ECOWAS REGIONAL ECONOMIC OUTLOOK

2023 EDITION

NAVIGATING REGIONAL ECONOMIC DYNAMICS UNDER LOOMING POLITICAL INSTABILITY AND SECURITY THREATS

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List of Abbreviations and Acronyms

ACLED	Armed Conflict Location and Event Data
AfDB	African Development Bank
AHSG	Authority of Heads of State and Government
AU	African Union
CIRLEV	Inter-Ministerial Committee on Prevention and Fight Against Violent Extremism
CNPE/NCC	National Committee for Economic Policy/Naonal Coordinating Committee
COVID-19	Coronavirus Disease 2019
CPAPS	Commissioner for Political Affairs, Peace, and Security
DSC	Defense and Security Commission
DSF	Defense and Security Forces
DSSI	Debt Service Suspension Initiative
ECONEC	ECOWAS Electoral Commissions Network
ECOWARN	ECOWAS Early Warning Mechanism
ECOWAS	Economic Community of West African States
ECPF	ECOWAS Conflict Prevention Framework
EMDEs	Emerging Market and Developing Economies
EREO	ECOWAS Regional Economic Outlook
ETLS	ECOWAS Trade Liberalization Scheme
GDP	Gross Domestic Product
GPI	Global Peace Index
GTD	Global Terrorism Database
IDPs	Internally Displaced Persons
IEP	Institute for Economics and Peace
IIAG	Ibrahim Index of African Governance
ILO	International Labour Organization

IMF	International Monetary Fund
INTERPOL	International Criminal Police Organization
MCSP	Macroeconomic Convergence and Stability Pact
MICA	Maritime Information Cooperation and Awareness Center
MSC	Mediation and Security Council
NCERR	National Council for Emergency Relief and Rehabilitation
PSSM	Physical Security and Stock Management
PURS	Emergency Programme for the Savannas Region
SDGs	Sustainable Development Goals
SDMs	Socioeconomic Development Monitoring System
SDRs	Special Drawing Rights
SGIM	Support Group for Islam and Muslims
SIPRI	Stockholm International Peace Research Institute
SOE	State-Owned Enterprises
SWOT	Strengths, Weaknesses, Opportunities, and Threats
UN	United Nations
UNECA	United Nations Economic Commission for Africa
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNOWAS	United Nations Office for West Africa and the Sahel
WAMZ	West African Monetary Zone
WAEMU	West African Economic and Monetary Union
WDI	World Development Indicators

Executive Summary

Under the theme, "***Navigating Regional Economic Dynamics under Looming Political Instability and Security threats***", the maiden edition of the ECOWAS Regional Economic Outlook (EREO) presents analysis of the current challenges, opportunities, and trends that shape the economies of the member states of ECOWAS. It analyzes key economic indicators, trends, and projections, offering an in-depth analysis of the opportunities and challenges faced by the ECOWAS member states. The report reviews the landscape for peace, stability, and security as a catalyst for sustainable economic development in line with the new ECOWAS Vision 2050, which projects an ECOWAS of the people, where there is peace and prosperity for all. It sheds light on the role of peace, stability, and security as key enablers of economic progress.

Chapter One presents the recent global and regional economic environment. It analyses an unprecedented level of economic slowdown as most leading economies struggled to emerge from the COVID 19 pandemic-induced recession of 2020 as well as the Russia-Ukraine war. Higher inflation rates around the globe prompted the tightening of monetary policy instruments to slow down inflation. The World Bank predicted global economic growth to reduce to around 1.7 percent in 2023, from 5.9 percent in 2021 with real GDP in advanced economies estimated to decrease from 2.5 percent in 2022 to the rate of 0.5 percent in 2023.

Inflation soared above 10 percent in 2020 in several Eurozone member states and the United Kingdom, stretching household budgets which affected consumer confidence amidst worsening business sentiments. The increase in interest rates in both the Bank of England and the European Central Bank slowed down financial transactions. These factors combined to weaken economic activities by reducing output growth in advanced economies and Emerging Market and Developing Economies (EMDEs).

2050 VISION·VISÃO

The economic shocks from the Russia-Ukraine war largely impacted the Advanced Economies, Latin America and the Caribbean, East Asia and the Pacific, and Europe and Central Asia. The war disrupted supply chains in most parts of the world including the United States and the Eurozone. Sub-Saharan Africa was moderately impacted by the Russia-Ukraine war, with real GDP growth falling from 4.3 percent in 2021 to 3.4 percent in 2022. Real GDP growth in Africa and its Sub-regions increased from -1.7 percent in 2020 to 3.8 percent in 2022. The projections for 2023 and 2024 appear less volatile than as observed in other regions of the world. The Real GDP in the ECOWAS region as projected by the AfDB (2023) will reduce to 3.9 percent in 2023, compared to 4.4 percent in 2021. The region was not as severely affected by the COVID-19 pandemic as other regions because the real growth rate decreased to 0.6 percent in 2020.

Apart from the slow-down in GDP growth rate, the global inflationary pressure mounted in almost all economies around the world in 2022. While average global headline inflation surpassed 9 percent in the second half of 2022 in most advanced economies, it virtually exceeded 10 percent in EMDEs. Currency depreciations in most EMDEs, surging wages, and rising input and production costs resulted to higher prices of final products. The higher share of food and energy consumption in consumer spending amidst rising food and energy prices accelerated inflationary pressure in many low-income member states that depended on food and energy imports for local consumption. Consequently, global core inflation rose as far as 6 percent in the later part of 2022.

At the regional level, inflation in North Africa was consistently below the African average from 2020 to 2022 and it is also projected to remain below the continent's average for 2023 and 2024. In Southern Africa, inflation remained below Africa's average of 15.5 percent from 2021. Inflation in Southern Africa was 12.6 percent between 2020 and 2022 and it is projected to slow down to 10.1 percent in 2023 and 6.7 percent in 2024. The East African region experienced the highest inflation in Africa as the rate increased from an average of 17.3 percent in 2020 to 40.7 percent in 2021 and decreased to 28.9 percent in 2022. Inflation in the Central African region was the lowest in Africa. In the ECOWAS Region, inflation was slightly above Africa's average but far below that of East Africa.

Chapter Two deals with the ECOWAS economic performance and prospects. Economic growth measured by changes in real GDP showed a mixed performance in the period 2010 to 2022 due to the challenging global economic environment, the occurrence of various pandemics, and other health-related challenges. In 2011, the region's real GDP growth rate was 5.2 percent but declined to 4.1 percent in 2015 and further decreased to -0.6 percent in 2016 mainly as a result of the negative effects of the Ebola epidemic of 2014 to 2016 and falling oil prices. Subsequently, the slight recovery of 2.9 percent increase in real GDP in 2018 was short-lived as it further declined to -0.1 percent in 2020, because of the COVID-19 pandemic. The region witnessed a post-COVID-19 recovery as economic growth increased to 3.9 percent in 2022.

At the same period, the region operated in an environment of high inflation. Analysis of the regional inflation rate shows that the regional rate decreased from 10.6 percent in 2010 to 7.6 percent in 2014 and increased to 13.3 percent in 2017 before reaching an all-time peak of 17.3 percent in 2022. The increase was driven by the effects of depreciation of the national currencies of some member states against major international currencies and by the marked increase in world food and oil prices coupled with the lingering effects of the COVID-19 pandemic. High inflation resulted from global economic policies which added more pressure to the domestic currencies within the region, as exchange rates depreciated especially in Sierra Leone, Nigeria, and Ghana. During this period, the petroleum and energy index rose by 33.5 percent. Equally, food inflation also reflected the increase in the global food index, which rose by 14.1 percent in 2022. Other causes of high inflation include high and increasing energy and transport costs as well as hikes in administrative prices, especially electricity and utilities.

Regional analysis of 2021 and 2022 showed different levels of economic performance of ECOWAS member states. For example, Côte d'Ivoire displayed remarkable economic growth, as its real GDP growth rate was 7.4 percent in 2021 and 6.7 percent in 2022, attributable to the implementation of various economic and social intervention programmes. Nigeria's real economy which grew by 3.4 percent in 2021 and reduced slightly to 3.1 percent in 2022, benefited from high oil prices, recovery in services and manufacturing, and policy support in agriculture.

However, the effect of higher oil prices was offset by production constraints caused by oil theft and insecurity in oil-producing regions. Ghana's economic growth witnessed a decrease from 5.1 percent in 2021 to 3.1 percent in 2022, below the ECOWAS average of 3.9 percent, attributable to tight monetary policies, high public debt, and weakening of the local currency.

In terms of fiscal performance of the ECOWAS region, several factors were at play at the member state level. These relate to fiscal policies, external borrowing, economic growth rates, and mounting debt servicing. The region's budget balance as a percentage of GDP deteriorated from -4.5 percent in 2010 to -5.6 percent in 2022, due to high debt servicing, subsidies, and COVID-19 related interventions.

Within the context of socio-economic development, ECOWAS member states recorded varying rates and patterns of socio-economic indicators. The computation of the ECOWAS regional average of socio-economic indicators is challenging because ECOWAS member states use different methodologies for the computation of indicators at different periods. This factor therefore calls for the need for a standardized and harmonized methodology for the computation of various indicators in the ECOWAS region. In addition, the combined rates of poverty and unemployment reflected the prevalence of socioeconomic challenges. This provides insight into the ineffectiveness of social policies and economic development efforts. The Incidence of poverty indicates that a significant portion of the population lacks access to necessities and is struggling to meet their daily needs. This underscores the need for targeted interventions in areas such as education, healthcare, and income redistribution to alleviate poverty and improve living standards.

The prospect of the economic performance of the ECOWAS region is quite promising as real GDP growth is projected to increase from 5.4 percent in 2023 to 6.1 percent in 2024. This is above the world's real GDP growth projection of 1.7 percent in 2023 and 2.7 percent in 2024 (AfDB 2023). The regional performance will be better than that of Southern Africa. The main drivers of ECOWAS' growth prospects are high growth performance in member states like Benin, Côte d'Ivoire, Niger, Senegal, and Togo. Also, the regional inflation rate will reduce from 18.8 percent in 2023 to 12.9 percent in 2024 and 11.9 percent in 2025. Eleven ECOWAS member states are expected to have at least a 5 percent average growth rate between 2023 and 2025. In addition, eleven member states will experience a single-digit inflation rate, while four member states will experience a double-digit inflation rate: Ghana, Sierra Leone, Nigeria, and The Gambia.

With the coups in Niger, Guinea, Burkina Faso, and Mali, the negative impact of political instability will make the expected regional growth rate to be unrealistic. The sanctions imposed by ECOWAS member states will have negative impacts on both the national and regional economies of member states. Sierra Leone, Nigeria, and Ghana will have less than 5 percent growth rate but with a high inflation rate. In Ghana, a moderate 3.9 percent average real GDP growth rate will be accompanied by a very high average inflation rate of 17.5 percent. The situation will be the same with Nigeria as the 3.0 percent average growth rate will also have an average inflation rate of 15.6 percent. Sierra Leone will have a 4.2 percent average GDP growth rate with a high average inflation rate of 21.5 percent.

The slowdown in the world economy, high inflation rates, and domestic financial conditions amid high levels of debt and debt servicing are major considerations for this trend. The projected growth rates are expected to be driven, on the demand side by volatilities in the global economy (upturn in activities in emerging economies such as China) and domestic absorption (i.e., fall in household consumption and investment). On the supply side, agriculture, industry, and services are likely to fuel the predicted expansion. In terms of sectoral contributions, the leading sector will be the tertiary sector (42 percent), followed by the secondary sector (32 percent) and primary sector (26 percent) in 2024.

The economic growth rate forecast is not uniform across member states as the GDP growth of the WAEMU zone and Cape Verde is estimated to increase from 5.9 percent in 2022 to 6.9 percent in 2023, and the WAMZ zone is expected to decline from 3.3 percent in 2022 to 3.1 percent in 2023. WAMZ's economic growth outlook is negative because of the likely poor performance of the two largest economies in the region i.e. Nigeria and Ghana. Economic activity in Nigeria is expected to reduce to 3.2 percent in 2023, compared to 3.3 percent in 2022 because of the implementation of monetary and exchange rate policies. Ghana's economic activities are also expected to reduce to 1.6 percent in 2023, compared to 3.1 percent in 2022, as the energy crisis deepens, and oil production remains low.

At the regional level, the economic performance of Côte d'Ivoire and Senegal is expected to compensate for some of the losses. Côte d'Ivoire is estimated to post a 7.2 percent growth rate in 2023, compared to 6.7 percent in 2022. Senegal is also expected to post an impressive growth of 8.8 percent in 2023, compared to 4.2 percent in 2022. Equally, economic activities are expected to improve in all other member states in 2024. The fiscal deficit of the region is expected to widen to 5.4 percent of GDP in 2023, from 5.3 percent of GDP in 2022. Public debt will remain high due to sustained fiscal stimulus measures, with an expected increase of 5.0 percent in 2023 and stabilize in 2024. While short-term debt sustainability risks are limited, member states with high public debt must address long-term budgetary policies. However, the combination of low economic growth rate, rising inflation, and the depreciation of national currencies, is expected to escalate the debt levels. The ability to mitigate the 2023 to 2025 projections will depend on member states' ability to manage their debt loads, economic growth, and borrowing costs influenced by hike in global interest rates and international financial markets. From 2023 to 2025, rapidly increasing domestic prices are expected to increase consumer pessimism, leading to weakened purchasing power. The continuous rise in the Consumer Price Index (CPI) coupled with aggressive monetary tightening by various Central Banks is likely to result in increased borrowing costs and weight on asset prices. This is expected to lead to a contraction in private consumption signaling a real economic slowdown.

The trend in commodity prices observed in 2023 suggest a continuation of the reduction in non-energy product prices that began in 2022. Member states need to diversify their economies and reduce dependence on a single commodity to mitigate the risks associated with price volatility. Efforts towards investing in sustainable agricultural practices and infrastructure development can help enhance resilience to external shocks and potentially lead to more stable commodity prices in the long run. Monitoring global market trends and adopting adaptive economic policies will be crucial for ECOWAS to navigate the complexities of commodity price fluctuations in 2024. The ECOWAS region's current account outlook is subject to several uncertainties, given the less diversified nature of ECOWAS member states economy. A prolonged Russia-Ukraine conflict will weaken global trade. Net commodity importers are the most exposed to the impact of the conflict and attendant sharp increase in commodity prices.

These member states will likely experience worsening trade and current account deficits. The main drivers of the current account deficit are the trade deficit and net factor payments abroad. In line with global demand, the current account deficit is projected to shrink partially to 3 percent of GDP in 2023 and rise to 6 percent of GDP in 2024. The trade deficit is expected to drive down the current account deficit in general. Current account deficits in resource-intensive and oil-exporting member states are expected to grow, while natural resource-intensive member states, such as Ghana, are projected to see a drop in export revenues if natural resource prices fall. Tourism-dependent member states, such as Cape Verde and The Gambia, on the other hand, are likely to see an improvement as the market resumes fully after the COVID-19 restrictions.

