

In the Sahel, real economic and social development

Monitoring progress in development to date, and understanding key issues for the region

Fragility and conflict are the main lenses through which Sahelian issues are most often viewed. However, the crystallization of the debate around these issues, real as they are, leads to a narrowing of analyses, whereas the truth is that the region is also seeing positive trends. Even as it bears these weaknesses in mind, this study reviews the progress that has been made on the development front in the Sahel since the 1990s, and looks at the challenges the region is still facing.

I. Clear progress on the human development front since the 1990s

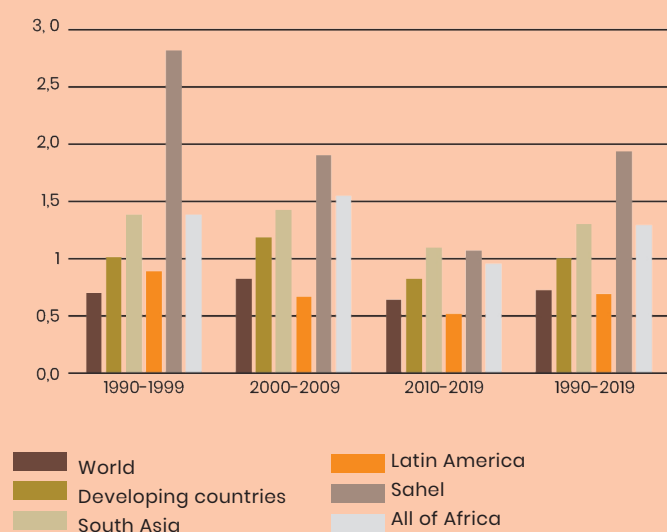
A marked improvement in the Human Development Index

Between 1990 and 2019, the Human Development Index (HDI) from the United Nations Development Programme (UNDP) increased significantly in the Sahel region^[1]. At +1.9% a year on average over the period, the rate of HDI growth was three times higher in the Sahel than it was globally. It has also increased more in this region than in other developing regions of the world—almost twice as much, in fact—including South Asia, Latin America, and even Africa.

Whereas the 1990s already saw considerable overall success in terms of human progress in the Sahel, between 2010 and 2019 the area's performance has managed to surpass that of comparable regions. Even so, because they started out at a lower level than elsewhere in 1990, the countries in the region are still ranked quite low in the latest HDI ranking, from 157th to 189th place out of 189 countries (except for Cape Verde, which comes in 126th place). Four countries in particular have remained in the bottom ten: Niger (189th), Chad (187th), Mali (184th), and Burkina Faso (182nd).

[1] The countries of the Sahel are Senegal, Mali, Burkina Faso, Niger, Chad, Mauritania, Cabo Verde, Gambia, and Guinea-Bissau.

Figure 1- Average annual HDI growth (%)—comparison with other regions of the world



Source: UNDP/Calculations: AFD

Among the key dimensions of human development, the health of the Sahelian population has significantly improved since the 1990s. For example, life expectancy rose from an average of 49 years in 1990 to 61 years in 2018, i.e., an increase of 12 years, higher than the average increase throughout Africa (10 years). This is in particular because of improved access to healthcare and the reduction of infectious and tropical diseases such as HIV and malaria, even if new diseases, such as hypertension and diabetes, have recently emerged. Second, although it is still high, child mortality has declined markedly, from 215 deaths per thousand in 1990 to 83 deaths per thousand in 2019—a greater decline than in any other region in Africa. This is a reflection of progress in nutrition and other areas. However, undernourishment and malnutrition ratios remain high—one-fifth of people in the Sahel are still undernourished, and one-third of children under five are malnourished—but they have been reduced to levels below those observed in much richer parts of Africa, such as southern Africa (where GDP per capita is three times that of the Sahel). Efforts to improve the still very fragile health care systems in the region are not complete, but real progress has been made. Access to maternal health care in particular will need to be improved: the maternal mortality rate is still high in some places, ranging from 320 deaths per 100,000 births in Burkina Faso to 1,140 deaths per 100,000 in Chad).

