

# Economic Report Series

## Can Mali Get Out Of Poverty ?

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## 1. Introduction

In 1998, the annual GNP (Gross National Product) per capita in Mali was about US\$ 250, against US\$ 480 in Sub-Saharan Africa, US\$ 2,880 in South Africa, US\$ 29,340 in the United States, and US\$ 40,080 in Switzerland. Knowing that low-level income has large implications in terms of standards of living (nutrition, literacy, infant mortality, life expectancy, etc.), the Malian GNP per capita level is an indicator of the poverty magnitude in the country. With a current real GDP (Gross Domestic Product) growth rate of 5% per year, will it be possible for Mali to quickly get out of the huge poverty situation the country experiments presently?

The present analysis addresses this fundamental question and demonstrates that the Malian economy will have at least to **double the current GDP growth rate** over the forthcoming ten years, just to achieve the current average Sub-Saharan African GNP per capita of about US\$ 500.

## 2. Assumptions

The following two assumptions have been made in the GNP simulations:

- a) A population growth rate of 2.2% (the 1998's rate) per year over ten years
- b) An inflation rate of 2.5% per year

## 3. Methodology

The methodology used consisted in showing two scenario results of simulations of the Malian GNP per capita. In the first scenario, a real GNP growth rate of 5% (corresponding to a nominal GNP growth rate of 7.5%) is used. It should be noted that this is the government current target rate. For the second scenario, a real GNP growth rate of 9.5% (corresponding to a nominal GNP growth rate of 12%) is used. This growth rate is roughly the minimum rate necessary to achieve in ten years the current Sub-Sahara African average per capita income level (US\$ 500).

The 1999 data, initial data for the simulations, are from the World Bank country publications. We have taken an optimistic approach with a population growth rate of 2.2% per year over ten years and an inflation rate of 2.5% per year over ten years. But, fluctuations in the population growth rate and the inflation rate can increase the poverty situation in the country.