Risk Factors: The possibility of a prolonged Russia-Ukraine war could disrupt global supply chains and lead to increased food and energy prices. Persistent inflation, protracted tightening of global financial conditions, high capital costs, and underperformance in domestic resource mobilization may increase the region's debt distress concerns. An additional risk is the deterioration of regional security due to terrorism, particularly in member states like Mali, Burkina Faso, Niger, and Nigeria. These security challenges are known to cause border concerns with neighboring member states such as Ghana and Togo.

Loss and damage from climate and other extreme weather shocks might have an impact on agricultural productivity, raise already high food costs, and increase extreme poverty. One of the major challenges facing the ECOWAS region is how to mitigate the chances of an economic slowdown following the tightening of monetary policies to reduce regional inflationary pressure. The uncertainties surrounding the macroeconomic environment are further heightened by the synchronous nature of the current wave of financial tightening. This compels the need for Central Banks to fully factor in the spillover effects of their decisions to use tight monetary policy to ensure inflation targeting. Raising interest rates to curb inflationary pressure tends to create supply-side bottlenecks by raising the cost of borrowing.

The prospect of the economic performance of the ECOWAS region is quite promising as real GDP growth is projected to increase from 5.4 percent in 2023 to 6.1 percent in 2024.

Chapter Three of the Outlook analyses the issues of Peace, Security and Stability. ECOWAS set peace and security as its first strategic objective for socio-economic development under Pillar 1 of the ECOWAS Vision 2050, entitled "Peace, Security and Stability" with a view to "making ECOWAS a secure, stable, and peaceful region". However, achieving peace, security, and stability remains an ongoing quest rather than a reality globally, particularly in Africa. The number of member states affected by conflicts in Sub-Saharan Africa (SSA) increased from 15 over the period 1990-2000 to 17 over the period 2014-2016. There has also been a resurgence of coup d'États since 2021 (in Mali, Guinea, and Burkina Faso, and in Niger from 26 July 2023), which is an evidence of real democratic and political weaknesses and a serious threat to peace in the region.

Security issues in the ECOWAS region are on the upswing, with an increase in conflicts as compared to the rest of the Sub-Saharan Africa region, despite the efforts of regional institutions. Maritime insecurity is also on the rise. Piracy and armed robbery at sea cost the Gulf of Guinea States approximately 1.94 billion each year (UNODC, 2022). Port charges and import tariffs lost because of reduced shipping activity are estimated at $1.4 billion per year (UNODC, 2022).

The index values computed for the ECOWAS member States in 2022 puts the overall average peace index at 2.25, indicating that the ECOWAS region has an average level of peace. The region is experiencing a slight deterioration in peace, although there are disparities between member states. The overall average peace index increased from 2.20 in 2021 to 2.25 in 2022. Three member states namely The Gambia, Ghana, and Sierra Leone are relatively peaceful with an overall peace index below 1.8 in 2022. However, the member states most affected by terrorism and violence against civilians - Burkina Faso, Mali, Nigeria, and Niger - have an overall peace index above average and close to 3.0 indicating that these member states have a low level of peace. Only two member states, Benin, and Ghana, recorded a stable evolution of the overall peace index over the period under review.

Insecurity has become a daily reality in member states, particularly for those in the Sahel member states (Burkina Faso, Mali, and Niger). In Nigeria insecurity is mainly caused by armed terrorist groups (jihadists). In others (non-Sahelian member states) the insecurity incidences recorded are linked to community conflicts, post-election crises, riots, transnational organized crime, or cross-border organized crime. Although the threat of terrorism is lurking in coastal member states, it remains confined to the northern parts of the member states concerned (Côte d'Ivoire, Togo, and Benin), along the border areas with Burkina Faso and Niger.

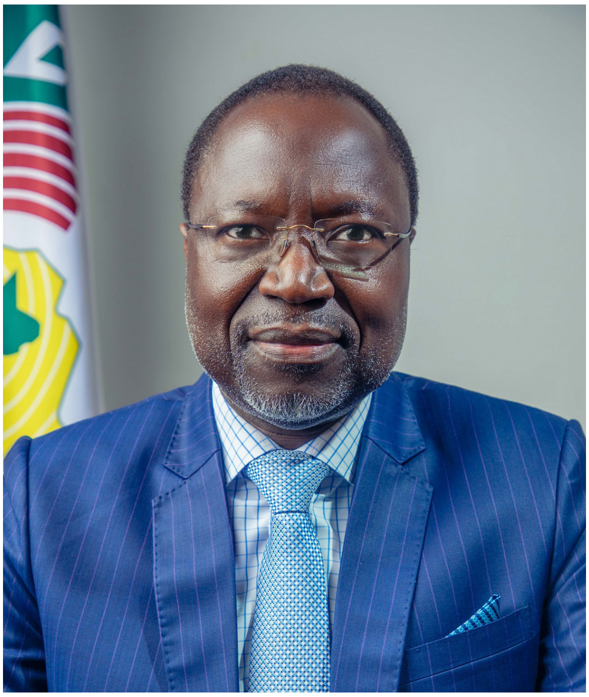
All these insecurity incidents resulted in the loss of many lives and forced displacement of people, particularly Internally Displaced Persons (IDPs). According to UNHCR, 6,134,081 forced displacements, 5,618,866 internally displaced persons, and 515,215 refugees were recorded in the ECOWAS region in 2022 because of insecurity, conflict, and other natural disasters. In the ECOWAS region, instability is generally linked to insecurity, poor governance (institutions), community conflicts, socio-economic factors (demographic pressure, youth unemployment, climate change), piracy and cyber-attacks. The combined presence of all these factors threatens the stability of the region.

The outlook reveals that insecurity, particularly terrorism, had a major impact on the education and health sectors, on decentralized administrative services, and on the populations living in areas facing major security challenges in the Sahel countries. Thus, in Burkina Faso, Mali, and Niger, schools and health centres were closed, leaving thousands of students without education and civil servants without work. In the Sahel countries, insecurity forced nearly 2,000 schools to close or cease operating (UNICEF, 2019). The ECOWAS region, like other regions of the continent, is particularly lagging in terms of the progress made for SDG 16. The region regressed for this objective as compared to its level in 2000. The analysis of individual progress by country in 2019 indicated that Cape Verde, Ghana, and to a lesser extent Senegal appeared to be the member states in good standing to achieve good aggregate performance towards achieving the targets of SDG 16 by 2030.

A SWOT analysis of ECOWAS peace and security architecture recommends the need to strengthen collaboration between ECOWAS commission and its member states. This should determine the ECOWAS interventions in consultation with AU Peace and Security Council and the UN Security Council. The ECOWAS Summit of Heads of States and Governments should consider a comprehensive reform of the ECOWAS Supplementary Protocol on Democracy and Good Governance. In addition, the ECOWAS Commission needs to take proactive steps to mobilize financial resources dedicated to increasing the operational and logistical capacity of the ECOWAS Standby Force.

The regional economic outlook concludes that the evolving global environment influences macroeconomic performance and prospects for economic development in the ECOWAS region. It documents the state of regional socio-economic development, the performance of member states in the management of the economy as well as the impact of insecurity. It also offers the following recommendations for consideration of ECOWAS authorities: 1) closing economic development disparities among member states through implementation of human capital development programmes that would bridge critical development gaps in the areas of economics, governance, and human development among member states; 2) well-coordinated array of macroeconomic policies to proffer effective solutions to socio-economic development; 3) promotion of financial system integration; 4) closer collaboration of both the ECOWAS Commission and its member states for the effective implementation of all strategic actions of Pillar 1 of ECOWAS Vision 2050.

Message from the President of the ECOWAS Commission



It is with great pleasure that I present to you the maiden edition of the ECOWAS Regional Economic Outlook (EREO). This is a long-awaited flagship publication of our institution. As the region continues to navigate its economic landscape, it is crucial to have a comprehensive analysis of the current challenges, opportunities, and trends that shape the economies of the member states.

Over the years, the ECOWAS has grown from an intergovernmental organization (ECOWAS of States) to a dynamic and vibrant economic community, fostering integration, trade, and collaboration among its diverse member states (ECOWAS of the people). Our collective prosperity relies on a deep understanding of the evolving economic dynamics within the region to seize the opportunities, and this report provides that platform.

The ECOWAS Regional Economic Outlook serves as a valuable tool for policymakers, economists, businesses, and all stakeholders seeking to gain insights into the economic performance, risks, and potential growth areas in the ECOWAS region and specifically in our member states. By analyzing key economic indicators, trends, and projections, this report offers an in-depth analysis of the challenges faced by ECOWAS member states as well as the opportunities that are present.

In addition to the analysis of macroeconomic indicators, we review the landscape for peace, stability, and security as a catalyst for

sustainable economic development. This aligns with the new ECOWAS Vision 2050, which projects an ECOWAS of the people, where we have peace and prosperity for all. The report sheds light on the role of peace and security as key drivers and enablers of economic progress.

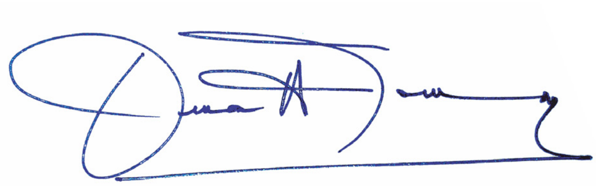
I would like to express my sincere gratitude to the experts, researchers, and contributors whose valuable insights and analyses have been instrumental in the production of this report. Their dedication to understanding and highlighting the economic trends and challenges of ECOWAS member states has been remarkable.

I would also like to extend my appreciation to the national authorities in our member states, such as National Statistical Agencies, Central Banks, and other institutions that have provided the necessary data and information for this report. Without their cooperation, this Regional Economic Outlook would not have been possible.

It is my hope that the first edition of the ECOWAS Regional Economic Outlook will serve as a reliable resource to facilitate informed decision-making, policy formulation, and investment strategies. By empowering stakeholders with actionable insights, the ECOWAS Commission aspires to contribute to the sustained economic growth, stability, and prosperity of our region.

I encourage readers to use this report as a springboard for dialogue, collaboration, and further research towards addressing the economic challenges and pursuing the vast potential of ECOWAS. Together, we can build a brighter, more inclusive, and resilient economic future for our region.

Long live ECOWAS.



H.E. Omar Alieu Touray

President of the ECOWAS Commission

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Felix Fofana N'Zué, the Head of the Division of Research, Knowledge Management and Economic Analysis, coordinated all technical activities that led to the production of the report. The core team involved in the preparation of the report includes Wumi Olayiwola and Mohamed Jalloh, who are both in the Directorate of Research and Statistics. They were supported by Durand Koffi Gilbert Adjassou, Liatu Damishi Omoyiola, Sharon Zira Dia, Jennifer Chioma Uzoma, Bakary Traoré and Uwem Ibanga who provided invaluable research and administrative assistance.

The data were sourced from the National Statistical Offices of ECOWAS member states, Ministries of Finance and Planning and validated data from the Convergence Reports. The data analysis benefitted from national validations, which enrich the report and ensure ownership of the information. The drafting of the Country Notes, which greatly contributed to the report, was undertaken by national consultants. These consultants included Roland Médjigbodo (Université Abomey-Calavi of Benin), Alain Siri (CAPES of Burkina Faso), Odair Barros - Lopes Varela (University of Cape Verde (Uni-CV), Tite Beke (Université Felix Houphouet Boigny, Abidjan Côte d'Ivoire), Kutubo Jarju (Directorate of Trade, The Gambia), Eric Osei-Assibey (University of Ghana), Suande Camara (Ministry of Economy and Regional Integration, Guinea-Bissau), Abdoul Aziz Diallo (Economist IMF Country Office, Guinea), Edna Johnny and Edwin Puwogar (Department of Economics, University of Liberia), Ousmane Doucouré (Université des Sciences Sociales et de Gestion Bamako, Mali), Malam Nafiou Maman (Université Abdou Moumouni of Niamey, Niger), Amos Ogunwale (NISER, University of Ibadan, Nigeria), Latif Dramani (CREG Center, Senegal), Sahr Titus Komba (ICESCO, Youth Ambassador, Sierra Leone), and Richard Abalo-Koboyo Padakalé (CADERDT, Togo).

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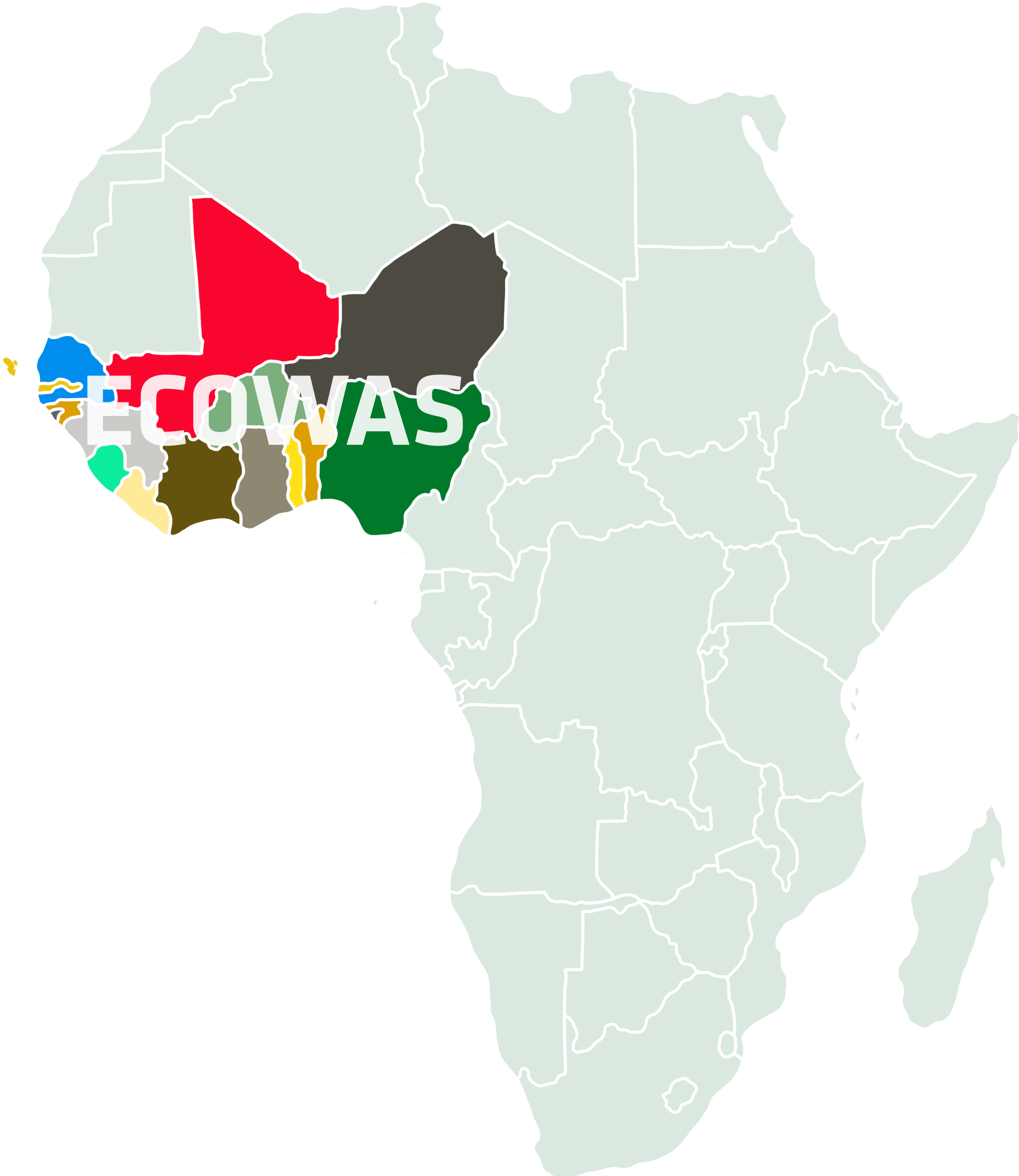
The EREO maiden edition is here. Congratulations. Thank you for your hard work and let's get ready for the next edition.