Another component of human development, per capita income, has also risen sharply, by about 67% since 1990, to an average of USD 885 in 2020. The region is still made up mainly of low-income countries, but three of these have achieved lower-middle-income status since 2010: Cabo Verde, Mauritania, and Senegal.

At the same time, the extreme poverty rate—the proportion of the population living on less than USD 1.90 a day—has declined. Still at 75% in the 1990s, it had fallen to 41% by 2018, a sharper decline than in any other region of the continent. Although the Sahel has the lowest GDP per capita in Africa, it is not the region with the highest poverty rate: that rate is higher in Southern Africa (43 %) and Central

Africa (63 %). The increase in wealth that has accompanied the development of the region has thus benefited the poorest as well. This is because the Sahel region has a level of income inequality, as measured by the Gini index, that is lower than elsewhere in Africa (aside from North Africa) and that has declined over the long term. But just as elsewhere, the progress that has been made on the poverty front is likely to be undermined by the effects of the COVID-19 crisis. That being said, the poverty rate was already high in some countries before the crisis (67% in Guinea-Bissau, and 50% in Mali).

Latent challenges in education and employment for women

On the other hand, significant progress remains to be made on education, the third component of the HDI. Education indicators in the Sahel are still lagging considerably: the literacy rate among young people has doubled since the late 1990s but, at 51% in 2018, it is well below the African average of 79%. Most notably, it is very low in some countries, such as Chad (31%) and Niger (40%). Similarly, at 31% in 2019, the secondary-school completion rate is the lowest in Africa. The increase in school enrolments has also been accompanied by a decline in the quality of public education, which no longer appears to be suited to potential jobs. Overall, the education sector seems to suffer from under-investment, even though education lies at the heart of the challenges the region faces.

Other social indicators or indicators of access to basic services have a similar profile, i.e., remarkable progress over the long term but to reach levels that are still low: for example, access to electricity has increased threefold since the late 1990s but, at 33% in 2018, it is very low, and still below the average for the continent (56%). Even lower access to electricity in rural areas (17%) reflects strong territorial inequalities, because rural areas are more often disadvantaged by public choices in terms of access to services such as electricity, but also drinking water, education, and health. Now, access to these services is also an economic development issue, particularly when it comes to maintaining productive activity. The challenges of access to basic services are accentuated in the Sahel by the region's high population growth, which is the highest in Africa (+3% on average per year). According to the United Nations, the population of the Sahel could even double in the next 25 years. This demographic growth is due to the continued high fertility rate, while mortality is falling rapidly and natural increase is much higher than the net number of migrants. Indeed, at 5.5 in 2017, the Sahel has the highest average number of children per woman among the regions of Africa. Most importantly, this number has fallen only slightly in forty years (it was 7.2 in 1980). Consequently, the Sahel countries will have to make a greater effort to meet the needs of their populations, especially those of their young people.

By 2050, more than one in two people in the Sahel will be under 24. The youth of the population offers an opportunity to take advantage of an innovative and enterprising workforce at a time when other regions of the world are facing an aging society—but also a real challenge, particularly in terms of educating these young people and creating enough jobs to absorb new entrants into the labor market. In 2019, the employment rate among 15- to 24-year-olds was on average only 46.6 %.

In addition to the youth question, women need to play a greater role in the economy. While they are a vital force in the Sahel, providing 80% of agricultural labor and playing a central role in food security and the resilience of societies, gender inequalities are still quite pronounced and hamper their empowerment. For example, women still attain an extremely low level of education, with only 6% of them over the age of 25 having completed lower secondary education. Above all, their participation in the labor market is insufficient: the ratio of women to men in the labor market is 73% in the Sahel, compared to 84% in sub-Saharan Africa. The case of Niger is telling, as the country has both the highest average number of children per woman in the world—6.7—and one of the most glaring levels of gender inequality: in 2019, the United Nations ranked it 154th out of 162 countries in terms of gender equality. Gender inequalities are also marked in other countries in the region, such as Mali (158th) and Chad (160th).

II. Very dynamic growth, but with slower structural transformation

One of the most dynamic regions in Africa.