## 4. Simulation Results

a) The table of the Malian GNP per capita simulations from 1999 to 2010

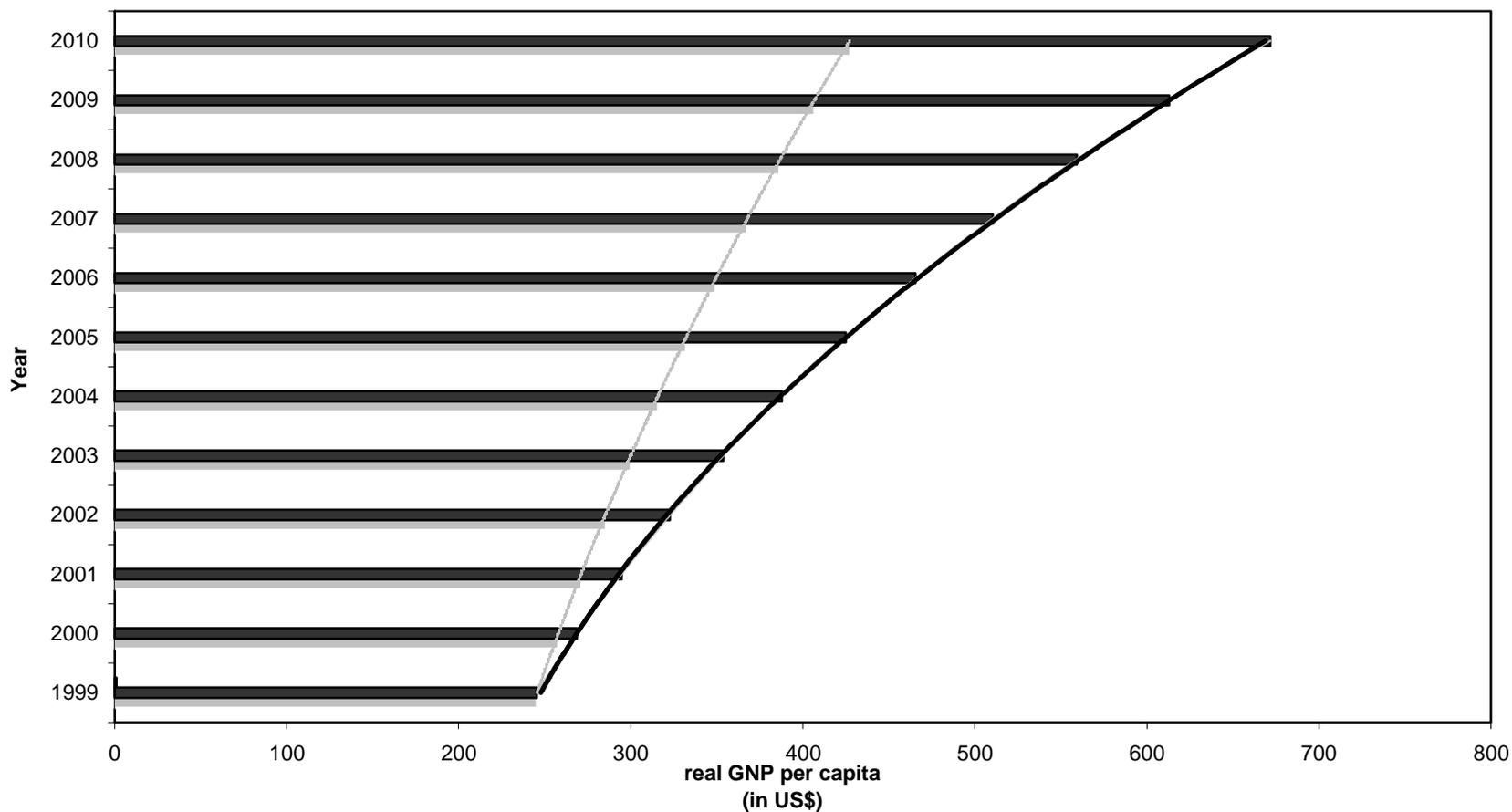
**MALI'S REAL GNP PER CAPITA SIMULATIONS**  
**DATA FROM 1999 TO 2010<sup>1</sup>**  
 (Population in millions, real GNP per capita in US\$)

Year	Population (with 2.2% growth rate per year)	nominal GNP per capita (with <b>7.5% nominal growth rate</b> per year or <b>5% real growth rate</b> per year)	nominal GNP per capita (with <b>12% nominal growth rate</b> per year or <b>9.5% real growth rate</b> per year)
1999	10.60	245.28	245.28
2000	10.83	258.00	268.80
2001	11.07	271.38	294.58
2002	11.32	285.46	322.83
2003	11.56	300.26	353.78
2004	11.82	315.83	387.71
2005	12.08	332.21	424.88
2006	12.34	349.44	465.63
2007	12.62	367.56	510.28
2008	12.89	386.62	559.21
2009	13.18	406.67	612.83
<b>2010</b>	13.47	<b>427.76</b>	<b>671.59</b>

<sup>1</sup> - Source for the 1999 data: The World Bank

b) The corresponding figure

**Mali's real GNP per capita simulations from 1999 to 2010  
for a population growth rate of 2.2% per year**



■ 7.5% nominal GNP growth rate per year   ■ 12% nominal GNP growth rate per year   ■ 2.5% inflation rate

## 5. Conclusion

This simple exercise showed that the Malian authorities have to revise drastically the growth strategy of the country. To fight the poverty, the country needs a deeply analysis of all the growth engines enable to accelerate the current growth rate of the country. The exercise showed that the Malian population is poor among the poor African populations: it should take about ten years with a **12% GNP nominal growth rate** to reach the Sub-Sahara African per capita income level.

The actions that merit to be seriously considered include: a) HIPC (Heavily Indebted Poor Country) Initiative, modernization of the banking system and promotion of micro-finance, promotion of the agro-industry sector, new funding sources for the national budget, new mechanisms to attract more foreign investment, measures to increase labor productivity in the country, rehabilitation of the scholar system and an insertion plan for graduating students, measures to promote and diversify exports, new mechanisms to make profitable the Office du Niger, measures to use efficiently the international aid and fight corruption.