Mahamadou Yahaya

Director of Research and Statistics,
ECOWAS Commission

ECOWAS in Africa



Preface

The ECOWAS Regional Economic Outlook: 2023 Edition, is a technical documentary of an in-depth analysis of the socio-economic challenges faced by ECOWAS member states as well as the opportunities that are available in a dynamic global environment. It also represents a collective endeavour to provide a comprehensive analysis of recent developments, economic and social performances as well as peace and security in the ECOWAS region.

In the first chapter, we provide an overview of recent global developments and discuss their potential impact on the ECOWAS region. The unprecedented level of economic slowdown of most leading economies due to the COVID-19 pandemic-induced negative economic growth as well as the Russia-Ukraine war led to higher rates of inflation around the globe. These developments prompted the tightening of monetary policy instruments to slow down inflation. By examining these factors, we aim to provide valuable insights into the challenges and opportunities that lie ahead for our member states.

The second chapter takes us into an in-depth analysis of the economic and social performance of the ECOWAS region. It provides policymakers, economists, and stakeholders with a clear understanding of the state of the economy of member states and prospects of our regional economy. By highlighting both strengths and areas for improvement, we hope to facilitate informed decision-making and policy formulation.

Recognizing the interconnectedness of peace and security with economic performance, the third chapter of this outlook focuses on the state of peace and security within our region.

We analyze the extent to which these factors can potentially shape and influence our economic trajectory. By underlining the interplay among peace, security, and economic development, we aim to foster a more holistic and sustainable approach to regional growth. To complement this outlook, we have included country policy briefs. These briefs provide country-specific insights and recommendations, allowing policymakers and stakeholders to tailor strategies to suit the unique circumstances and challenges of each member state.

The analysis of the Outlook shows that the evolving global environment influences macroeconomic performance and prospects for economic development in the ECOWAS region. It, therefore, offers the following recommendations for consideration: 1) closing economic development disparities among member states through the implementation of human capital development programmes; 2) a well-coordinated array of macroeconomic policies; 3) promotion of financial system integration; 4) closer collaboration of both the ECOWAS Commission and its member states for the effective implementation of all strategic actions of Pillar 1 of ECOWAS Vision 2050.

I would like to express my gratitude to the staff of the Directorate of Research and Statistics of the ECOWAS Commission and the consultants from the ECOWAS member states who dedicated their expertise and time to ensure the accuracy and comprehensiveness of this outlook. Their valuable contributions truly enhanced the quality and richness of this document. Finally, I would like to extend my appreciation to all those who supported us in the production of this edition of the regional economic outlook. It is our hope that it provides important answers to some of the socio-economic challenges facing our region and should therefore serve as a useful resource for policymakers, researchers, and all those interested in fostering sustainable economic development and promoting peace and security within the ECOWAS region.

Thank you for your continued commitment and support.

Massandjé TOURE-LITSE

Commissioner for Economic Affairs and Agriculture

Chapter 1

Recent Global and Regional Economic Development and Perspectives

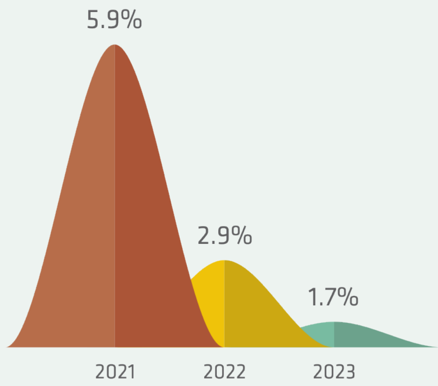
The global economic environment witnessed an unprecedented level of economic slowdown as most leading economies struggled to emerge from the pandemic-induced recession of 2020 as well as the Russia-Ukraine war. Higher rates of inflation around the globe prompted the tightening of monetary policy instruments in an attempt to slow down inflation. This has further aggravated the challenges of addressing the shocks induced by the pandemic.

In January 2023, the World Bank predicted global economic growth to slow to around 1.7 percent, a further reduction from 5.9 percent in 2021. Real GDP in advanced economies is estimated to decrease from 2.5 percent in 2022 to the rate of 0.5 percent in 2023. With inflation soaring above 10 percent in several Eurozone member states and the United Kingdom, the stretch in household budgets affected consumer confidence amidst worsening business sentiments. The escalating increase in interest rates in both the Bank of England and the European Central Bank slowed down financial transactions.

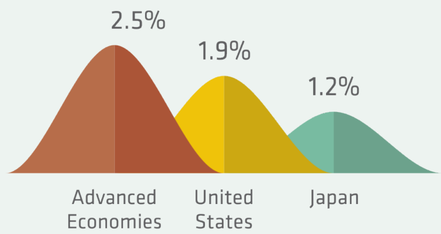
These factors weakened economic activities and hence output growth in advanced economies. Real GDP growth forecasts for the United States is a reduction from 1.9 percent in 2022 to 0.5 percent in 2023. Similarly, Japan's real GDP growth rate is predicted to decelerate from 1.2 percent in 2022 to 1.0 percent in 2023. In the Eurozone, real GDP growth is forecasted to stagnate at the 2022 level.

In Emerging Market and Developing Economies (EMDEs), the slow recovery in advanced economies considerably weakened aggregate demand. Furthermore, monetary policy tightening by advanced economies amplified the costs of borrowing resulting in capital outflows and currency depreciation in a good number of EMDEs. China reduced its reliance on commodity imports as it rebalanced its economy towards consumption and services.

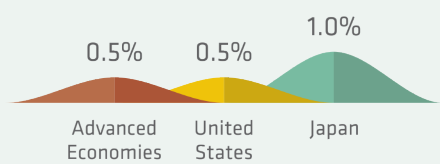
Global Economic Growth



Real GDP Growth 2022



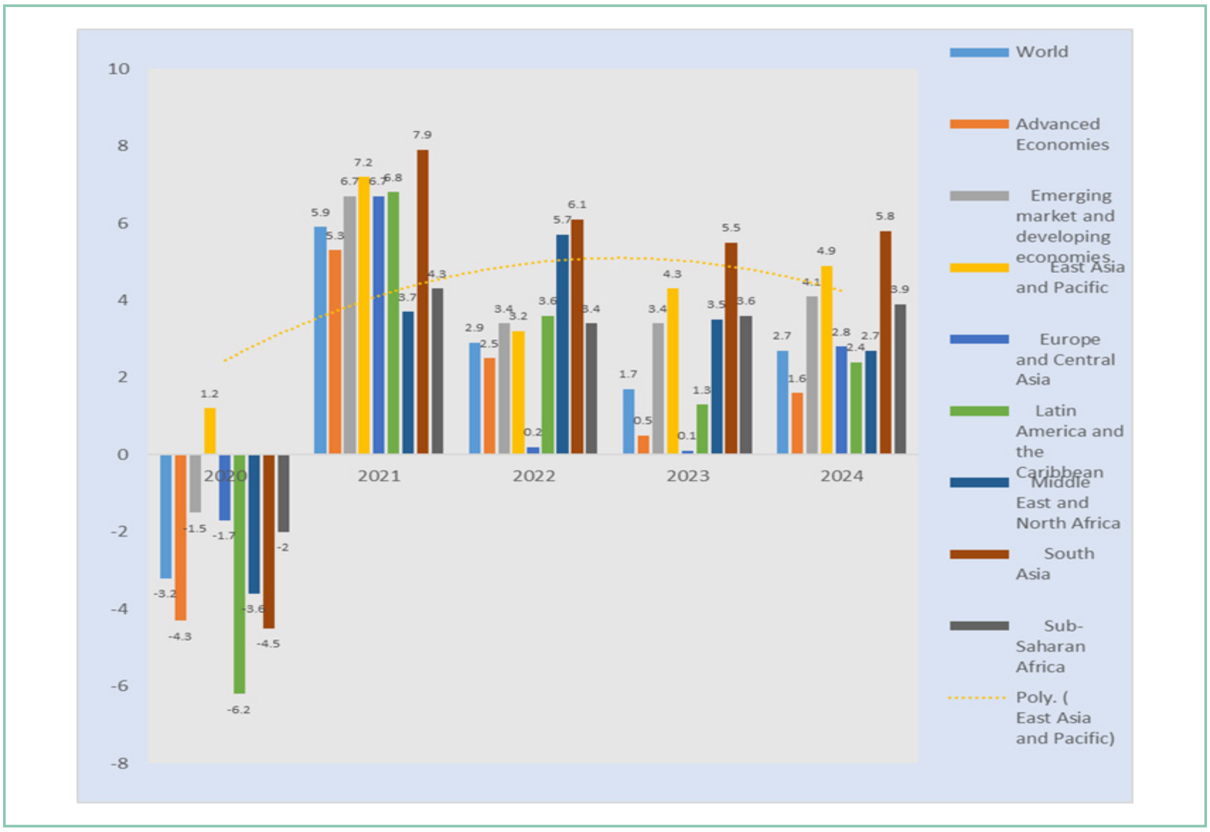
Real GDP Growth 2023



On account of growing uncertainty and unfavorable macroeconomic conditions, South Asian economic growth for 2023 is estimated to fall to average 5.5 percent, compared to 6.1 percent in 2022. For India, real GDP is projected to grow at the rate of 6.6 percent in 2023, slightly down from 6.9 percent in 2022. Similarly, in East Asia and the Pacific, Real GDP growth projections for Indonesia and China stood at 4.8 percent and 4.3 percent in 2023, from 5.2 percent and 2.7 percent in 2022 respectively.

In Latin America and the Caribbean, real GDP is projected to grow at 1.3 percent in 2023, down from 3.6 percent and 6.8 percent in 2022 and 2021 respectively. In the Middle East and North Africa, real GDP is projected to grow at the rate of 3.5 percent in 2023, down from 5.7 percent in 2022.

Figure 1 : Real GDP Growth Rate by Region from 2020 to 2022 and Projections from 2023 to 2024



Source: World Bank, January 2023

As shown in Figure 1, except for East Asia and the Pacific region, all other regions of the world experienced a recession (negative real GDP growth) in 2020 owing to the COVID-19 pandemic. Nonetheless, in 2021, almost all regions recovered from that recession due to various fiscal and monetary policy measures aimed at mitigating the effects of the shocks from the pandemic. However, the emergence of the Russia-Ukraine war in February 2022 brought another round of economic shocks that disrupted the gains made in 2021. Indeed, a good number of regions around the globe manifest decelerated real GDP growth in 2022 as compared to 2021.

In fact, Real GDP growth in the Russian Federation plummeted from 4.8 percent in 2021 to a negative growth of 3.5 percent in 2022.

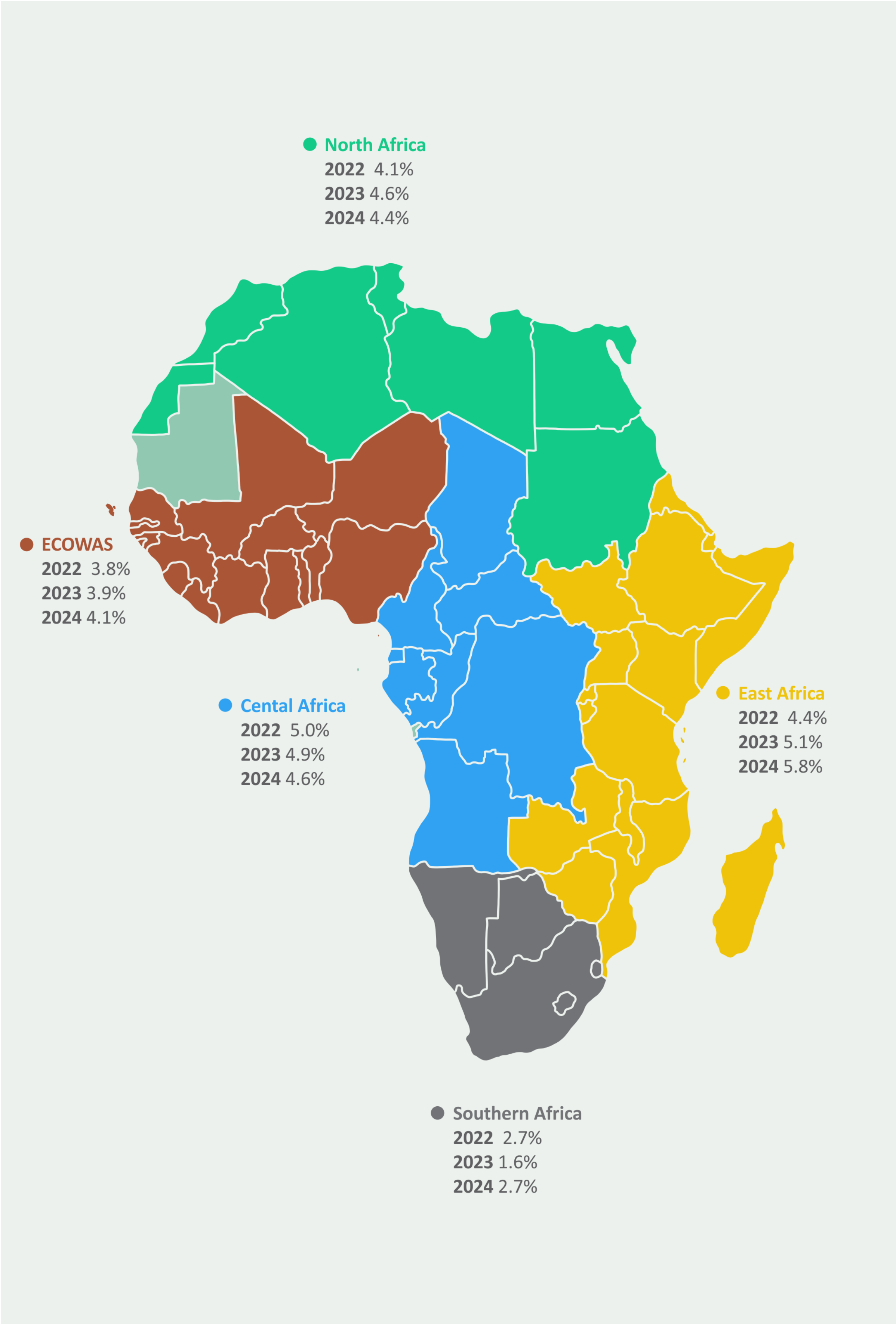
The economic shocks from the Russia–Ukraine war largely impacted the Advanced Economies, Latin America and the Caribbean, East Asia and the Pacific, and Europe and Central Asia. The war disrupted supply chains in most parts of the world including the United States and the Eurozone. The Russian Federation is the biggest supplier of energy in the Eurozone and many other parts of the world, and the eruption of the war created severe disruptions in energy supplies, thereby adversely affecting economic activities. Whilst real GDP growth in Advanced Economies plummeted from 5.3 percent in 2021 to 2.5 percent in 2022, in East Asia and the Pacific, real GDP growth fell from 7.2 percent in 2021 to 3.2 percent in 2022. Similarly, in Latin America and the Caribbean, real GDP growth fell from 6.8 percent in 2021 to 3.6 percent in 2022. Europe and Central Asia were the most affected regions from the Russia-Ukraine war with real GDP growth tumbling from 6.7 percent in 2021 to 0.2 percent in 2022.

