodities could transform Mali's economy from one that is heavily reliant on commodity exports to a more diversified, industrial economy. This shift would create jobs, reduce poverty and ultimately improve living standards and the quality of life for Malians. The third and perhaps most critical focus area for unlocking Mali's development potential is improving governance, particularly by reducing corruption and enhancing efficiency in the public sector. However, none of this can be achieved without addressing Mali's security challenges, restoring stability and re-establishing constitutional rule. History has shown that instability in Mali often results in displacement, hunger and worsened economic crises.

To eradicate poverty, Mali must also invest significantly in education to enhance its quality and ensure that students receive an education aligned with the demands of the 4th Industrial Revolution, vocational training in particular. Such investment will equip them with the knowledge and skills essential for the future of work. Another critical area of consideration is financial flows, particularly the role of aid in supporting Mali's development aspirations. In the medium term, aid remains a crucial source of funding to reduce extreme poverty, as a significant portion is allocated to essential sectors like education and health. While many donors have signalled a withdrawal of aid to the country following the inability to transition to democratic governance, such a withdrawal would severely undermine Mali's development prospect. An illustrative scenario separately modelled for this study finds that a 30% reduction in aid over the next decade could lower Mali's GDP by US$34.5 million in 2030 and US$747 million by 2043 compared to the Current Path projections. Furthermore, the same level of aid reduction would significantly worsen poverty levels. In the medium term, approximately 87 000 Malians could be pushed into extreme poverty, and by 2043, nearly 235 000 people could fall below the poverty line of US$2.15 per day. These projections underscore the critical importance of aid to Mali's economy and the devastating impact an abrupt withdrawal of aid would have on livelihoods and economic stability in the country.

In view of the foregoing discussions, the study concludes with a set of recommendations to government and development partners in considering Mali's long-term prospects. Some are not realistic in the shorter term and many require an environment that is more stable and secure than the current situation in large parts of the country:

Human Capital (Demographics, Health and Education)

- Address Mali's security challenges to reduce student and teacher absenteeism and school closures.
- Intensify education on family planning and provide access to affordable and modern contraceptives to reduce unwanted pregnancy.
- Promote girl child education to reduce maternal mortality rate and teenage pregnancy. An initiative in this area is to reduce barriers facing girls of school going age. For instance, providing free sanitary pads to teenage girls can reduce school absenteeism and dropout.
- Provide youth apprenticeship programmes and entrepreneurial programmes as part of measures to address youth unemployment.
- Provide additional incentives to health professionals posted to rural areas to attract more health workers in rural communities. This can be in the form of hardship allowance or provision of free housing facilities to those medical officers posted to remote rural communities.
- The government, through the appropriate Ministry, should intensify education on healthy lifestyle practices to reduce the rising burden of diseases such as strokes and respiratory infections in the country.
- There is also a need for the introduction of school feeding programmes, especially for rural students who have been displaced by the vagaries of climate change and insecurity to reduce student absenteeism and drop rate.
- Establishment of community day senior high schools in rural areas to ensure adequate infrastructure to enrol more pupils in upper secondary.

- Expand access to basic education by introducing free education for students from grade 10 to 12 (upper secondary) as is the case for lower secondary. This should be targeted to ensure that households that can afford to pay their wards' fees are made to do so. Accordingly, students from private Junior High Schools (JHS) could be charged while SHS remains free for those from public JHS. Alternatively, parents could be made responsible for the feeding fees of their wards so that the government only has to cater for other costs.

- Elimination of schools under trees in basic schools and expansion of infrastructure at the secondary level to abolish the double track system.

- Continue with the prioritisation of STEM and vocational education to ensure that more students enrol in STEM and vocational courses. In this vein, the government can build model STEM school in all regions.

- Provision of textbooks, school uniforms and other teaching and learning materials especially for students in rural areas at the basic level.

Agriculture Revolution

- Expand and modernise irrigation infrastructure such as the lands of the Office du Niger initiative to other areas to reduce dependency on unpredictable rainfall to ensure all-year-round agriculture. Also, promote water-saving technologies such as drip irrigation and water harvesting systems.

- To improve crop yield, government should provide subsidies on fertilisers, pesticides and improved seed especially to small-scale farmers to ensure improved yields.

- To reduce post-harvest losses, government should establish storage facilities, and improve rural roads to enhance market access. Another intervention in this area is to establish cooperatives to enable bulk purchasing and reduce individual costs.

- Government should incentives farmers to diversify into production of other sub-sectors such as biofuels, shea butter, mangoes, peanuts, cashews, poultry and cattle production, all of which remain underdeveloped but hold significant promise.

- Train farmers in climate-smart agricultural techniques, including crop rotation, agroforestry and soil conservation. Introduce drought-resistant and fast-maturing crop varieties.

- Strengthen research on climate-smart agricultural technologies as part of the National Climate-Smart Agriculture and Food Security Action Plan.