Since the 1990s, the Sahel's economy has been growing at a steady pace, averaging 4.2% per year. Between 2010 and 2019, economic growth was even higher, reaching +4.8% per year, one of the highest levels in Africa. As elsewhere in the world, the Sahel was not spared the shock of the COVID-19 crisis in 2020, but while the rest of the continent suffered a marked recession (−1.5%), the Sahel's GDP barely declined (−0.4%). The IMF also anticipates a rebound in GDP from 2021 onwards (+5.9% a year forecast for 2021–2026).

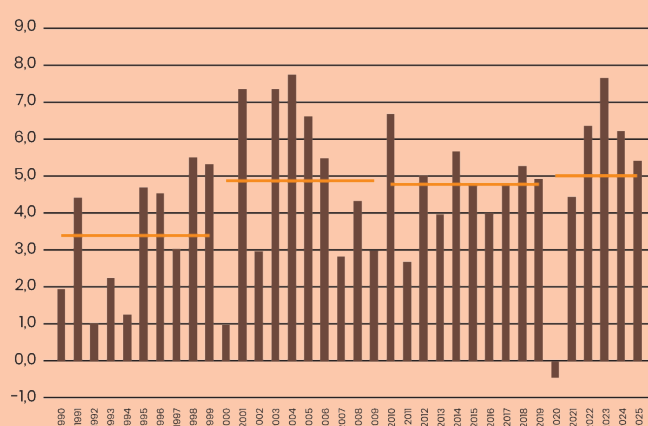
Several factors are undoubtedly contributing to this strong showing: the excellent performance of certain key sectors such as cotton; favorable rainfall; high investments and catch-up effects in certain sectors; the rise in the price of extractive commodities, such as gold, that are important to the region; less exposure in certain areas to security issues; and a moderate debt burden.

Accelerating structural transformation

Nevertheless, although the Sahel's GDP quadrupled between 1990 and 2020, the structure of the region's economies changed very little. For example, the service sector continues to account for almost half of total value added, and industry for less than a quarter (barely more than in 1990). The weight of the agricultural sector remains very high, at around 30% in 2019 (as against 33% in 1990), twice its average level in Africa as a whole. The structure of the export of goods also reflects the importance of agriculture to the region, with exports of food and raw agricultural products accounting for almost half of total exports (3.5 times the African average). Above all, more than half the population in the Sahel makes a living from agriculture (and more than three-quarters in Niger and Chad).

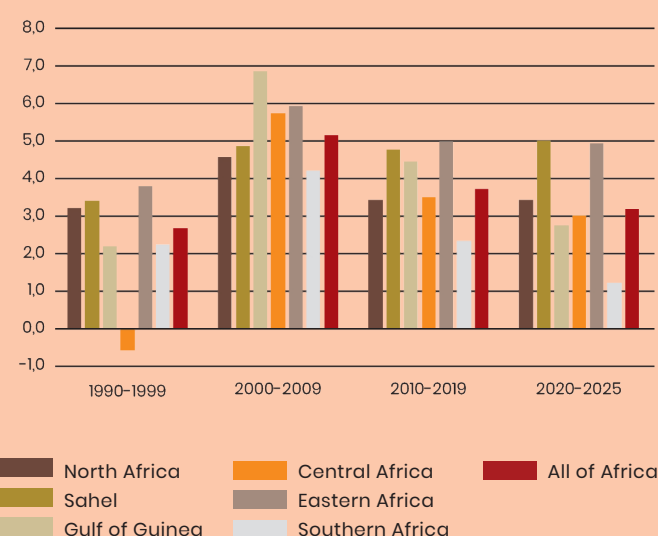
Beyond accelerating structural transformation, the development of agriculture is therefore crucial when it comes to responding to the major challenges facing the region: I) the challenge of food security, in a context of growing demand linked to demographic dynamics; II) the socio-economic challenge, in territories where social fragility and persistent poverty require the creation of jobs

Figure 2 – Real GDP growth (%) in the Greater Sahel



Source: IMF/Calculations: AFD

Figure 3 – Real GDP Growth (%)—Comparison with other regions in Africa



Source: IMF/Calculations: AFD

and added value; and III) the environmental challenge, given the growing pressure on natural resources. In addition, the agricultural sector offers opportunities for diversification and industrialization (in the food industry, for example), which can promote the resilience of economies through the local processing of raw products. The urbanization of the region is creating a market for this production: the urbanization rate rose from 19% in 1980 to 33% in 2019. However, the development of the agricultural sector will have to take into account the effects of climate change, particularly in the formulation of appropriate public policies.