Table 1: Real GDP Growth by Region from 2020 to 2022 and Projections for 2023 and 2024.

	2020	2021	2022	2023f	2024f
World	-3.2	5.9	2.9	1.7	2.7
Advanced Economies	-4.3	5.3	2.5	0.5	1.6
United States	-2.8	5.9	1.9	0.5	1.6
Euro area	-6.1	5.3	3.3	0.0	1.6
Japan	-4.3	2.2	1.2	1.0	0.7
Emerging market and developing economies	-1.5	6.7	3.4	3.4	4.1
East Asia and Pacific	1.2	7.2	3.2	4.3	4.9
China	2.2	8.1	2.7	4.3	5.0
Indonesia	-2.1	3.7	5.2	4.8	4.9
Thailand	-6.2	1.5	3.4	3.6	3.7
Europe and Central Asia	-1.7	6.7	0.2	0.1	2.8
Russian Federation	-2.7	4.8	-3.5	-3.3	1.6
Turkey	1.9	11.4	4.7	2.7	4.0
Poland	-2.0	6.8	4.4	0.7	2.2
Latin America and the Caribbean	-6.2	6.8	3.6	1.3	2.4
Brazil	-3.3	5.0	3.0	0.8	2.0
Mexico	-8.0	4.7	2.6	0.9	2.3
Argentina	-9.9	10.4	5.2	2.0	2.0
Middle East and North Africa	-3.6	3.7	5.7	3.5	2.7
Saudi Arabia	-4.1	3.2	8.3	3.7	2.3
Iran, Islamic Rep.	1.9	4.7	2.9	2.2	1.9
Egypt, Arab Rep	3.6	3.3	6.6	4.5	4.8
South Asia	-4.5	7.9	6.1	5.5	5.8
India	-6.6	8.7	6.9	6.6	6.1
Pakistan	-0.9	5.7	6.0	2.0	3.2
Bangladesh	3.4	6.9	7.2	5.2	6.2
Sub-Saharan Africa	-2.0	4.3	3.4	3.6	3.9
Nigeria	-1.8	3.6	3.1	2.9	2.9
South Africa	-6.3	4.9	1.9	1.4	1.8
Angola	-5.8	0.8	3.1	2.8	2.9

Source: World Bank, January 2023 **f - forecast*

Map 1: Map of Africa with Regional Growth Rate: from 2022 to 2024 According to the World Bank (2023)

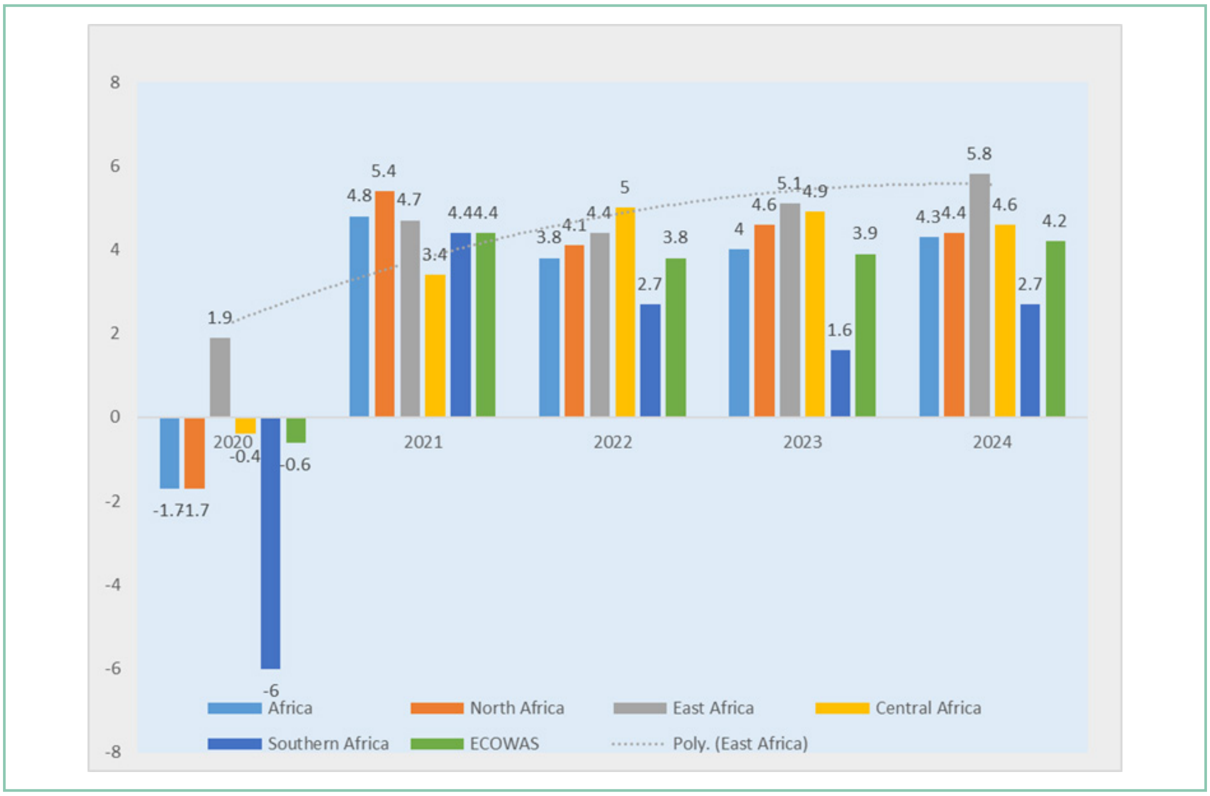


Sub-Saharan Africa and South Asia were the moderately impacted regions by the Russia-Ukraine war. In Sub-Saharan Africa, real GDP growth fell marginally from 4.3 percent in 2021 to 3.4 percent in 2022. Similarly, in South Asia, real GDP growth fell marginally from 7.9 percent in 2021 to 6.1 percent in 2022. On the contrary, the Middle East and North Africa demonstrated stronger resilience from the Russia-Ukraine war as real GDP growth accelerated from 3.7 percent in 2021 to 5.7 percent in 2022. Saudi Arabia and Egypt recorded accelerated real GDP growth from 3.2 percent and 3.3 percent in 2021 to 8.3 percent and 6.6 percent in 2022 respectively.

Real GDP growth in Africa and its Sub-regions from 2020 to 2022 and the projections for 2023 and 2024 appear less volatile as observed in other regions of the world. Notwithstanding that the COVID-19 pandemic negatively impacted real GDP growth in Africa in 2020, East African economies demonstrated some level of resilience from the pandemic with a positive real GDP growth rate of 1.9 percent in 2020.

Although, both ECOWAS and Central Africa regions were negatively impacted by the COVID-19 pandemic. The real GDP growth rates in these two regions were not as adversely affected as in North Africa and Southern Africa where real GDP growth dipped to -1.7 percent and -6.0 percent in 2020 respectively. The African Development Bank (2023) projected real GDP growth in East Africa to be 5.1 percent in 2023, from 4.4 percent in 2022. The region is expected to grow by 5.8 percent in 2024.

Figure 2: Real GDP Growth in Africa and its Sub-regions from 2020 to 2022 and Projections for 2023 and 2024



Source: African Development Bank, 2023

In most parts of Southern Africa, the easing of travel restrictions imposed during the COVID-19 pandemic contributed immensely to a rebound in the tourist sector in 2022. This largely propelled growth in some tourist-reliant economies in the region. It was also noted that some of the member states that embarked on structural transformation fared better than those where structural reforms were lagging. The AfDB projected Southern Africa's real GDP growth to 1.6 percent in 2023, down from 2.7 percent in 2022. The region was among the most adversely affected by the COVID-19 pandemic as real GDP plummeted to -6.0 percent in 2020.

Table 2: Real GDP Growth in Africa and its Sub-Regions from 2020 to 2022 and Projections for 2023 and 2024

	2020	2021	2022	2023f	2024f
Africa	-1.7	4.8	3.8	4.0	4.3
North Africa	-1.7	5.4	4.1	4.6	4.4
East Africa	1.9	4.7	4.4	5.1	5.8
Central Africa	-0.4	3.4	5.0	4.9	4.6
Southern Africa	-6.0	4.4	2.7	1.6	2.7
ECOWAS Region	-0.6	4.4	3.8	3.9	4.1

Source: African Development Bank, 2023. **f - forecast*

Real GDP in the ECOWAS region as projected by the AfDB (2023) is expected to reduce to 3.9 percent in 2023, compared to 4.4 percent in 2021. The region was not as severely affected by the COVID-19 pandemic as other regions because the real growth rate stood at -0.6 percent in 2020. The restrictive measures implemented with a view to slow down the spread of the coronavirus in the region inflicted a series of adverse shocks to various sectors of the regional economy, thereby disrupting productive economic activities. According to the AfDB (2023), ECOWAS was the third fastest-growing region in Africa, after East Africa and North Africa.

Apart from the slow-down in GDP growth rate, the global inflationary pressure mounted in almost all economies around the world in 2022. Whilst average global headline inflation surpassed 9 percent in the second half of 2022 in most advanced economies, it exceeded 10 percent in the EMDEs. For almost all economies that adopted inflation rate targeting, the inflation rate virtually exceeded their targets. A combination of demand and supply factors were the driving forces behind soaring global inflation.

On the one hand, the implementation of a combination of fiscal, monetary, and financial policy measures aimed at accelerating global economic expansion spurred persistent price pressures. The unanticipated hike in shipping and air travel costs created capacity constraints and supply chain disruptions. The supply-side constraints exacerbated by the Russia-Ukraine war that created further shortages of key commodities contributed substantially to spurring energy and food prices around the world.

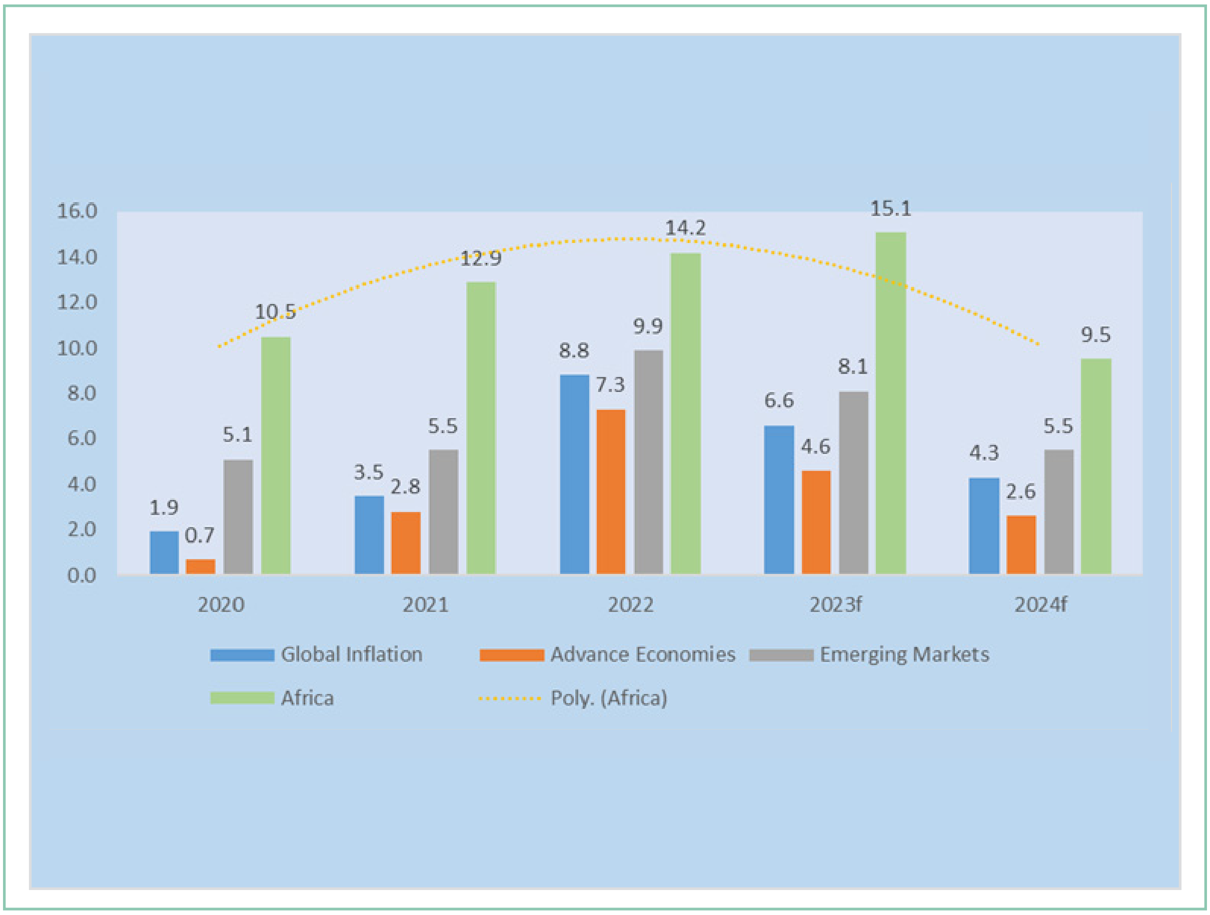
Currency depreciations in most EMDEs, surging wages, and rising input and production costs resulted in higher prices of final products. The higher share of food and energy consumption in consumer spending amidst rising food and energy prices has accelerated inflationary pressure in many low-income member states that depended on the food and energy imports for local consumption.

Consequently, global core inflation rose as far as 6 percent in the later part of 2022. Nonetheless, the International Monetary Fund (IMF) is optimistic that about 84 percent of member states are expected to have lower headline inflation in 2023 than in 2022. Global annual average inflation is forecasted to decline from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024.

The projected easing in global inflation is partly due to falling international energy and non-energy commodity prices arising from a weakening global demand. It may also reflect the effects of global monetary policy tightening. In advanced economies, annual average inflation is expected to fall from 7.3 percent in 2022 to 4.6 percent in 2023 and 2.6 percent in 2024. In EMDE, the inflation rate increased from 5.1 percent in 2020 to 9.9 percent in 2022. However, the IMF projected annual inflation in EMDEs to decline from 9.9 percent in 2022 to 8.1 percent in 2023 and 5.5 percent in 2024. For Africa, annual average inflation rose from around 10.5 percent in 2020 to around 14.2 percent in 2022 and is forecasted to further rise to 15.1 percent in 2023 before it will eventually decline to 9.5 percent in 2024.