- The government in partnership with traditional authorities should address land tenure and land ownership challenges to ensure large-scale agriculture.

- Strengthen partnerships with multilateral organisations like the Niger Basin Authority and the Lake Chad Basin Commission to ensure the sustainable management of vital water resources for agriculture and livelihoods

Manufacturing

- Address the unstable electricity supply in the country for firms to access reliable power for production including investment in the national grid and leveraging Mali's renewable energy potential particular in solar, biomas and hydro to expand access.

- Subsidise the cost of electricity to firms especially infant industries to provide a cheaper source of power for production.

- Create special economic zones by giving tax incentives, simplified business registration and regulations to attract investment in manufacturing.

- Grant tax exemptions to import substitution and export promotion industries in specialised commodities. For instance, Mali can prioritise tax exemptions to textiles industries to create a value chain and value addition to its cotton.

- Promote manufacturing sector growth requires improving the country's macroeconomic conditions so that financial institutions can advance cheaper credit to micro-, small- and medium-scale enterprises, which constitute the majority of firms in Mali.

- Address the rising youth unemployment by promoting entrepreneurship, skills development and an enabling environment for the private sector to thrive in order to create more jobs.

- Higher educational institutions should collaborate and partner with the private sector and businesses to design curricula that equip students with the required industrial and critical skills.

AfCFTA

- Commit to and leverage opportunities under the African Continental Free Trade Agreement (AfCFTA) to boost exports, integrate Mali into regional and continent-wide value chains, and mitigate the potential negative consequences of withdrawing from ECOWAS.

- The AU, international organisations and development partners should employ diplomacy to ensure that Mali does not exist ECOWAS. However, if it eventually withdraws from ECOWAS, it should be negotiated in a way that does not lead to disruption in free movement of goods and services especially in non-WAEMU ECOWAS member states.

- Strategically engage with non-traditional partners to navigate geopolitical shifts, while ensuring alignment with Mali's long-term development goals.

Infrastructure

- Embark on massive rural electrification projects to improve electricity access to rural areas. This can be achieved using its renewable energy resources, particularly solar and hydroelectric power, by expanding its solar mini-grids and hybrid systems initiatives for remote communities.

- The government should urgently address the inefficiency in power distribution and revenue collection by the state utility, Energie du Mali (EDM) to ensure revenue maximisation in the distribution of power.

- The government should continue to promote digitalisation to rapidly formalise the economy. In this vein, it should work with telecommunication companies to reduce the cost of data. It should also train more young people in ICT and digital skills.

- Rely on its huge renewable energy sources such as solar, biomass and hydro to gradually phase out reliance on fossil fuel for Mali’s energy needs. This will help promote growth while ensuring that environmental concerns are addressed.

- Grant incentives to informal businesses to formalise their operation. This can be achieved by tax education and tax incentives to micro and small business owners. For instance, the government can use a portion of tax by these group as pension scheme or insurance contribution.

Financial Flows

- Transition the country into a democratic rule and address its insecurity challenges to provide regime stability and attract foreign direct investment.
- Create an enabling environment through a stable macroeconomic stability to inspire investor confidence.
- The government should encourage foreign investors to invest in capital and knowledge transfer to build the needed workforce in the country.
- Mali can rethink innovative financing as means of financing it development priorities. For instance, the country can leverage its huge mineral deposits to issue long term bonds at cheaper cost to finance some of its large infrastructure needs.
- With the massive remittance inflow into the country, the government should encourage its expatriate community to invest in the economy by establishing diaspora bonds, as countries such as Israel, India, Nigeria and Ethiopia have done. These bonds not only provide a secure investment opportunity for the diaspora but also inject much-needed capital into the economy, fostering growth and development.
- Given the critical importance of aid to Mali's economy and the devastating impact an abrupt withdrawal of aid would have on livelihoods and economic stability in the country, development partners should rethink their decision and support Mali with aid in the medium term to support poverty eradication.

Governance

- Commit to the full implementation of the roadmap outlined by the Dialogue Inter-Malians for Peace and National Reconciliation which was concluded in 2024 to address the recurring conflict in the country.
- Rethink the management of the security crisis, particularly regarding the protection of civilians and the need to complement military action with non-military actions
- Commit to transitioning the country into democratic rule as initially agreed upon in the 2023 constitution.
- Provide the necessary financial resources and guarantee the independence of anti-corruption institutions, such as the Central Office for Combating Illicit Enrichment (OCLEI) and the Office of the Auditor General.
- Promote the role of civil society participation in the governance process of Mali by guaranteeing their independence and safety.
- Reinforcing the reform of the security sector (army, internal security forces, justice), ensuring that the process is inclusive and transparent.
- Promote virtuous governance of the security sector, by effectively involving civil society in the democratic control of this sector.

All these will require a huge effort by Malians, the region and the international community, for the alternative is surely too ghastly to contemplate for a region currently being torn asunder by the ravages of climate change and violence.

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