Until the structure of the Sahel's economies develops further and they develop a more solid export base, which will allow them to reduce their current account deficits (around 8% of GDP on average in the period from 2017 to 2019, and up to 12% in Niger and Mauritania), the mobilization of external support will remain crucial. The Sahel is the

region in Africa that receives the highest amount of official development assistance relative to the size of its economies (7% of GDP on average), and remittances from the diaspora are also high (6% of GDP). The low level of foreign direct investment, on the other hand (less than 4% of GDP on average, mainly in countries rich in extractive resources), reflects an environment that is still not that favorable to business: 6 countries in the region are ranked in the bottom 40 of the World Bank's Doing Business, although 3 countries manage to rank higher than the African median (Senegal at 123rd, Niger at 132nd, and Cape Verde at 137th). Beyond the development of economic attractiveness, support for competitiveness and local initiatives will also be key to the emergence of the Sahel's private sector.

III. Societies may be resilient, but governance remains fragile and is contributing to the region's vulnerability

Since 2012, the Sahel has been plagued by increasing conflict that has led to the destruction of lives and infrastructures, political and social instability, and increased insecurity, all of which hamper investment and the prospects for long-term growth. These conflicts are primarily the result of the area's shortcomings, in particular the inadequate presence of the state in large parts of the territory, which are fueled by the lack of economic and social prospects and by environmental degradation. The humanitarian consequences are major and have been aggravated by the COVID-19 crisis: according to the UN High Commissioner for Refugees, the number of internally displaced persons in the Sahel rose in 2020 to 2.2 million (about 50% of them in Burkina Faso, 20% in Chad, and 15% in Mali and Niger)—four times more than in 2019.

In this context, measures to strengthen governance will be key, even if there are major disparities between the countries in the region in this respect. For example, the latest Mo Ibrahim ranking of African governance ranks Senegal 9th out of 54 African countries, while Chad ranks 47th. But overall, the capacity of Sahelian states and their governments to provide basic public services and to manage their territories is severely limited, as evidenced in particular by the low number of government employees relative to the population (3 to 10 per 1,000 in Chad, Burkina Faso, Senegal, Mali, and Niger, as against 160 in Norway, for example). Faced with

this, Sahelian societies are showing resilience and are organizing themselves so they have a minimum level of "public services" (health centers managed by the inhabitants, community schools, and so on), but this alone is not enough.

Conflicts are also affecting the public finances of the countries in the region, through reduced revenues (because of a lower tax base) and increased military spending. In 2019, military spending accounted for an average of 8.7 % of total spending in Sahelian countries, the highest level among African regions. Debt has increased with the COVID-19 crisis, but it remains moderate (56% in 2020 compared to 66% for Africa as a whole). However, with limited additional room for maneuver—the IMF and the World Bank classify five countries in the region as being at high risk of debt distress; four, at moderate risk—the increase in military spending is taking place at the expense of social and development spending: conflicts, then, are further weakening these economies. In the face of this, there is room for maneuver, in particular by improving domestic revenue mobilisation—budgetary revenues constituted only 17% of GDP on average in 2019—and by increasing the efficiency of public investment.

Conclusion

The operative trends in the Greater Sahel, and the progress that has been made on the development front, show quite clearly that the region cannot be reduced to a single crisis zone. Understanding this progress is essential to gaining a better understanding of the remaining challenges. To meet these challenges, then, it appears that at least five points of action have top priority: I) improving governance by strengthening state capacity and supporting civil society; II) preventing and containing violent conflicts, in particular through an approach that brings together stakeholders from the worlds of diplomacy, defense, and development; III) empowering women and girls, with a view to making societies in the Sahel more egalitarian; IV) supporting young people, through the development of quality education and of vocational training as well as through readier access to digital technology; and V) supporting the structuring of agricultural sectors and the development of the private sector and entrepreneurship. Pursuing these points of action will be key to realizing the region's full potential and enabling it to achieve sustainable peace and development.

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