The decline in energy prices and the sustained tightening of monetary policy led to a slowdown in inflationary pressure in the medium term. In all cases, Africa's inflation consistently

Figure 3 : Global and Regional Inflation from 2020 to 2022 and Projections for 2023 and 2024



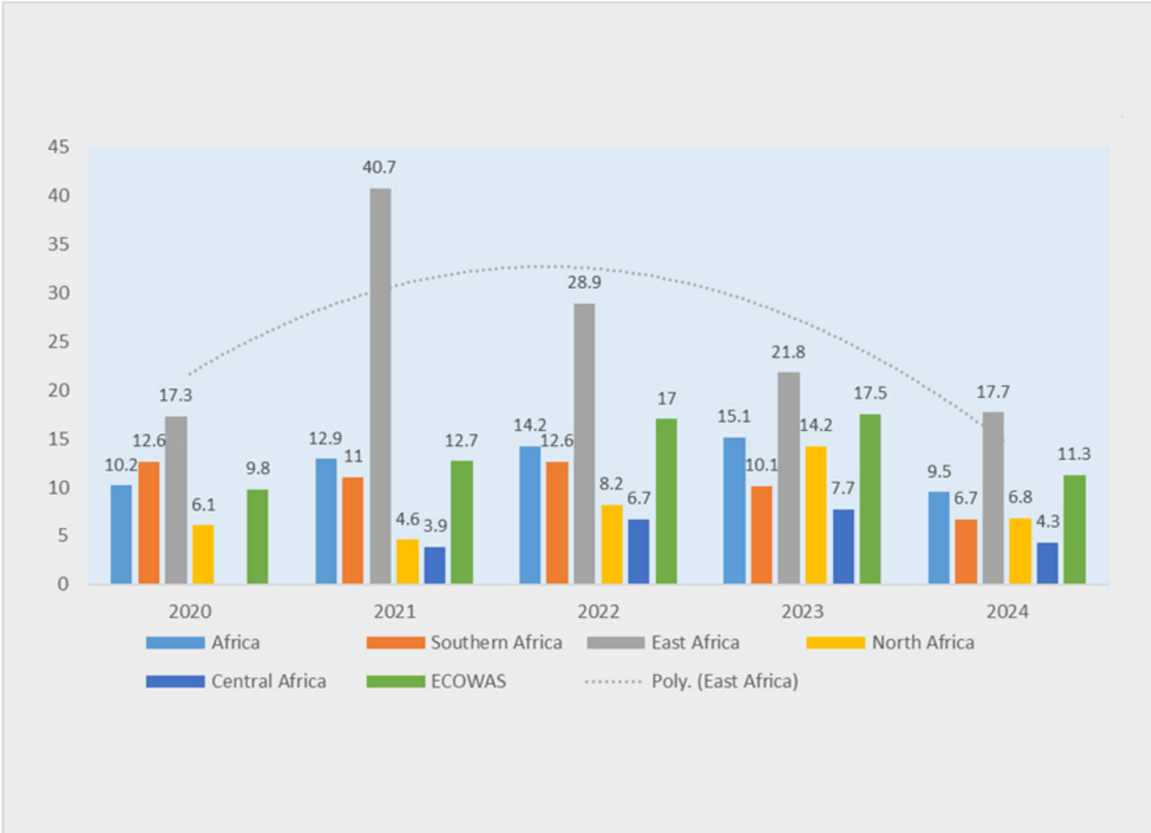
Source: IMF and AfDB, 2023.

doubled that of EMDEs. This may partly be explained by the pass-through effects of currency depreciations across Africa as well as the disruptions in supply chains occasioned by both COVID-19 and the Russia-Ukraine war.

In terms of regional analysis, inflation in North Africa was consistently below the African average from 2020 to 2022 and it is also projected to remain below the Continent's average for 2023 and 2024. Inflation in North Africa fell from 6.3 percent in 2020 to 4.6 percent in 2021 and increased to 8.2 percent in 2022. This was largely due to rising food and energy prices, currency depreciation, and supply –side constraints in a number of North African countries. On that note, the AfDB (2023) projected North Africa's inflation to reach 14.2 percent in 2023 and to decline by 6.8 percent in 2024.

In Southern Africa, inflation remained below Africa's average of 15.5 percent since 2021. Inflation in Southern Africa was 12.6 percent between 2020 and 2022 and it is projected to slow down to 10.1 percent in 2023 and 6.7 percent in 2024. The inflationary pressure in Southern Africa would be mainly driven by the pass-through effects of the depreciation of local currencies, rising energy and food prices as well as the global supply chain disruption.

Figure 4 : Inflation in Africa's Sub-Regions from 2020 to 2022 and Projections for 2023 and 2024

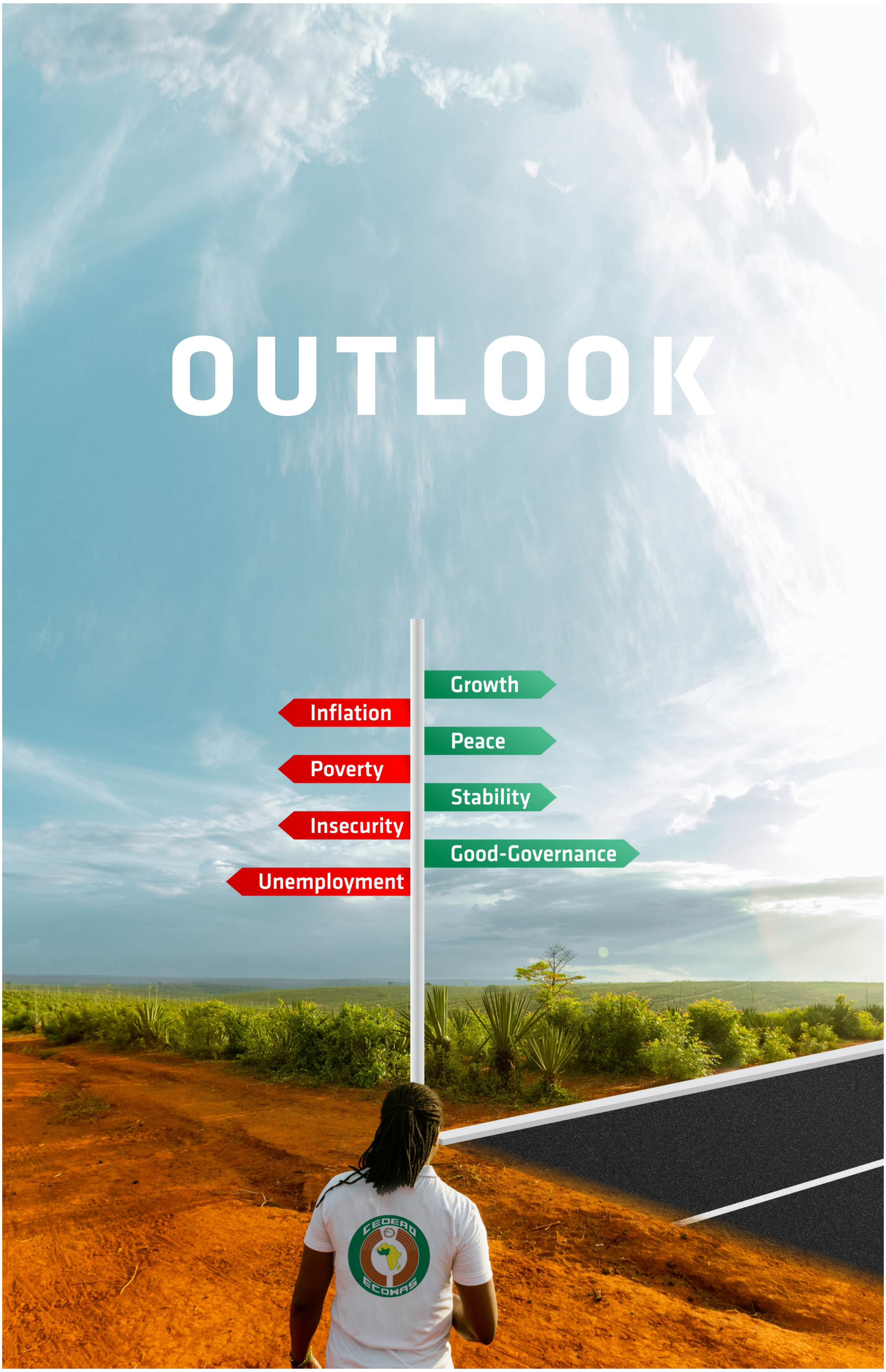


Source: African Development Bank, 2023.

The East African region had the highest inflation in Africa as the rate increased from an average of 17.3 percent in 2020 to 40.7 percent in 2021 and then slowed down to 28.9 percent in 2022. Key factors were droughts, conflicts, instability, rising interest rates, exchange rate depreciations, and supply chain disruptions. However, the sustained tightening of monetary policy in the region is projected to slow down inflation by 21.8 percent in 2023 and to 17.7 percent in 2024.

Inflation in the Central African region was the lowest in Africa. This was largely due to the common monetary policy of the region which put inflation treshold at 3 percent. The Inflation rate was below Africa's average. It increased from 3.9 percent in 2021 to 6.7 percent in 2022. The region's inflation rate is projected to hit 7.7 percent in 2023 before slowing down to 4.3 percent in 2024.

In the ECOWAS Region, inflation was slightly above Africa's average but far below that of East Africa. In 2020, average inflation in the region was 9.8 percent but increased to double digits, 12.7 percent in 2021 and then 17.0 percent in 2022. The region's inflationary pressure is mainly driven by the surge in food and energy prices, supply chain disruptions, and the pass-through effects of exchange rate depreciations. The region's inflation is projected to hit 17.5 percent in 2023 before slowing down to 11.3 percent in 2024.


OUTLOOK
Growth
Inflation
Peace
Poverty
Stability
Insecurity
Good-Governance
Unemployment
CEDEAO
ECOWAS

Chapter 2

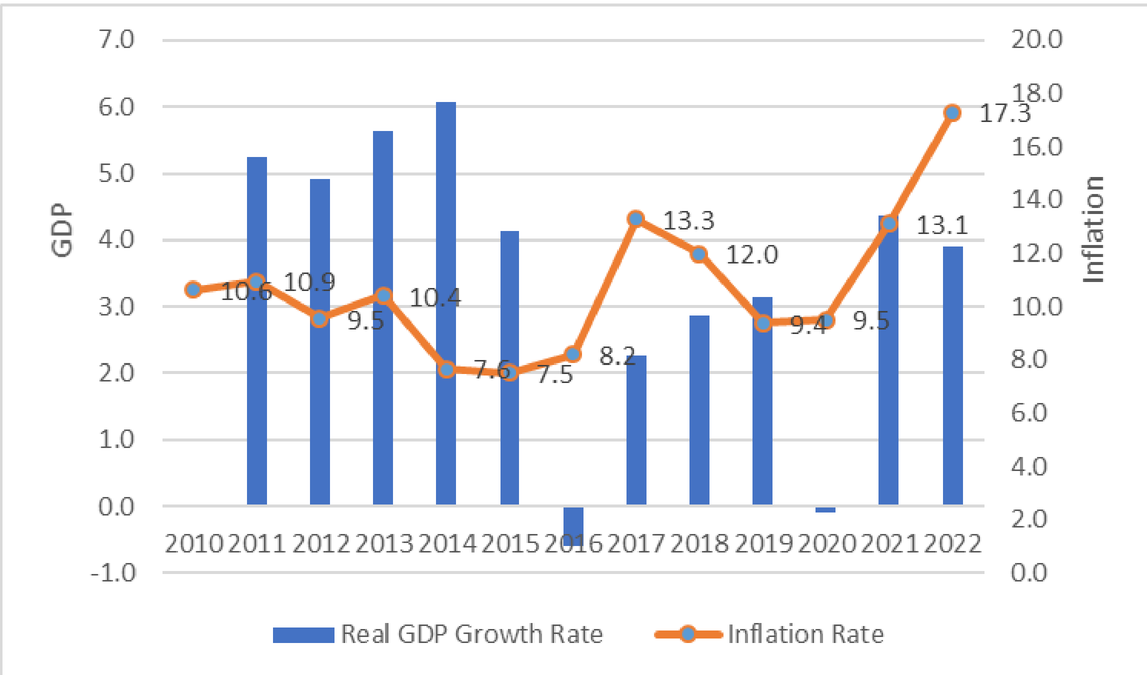
ECOWAS Economic Performance and Prospects

1 Economic Performance of ECOWAS Region

The ECOWAS region comprises of 15 member states: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Senegal, and Togo. Many regional indicators[1] are used to analyse the economic performance of the region. The economic growth measured by changes in real GDP shows a mixed performance in the period 2010 to 2022. This is as a result of global socioeconomic challenges including the COVID-19 pandemic and other health related challenges as well as the Russian-Ukraine war and other related events.

In 2011, the real GDP growth rate was 5.2 percent but declined to 4.1 percent in 2015 and further decreased to -0.6 percent in 2016 as a result of the negative effects of the Ebola epidemic of 2014 to 2016 and falling oil prices. Subsequently, the slight recovery of 2.9 percent in real GDP in 2018 was short-lived as it further declined to -0.1 percent in 2020, because of the COVID-19 pandemic. The region witnessed post-COVID-19 recovery as economic growth increased to 3.9 percent in 2022 (Figure 5).

Figure 5: Real GDP Growth Rate and Inflation Rate in ECOWAS Region: 2011 to 2022 (Percentage)



Source : ECOWAS Commission, 2023

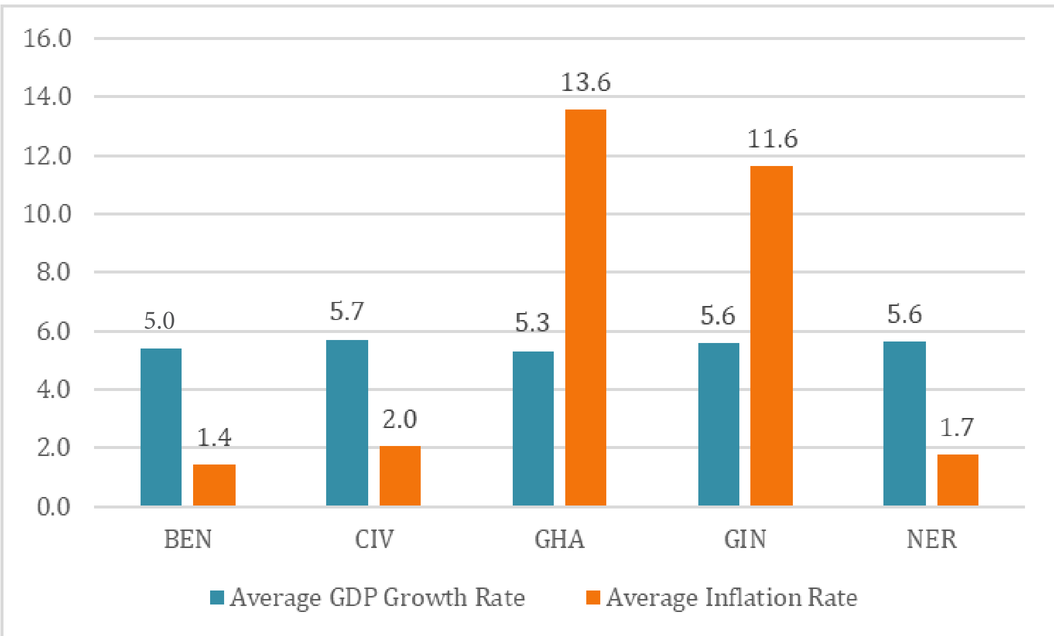
1. Regional indicators are computed using the real values of relevant indicators of ECOWAS member states, ECOWAS Exchange rate (Annex 1) and ECOWAS Country weights(Annex 2).

During the same period, analysis of the regional inflationary rate reflects a similar pattern as the real GDP. The regional rate decreased from 10.6 percent in 2010 to 7.6 percent in 2014 and increased to 13.3 percent in 2017 before reaching an all-time high of 17.3 percent in 2022. The increase was driven by the effects of depreciation of the national currencies of some member states against major international currencies and by the marked increase in world food and oil prices coupled with the lingering effects of the COVID-19 pandemic.

Within the context of inflation, the effects of the global economic policies added more pressure to the domestic currency within the region, as the exchange rates depreciated especially in Sierra Leone, Nigeria, and Ghana. During this period, as documented by the ECOWAS Convergence Report of 2022, energy index rose by 33.5 percent. Equally, food inflation rose by 14.1 percent in 2022. Other causes of high inflation include high and increasing energy and transport costs as well as hikes in administrative prices, especially electricity and utilities.

The pattern of economic performance of the region was further analysed by categorizing ECOWAS member states by average real GDP growth rate. The first category consists of member states with an average real GDP growth rate of more than 5 percent: Benin, Côte d'Ivoire, Ghana, Guinea and Niger (Figure 6). Of these member states, three of them reported substantially low inflationary rates except Ghana and Guinea who reported double-digit inflation rates of 13.6 percent and 11.6 percent respectively.

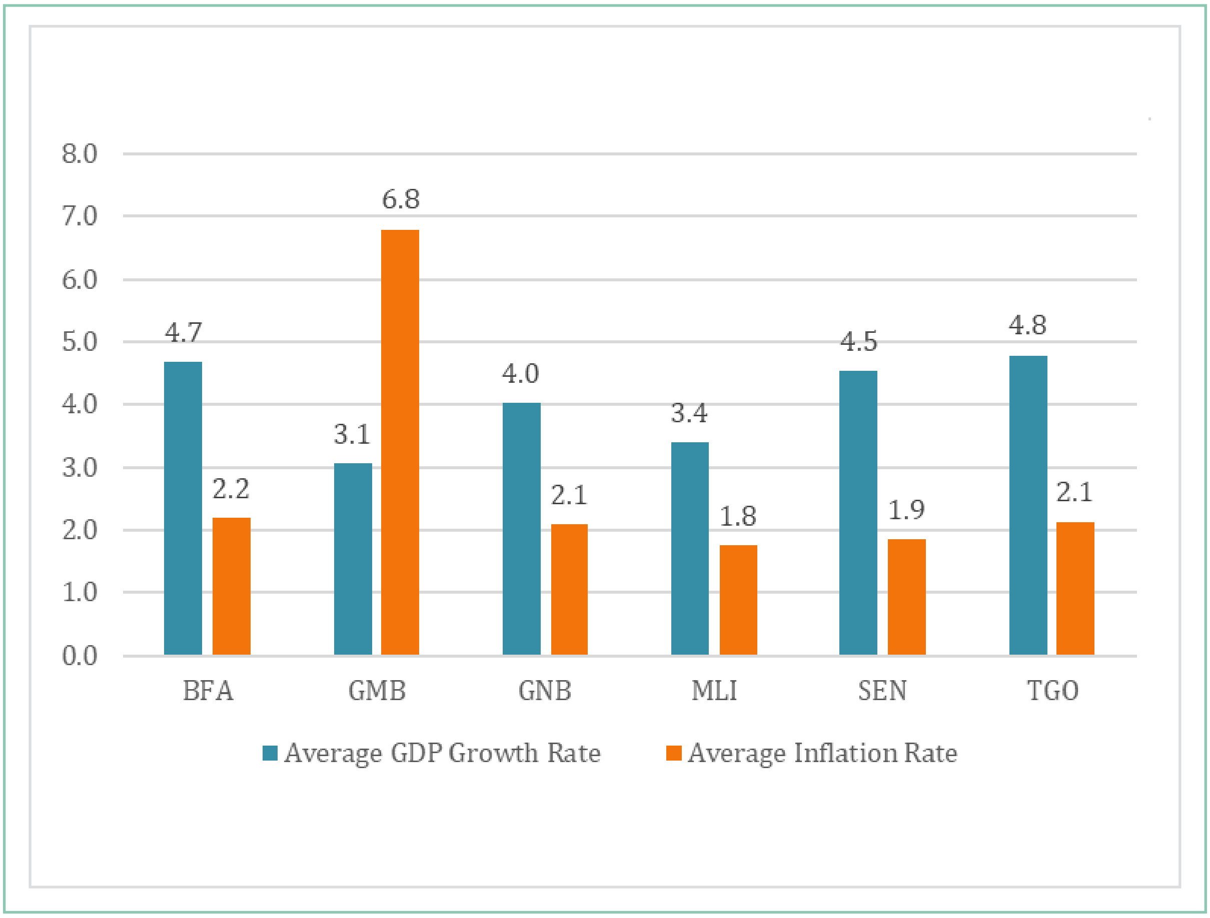
Figure 6: Real GDP Growth Rate of more than 5 percent and Inflation Rate of selected ECOWAS Member States: 2010 to 2022



Source : ECOWAS Commission, 2023

As shown in Figure 7, the second category is the ECOWAS member states with an average real GDP growth rate of more than 3 percent and less than 5 percent: Burkina Faso, The Gambia, Guinea Bissau, Mali, Senegal, and Togo. Out of them, The Gambia was an exception with 6.8 percent inflationary rate. Other member states had low and steady inflationary rates of between 1.8 percent and 2.2 percent.

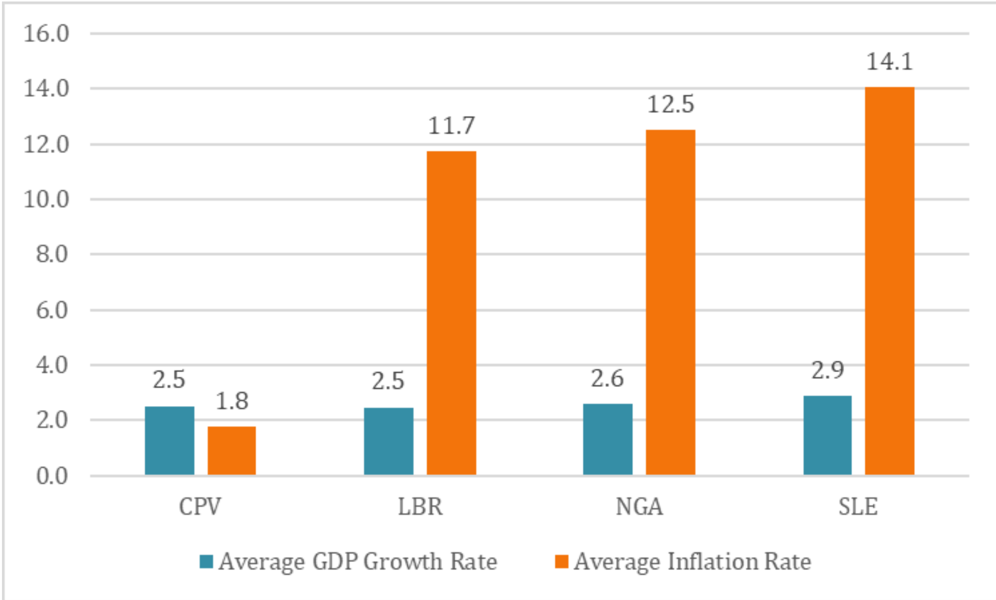
Figure 7: Average Real GDP Growth rate of more than 3 percent and less than 5 percent and Average Inflation Rate of selected ECOWAS Member States: 2010 to 2022



Source: ECOWAS Commission, 2023

The third category consists of ECOWAS member states with GDP growth rates of less than 3 percent; Cape Verde, Liberia, Nigeria and Sierra Leone (Figure 8). Apart from Cape Verde that reported an average inflation rate of 1.8 percent, Liberia, Nigeria, and Sierra Leone recorded high average inflationary rates of 11.7 percent, 12.5 percent and 14.1 percent respectively.

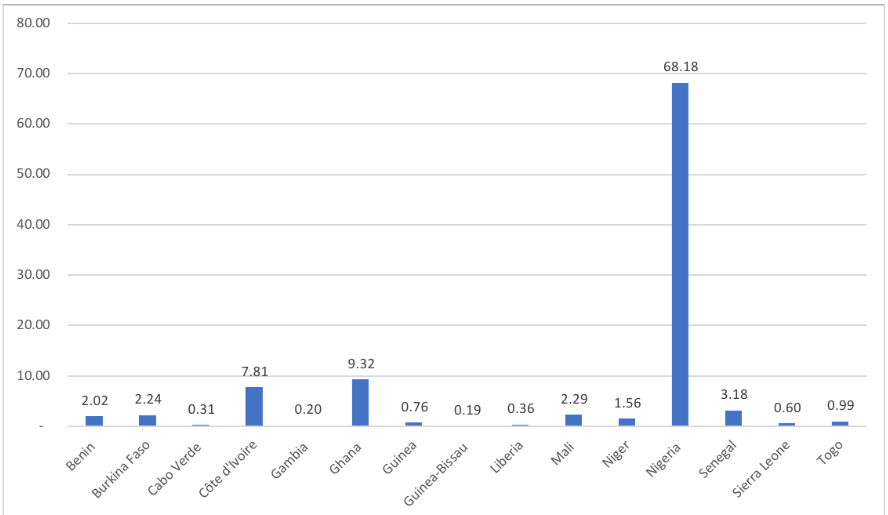
Figure 8: Real GDP Growth of Less than 3 Percent and Inflation Rate of Selected ECOWAS Member States: 2010 to 2022



Source: ECOWAS Commission, 2023

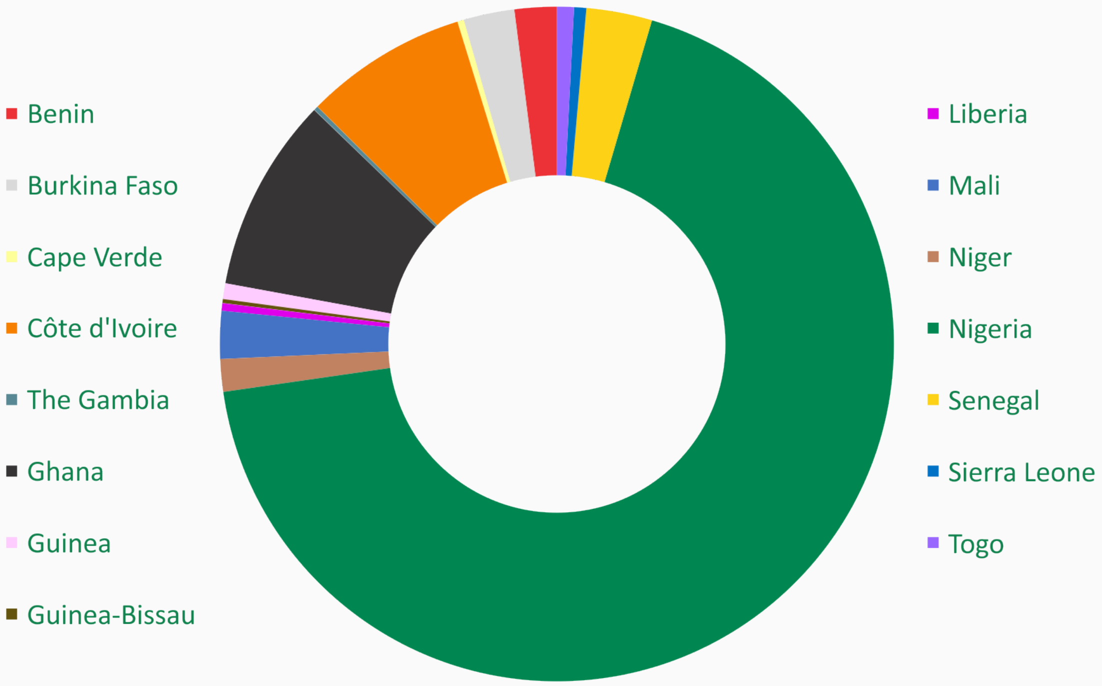
During the period of 2010 to 2022, Nigeria contributed 68.2 percent of the regional GDP. Ghana followed with an average contribution of 9.3 percent and Côte d'Ivoire had a contribution of 7.8 percent (Figure 9). The basic economic implication of these overwhelming contributions of Nigeria, Ghana and Côte d'Ivoire is their influence as significant determinants of the regional performance. In essence, these three member states are the main driving forces behind the sustained regional economic performance.

Figure 9: Average Contribution of ECOWAS Member States to Regional GDP: 2010 to 2022 (Percentage)



Source: ECOWAS Commission, 2023

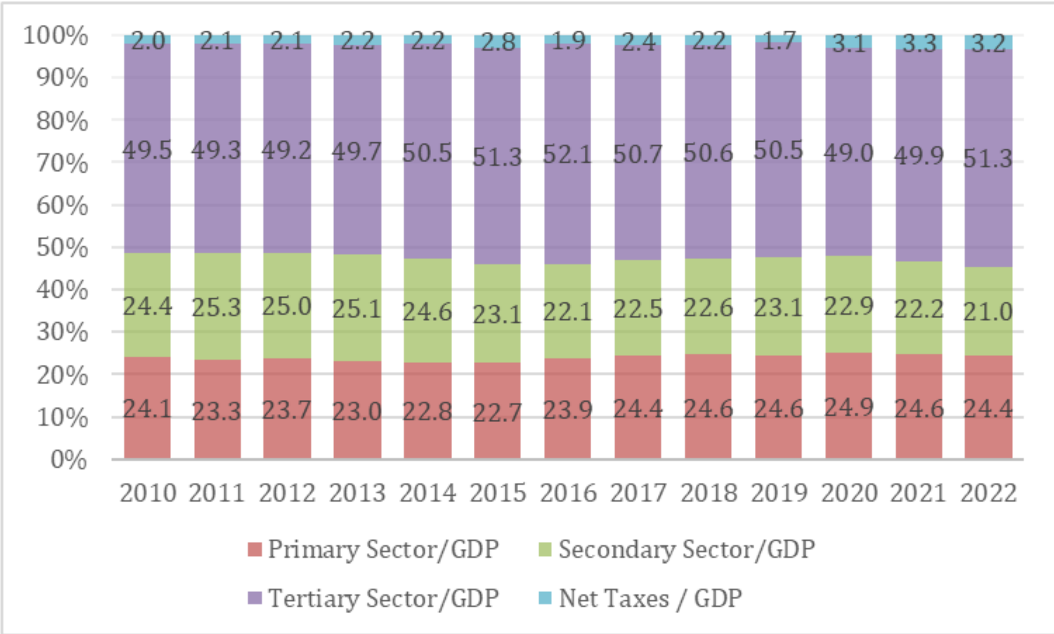
Average Contribution of ECOWAS Member States to Regional Real GDP: 2010 to 2022



On the supply side, during the period of 2010 to 2022, the sectoral contribution to regional real GDP clearly showed that the economy of the ECOWAS region was led by the tertiary sector. According to Figure 10, the tertiary sector's contribution to real GDP increased from 49.5 percent in 2010 to 51.3 percent in 2022.

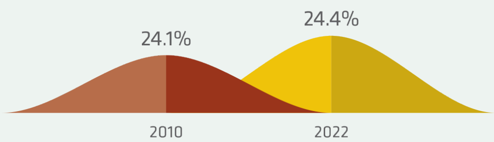
The primary sector followed with a slight increase in contribution from 24.1 percent in 2010 to 24.4 percent in 2022. The secondary sector contribution declined from 24.4 percent in 2010 to 21 percent in 2022. This clearly shows the poor performance of the industrial sector in the region and this reflects the low structural transformation of the economy.

Figure 10: Sectoral Composition of Real GDP in ECOWAS Region: 2010 to 2022

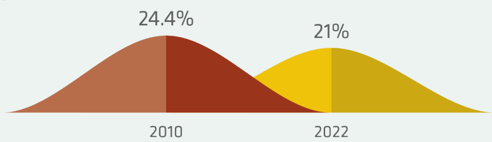


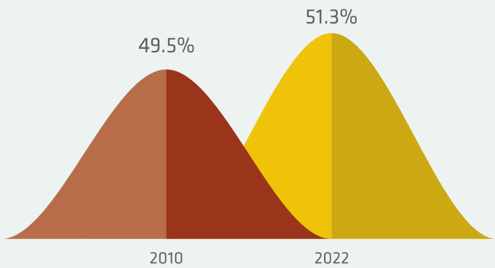
Source: ECOWAS Commission, 2023

Primary Sector Contribution to Real GDP



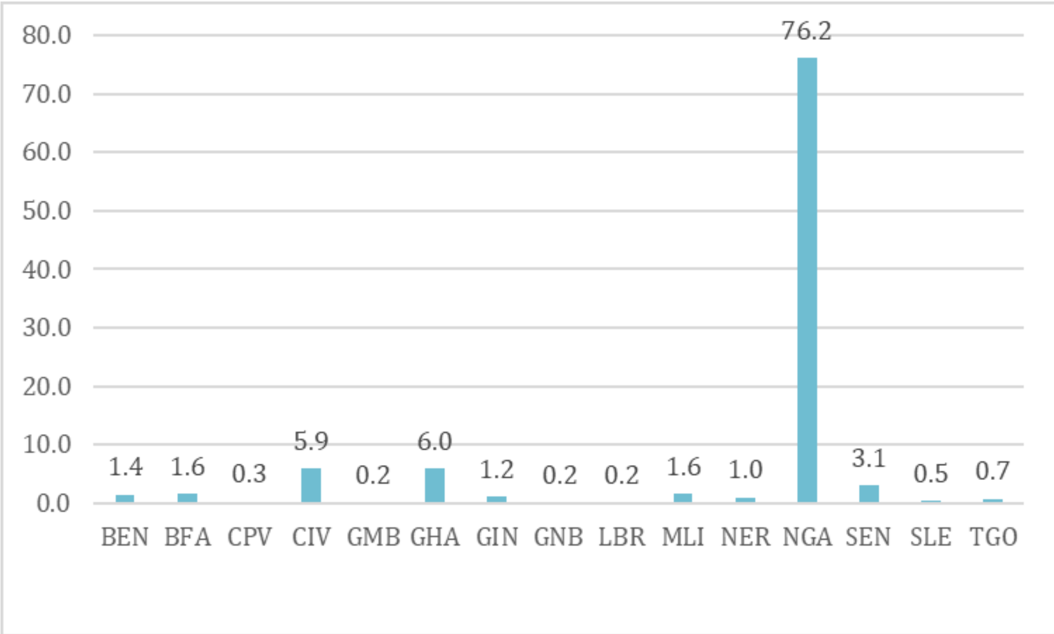
Secondary Sector Contribution to Real GDP





Tertiary Sector Contribution to Real GDP

Figure 11 : Average Contribution of Member States to Regional Tertiary Sector: 2010 to 2022



Source: ECOWAS Commission, 2023

A closer look at Figure 11, shows that Nigeria was the largest contributor to the regional service sector with 76.2 percent. Ghana followed with 6.0 percent and Côte d'Ivoire with 5.9 percent contribution. These three member states accounted for 88 percent of the regional tertiary sector. Overall, growth in ECOWAS was driven largely by Nigeria, the region's largest economy.

Regional analysis of 2021 and 2022 showed different levels of economic performance of ECOWAS member states. Côte d'Ivoire displayed remarkable economic growth, as its real GDP growth rate was 7.4 percent in 2021 and 6.7 percent in 2022. This performance can be attributed to the implementation of various economic and social intervention programmes.

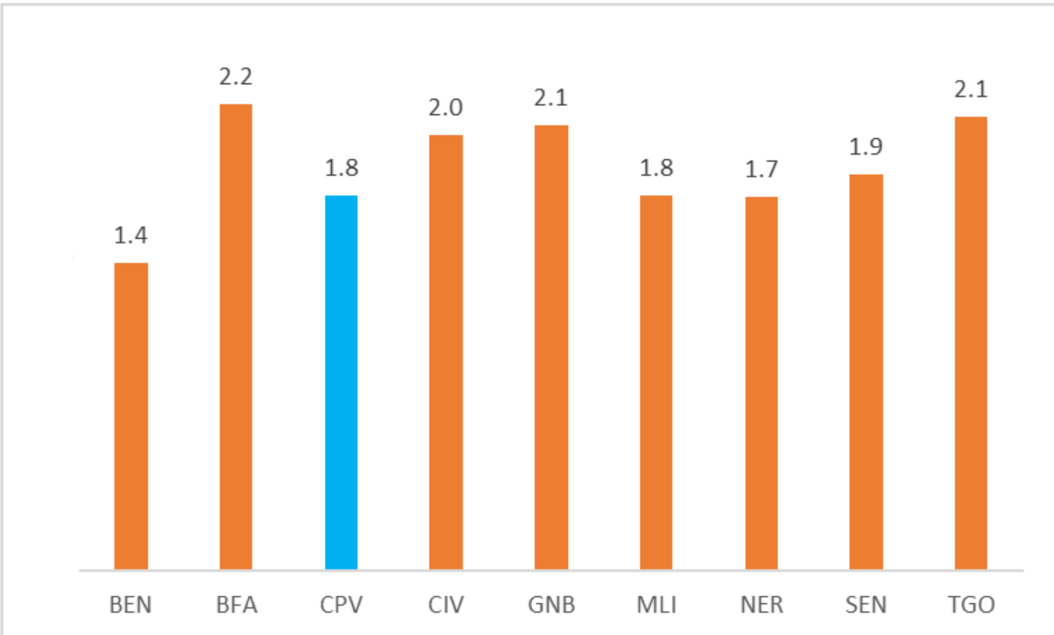
Nigeria's real economy which grew by 3.6 percent in 2021 reduced slightly to 3.3 percent in 2022, benefiting from high oil prices, recovery in services and manufacturing, and policy support in agriculture. However, the effect of higher oil prices was offset by production constraints caused by oil theft and insecurity in oil-producing regions.

In Ghana, economic growth witnessed a decrease from 5.1 percent in 2021 to 3.1 percent in 2022, below the ECOWAS average of 3.9 percent. This can be attributed to the tight monetary policies, high public debt, and weakening of the local currency. The growth rate of the Senegalese economy slowed down from 6.5 percent in 2021 to 4.2 percent in 2022. This was mainly attributed to the poor performance of the agricultural and secondary sectors.

Four member states showed better performance despite the disrupting impact of the COVID-19 pandemic. Cape Verde's economy grew from 6.8 percent in 2021 to 17.7 percent in 2022, mainly because of the performance of the secondary sector dominated by tourism. Agriculture made a huge comeback in Niger driven mainly by good harvest. Similarly, Côte d'Ivoire and Benin sustained their performance due to improved commodity prices at the global level.

In addition, there was a marked difference in the inflationary pattern of ECOWAS member states. During the period of 2010 to 2022, the West Africa Economic and Monetary Union (WAEMU) group and Cape Verde recorded average inflation rates of between 1.4 percent and 2.2 percent (Figure 12). This was achieved through prudent economic policies and also, in the case of the UEMOA, the common currency.

Figure 12: Average Inflation Rate of West African Economic and Monetary Union Member States and Cape Verde : 2010 to 2022 (Percentage)

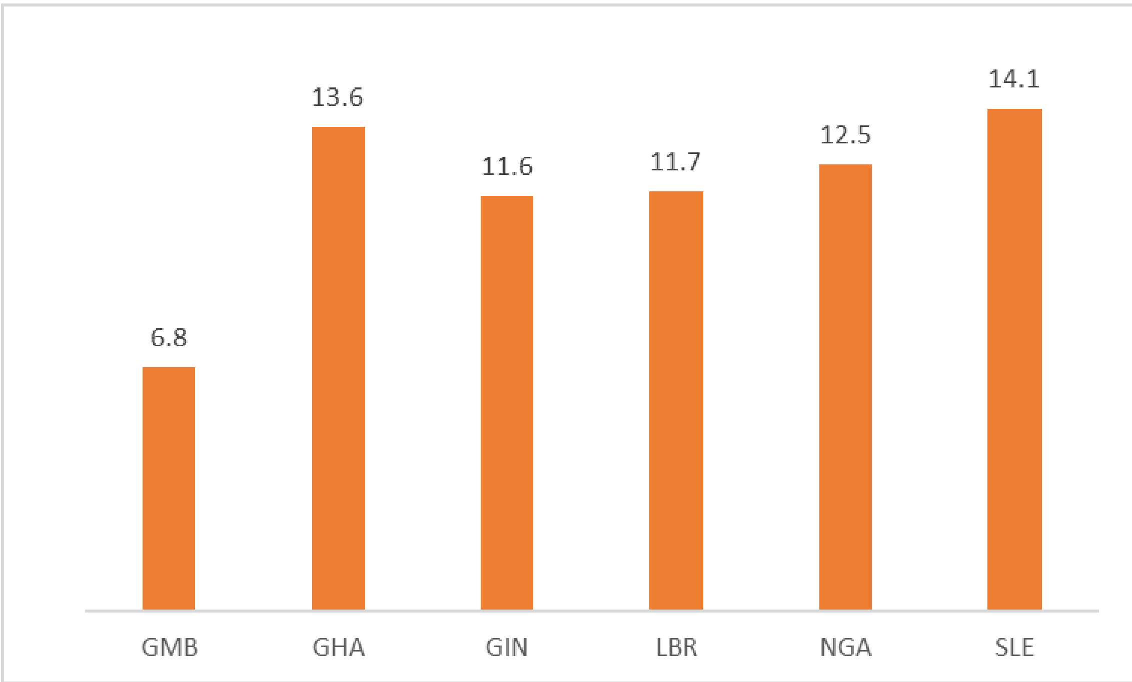


Source: ECOWAS Commission, 2023

Four member states showed better performance despite the disrupting impact of the COVID-19 pandemic.

During the same period, the West African Monetary Zone (WAMZ) member states recorded an increase in average inflation rate from 9.7 percent in 2016 to 20.2 percent in 2022. As shown in Figure 13, Sierra Leone recorded the highest average inflation rate of 14.1 percent, followed by Ghana with 13.6 percent and Nigeria with 12.5 percent. The notable inflationary pressure was in Ghana where inflationary rates increased from 10.7 percent in 2010 to 17.2 percent in 2015 and 31.5 percent in 2022 despite the adoption of the inflation targeting framework since 2007. Also, Sierra Leone had the same trend as the inflation rate increased from 17.8 percent in 2010 to 26.9 percent in 2022. Similarly, the inflation rate of Nigeria increased from 13.7 percent in 2010 to 18.8 percent in 2022.

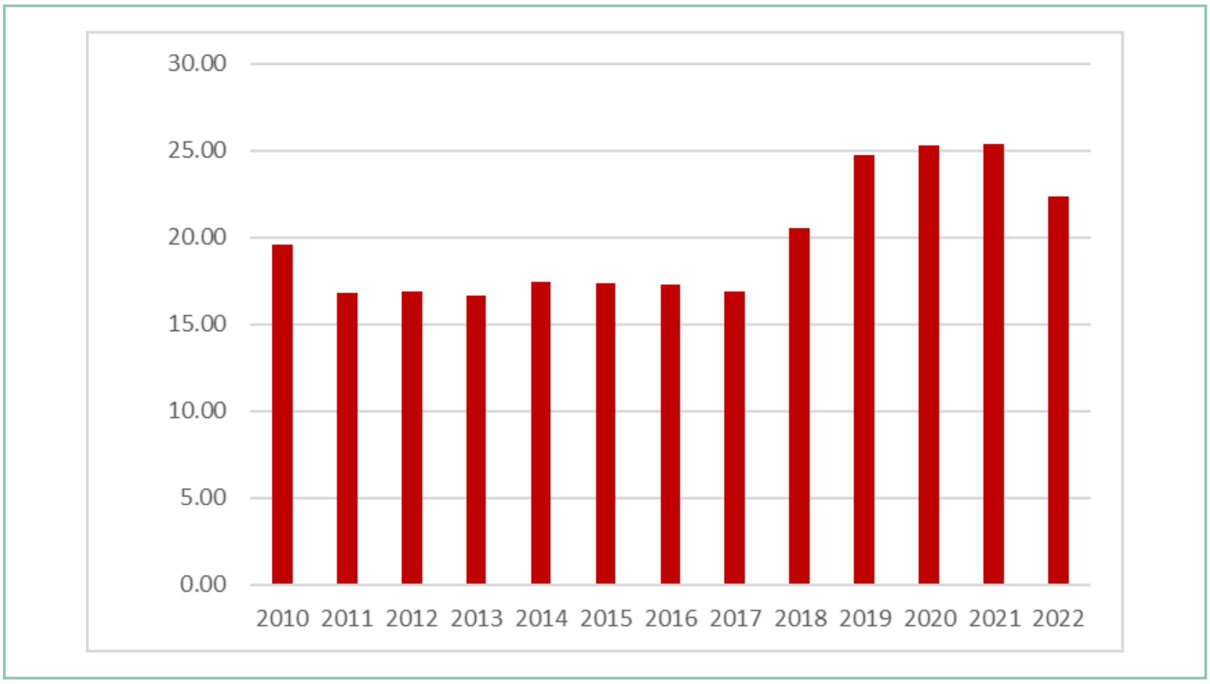
Figure 13: Average Inflation Rate of West African Monetary Zone Member States: 2010 to 2022 (Percentage)



Source: ECOWAS Commission, 2023

On the demand side, ECOWAS GDP growth was mainly driven by the strengthening of final consumption which increased by 4.6 percent in 2021 and 4.5 percent in 2022 and better performance of investment which increased from 8.6 percent in 2021 to 19.4 percent in 2022. The increase in investment was driven by private sector investment, accompanied by public investment supported by the continued implementation of major infrastructure projects. The overall investment rate increased from 24.0 percent of GDP in 2021 to 26.4 percent of GDP in 2022. The increase in final consumption was the result of the consolidation of public consumption which increased from 8.6 percent in 2021 to 5.7 percent in 2022 and increased household consumption from 4.0 percent in 2021 to 4.3 percent in 2022.

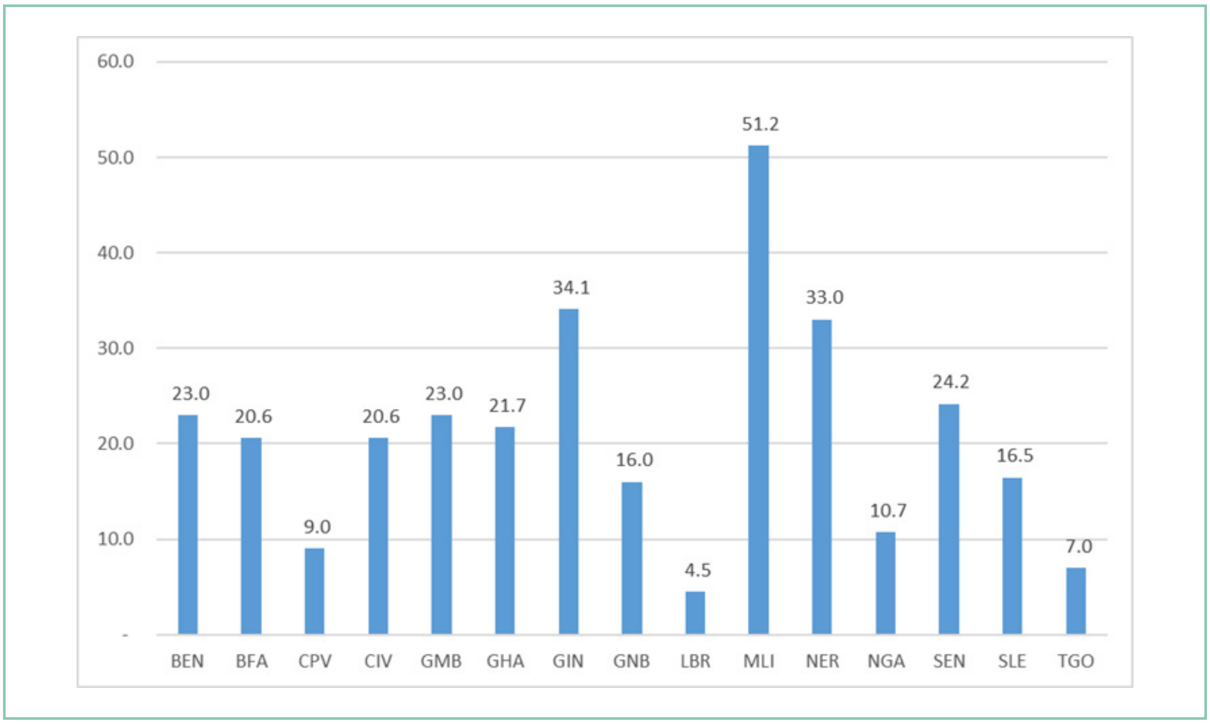
Figure 14: Total Investment to GDP Ratio of ECOWAS Region: 2010 to 2022 (Percentage)



Source: ECOWAS Commission, 2023

In the ECOWAS region, the total investment as a percentage of the regional GDP decreased from 19.6 in 2010 to 16.9 in 2017 and increased to 22.4 percent in 2022 (Figure 14).

Figure 15: Average Investments to GDP Ratio of ECOWAS Member States: 2010 to 2022 (Percentage)



Source: ECOWAS Commission, 2023

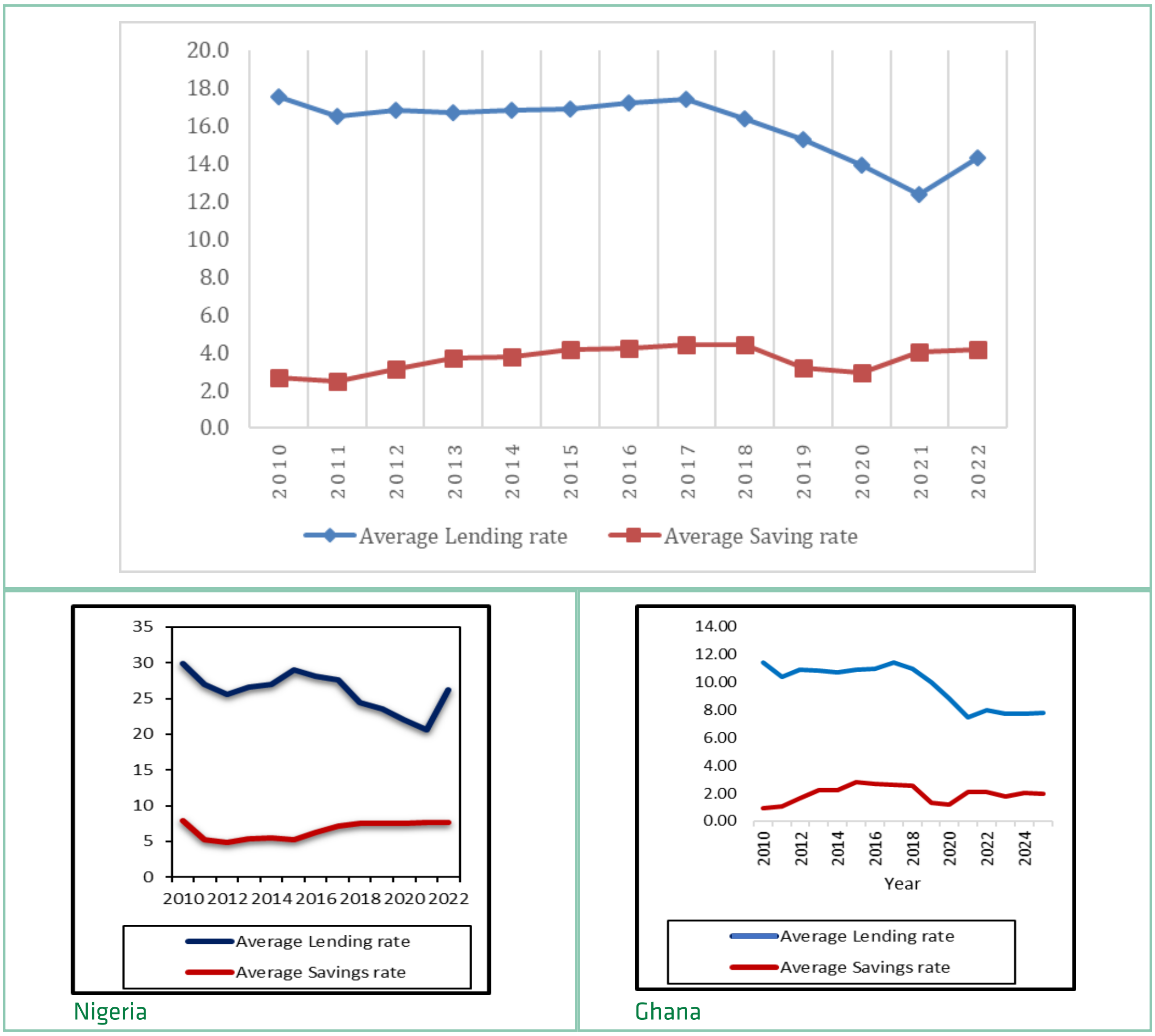
Mali with average total investment to GDP ratio of 51.2 percent was the leading member state in terms of investment, followed by Guinea and Niger with 34.0 and 33.0 percent respectively. (Figure 15).

According to the AfDB (2022), ECOWAS member states recorded an outflow of USD19 billion in portfolio investments in 2020, against a net inflow of $14.5 billion in 2019, as investors retreated to safer markets. Nigeria which saw wide swings from inflows to outflows between 2019 and 2020— USD3.1 billion to USD3.6 billion—experienced the largest net outflows due to pandemic-induced risk aversion. Net portfolio investment outflows increased by 40.2 percent between 2020 and 2021. Remittance flows to ECOWAS increased by 18.2 percent between 2021 and 2022.

Within the context of regional monetary development, many Central Banks of ECOWAS member states with declining or relatively stable inflation maintained or lowered monetary policy rates since 2010. There was a deep cut in the monetary policy rate (MPR) in Liberia (10 percentage points) and WAMZ member states owing to inflationary pressures. The Central Banks of Ghana and Nigeria resorted to unconventional policy interventions, including direct liquidity injections into the banking system, moratoriums on loan payments by severely affected firms and households, and buybacks of government securities.

Another monetary phenomenon in the period 2010 to 2022 was the high interest rate gap in the region (Figure 16).

Figure 16: Average Lending and Saving Rates in ECOWAS Region, Nigeria and Ghana: 2010 to 2022 (Percentage)



Source: ECOWAS Commission, 2023

Nigeria with an average interest rate gap of 18.7 percent and Ghana with an average of 18.6 percent interest rate gap had the highest gap in the region. The basic economic implication is that the high average lending rate may cause supply-side constraint as the rate will discourage borrowing for productive activities. At the same time, the low average savings rate below the inflation rate will render the instrument of interest rates ineffective for domestic resource mobilization.

The WAEMU member states had a low average interest rate gap. For instance, the average interest rate gap of Senegal was 0.7 percent in the period of 2010 to 2022. In addition, Cape Verde, The Gambia, and Sierra Leone had the lowest interest rate gap with 3.1 percent, 4.3 percent, and 1.4 percent respectively. Cape Verde's performance was a reflection of the financial system that is liquid, profitable and well capitalized. Regulatory capital to risk weighted assets was 22.3 percent, above regulatory minimum of 12 percent while the return on equity and assets was 17.4 percent and 1.7 percent respectively.

Non-Performing Loans (NPLs) portfolio decreased from 8.1 percent in 2021 to 7.8 percent of total loans in 2022 (IMF 2023).

In the case of available domestic credit, a large percentage of regional total credit was allocated to the private sector. As shown in Figure 17, there was an increase in credit to private sector of 117 percent in 2011 to 2017. The main driver of regional trend was Nigeria as the country provided significant credits to private sector to the tune of USD 41.9 billion (Box 1). The credit to the private sector out of total regional credits reduced from 64.5 percent in 2021 to 59.1 percent in 2022 but remained considerably high and dominating.

The ratio of domestic credit to regional GDP decreased from 18.7 percent in 2011 to 15.8 percent in 2017. There was a steady increase to 28.4 percent in 2020 and further to 33.3 percent in 2022. Domestic credit grew in all the member states and the rate varied across member states. Cape Verde had the highest with 69 percent in 2022, Nigeria had 32.8 percent, Liberia had 32.2 percent, Senegal had 51.8 percent, and Mali had 43.3 percent. The member state with the least was Niger with 16.5 percent.

Domestic Credit to Regional GDP in 2011

18.7%

Domestic Credit to Regional GDP in 2022

33.3%

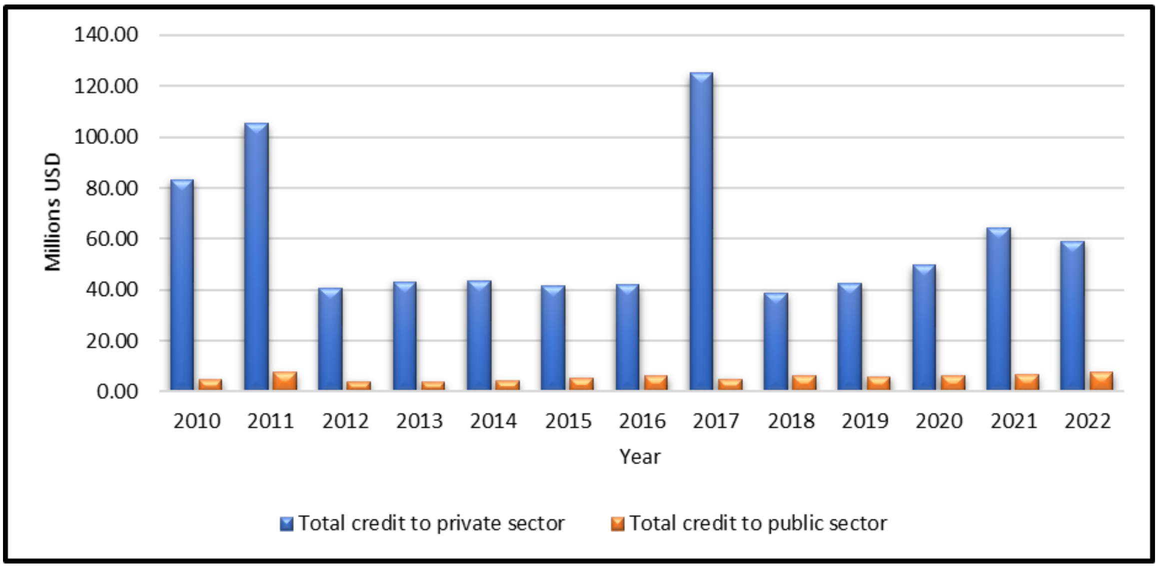
Box 1: Nigeria: Banks loan ₦63 Trillion Credits to Private Sector in 2017

In 2017, the banking sector in Nigeria extended a total credit of ₦63.27 trillion to the private sector, according to data from the National Bureau of Statistics. The loans were disbursed throughout the year, with ₦16 trillion provided in the first quarter and approximately ₦15.7 trillion, ₦15.82 trillion, and ₦15.74 trillion distributed in the second, third, and fourth quarters, respectively. The report revealed that the oil and gas sector received the highest amount of loans from banks, totaling ₦14.2 trillion, which accounted for 22.44% of the total credit to the private sector. The manufacturing sector followed with ₦8.79 trillion, constituting 6.7% of the overall credit to the private sector.

A former President of the Abuja Chamber of Commerce and Industry, called on the Central Bank of Nigeria to reduce the Cash Reserves Ratio (CRR) and Liquidity Ratio to free up more funds for banks to provide credit to the real sector. Currently, the CRR is set at 22.5%, the liquidity ratio at 30%, and the Asymmetric Window at +200 and -500 basis points around the Monetary Policy Rate (MPR), which is 14%. This reduction was recommended because banks had exceeded the 80% loan-to-deposit regulatory threshold, limiting their ability to create money or extend credit to businesses.

Source: Punch Nigeria, 11th February, 2018

Figure 17: Total Credit to the Private and Public Sector in ECOWAS Region: 2010 to 2022



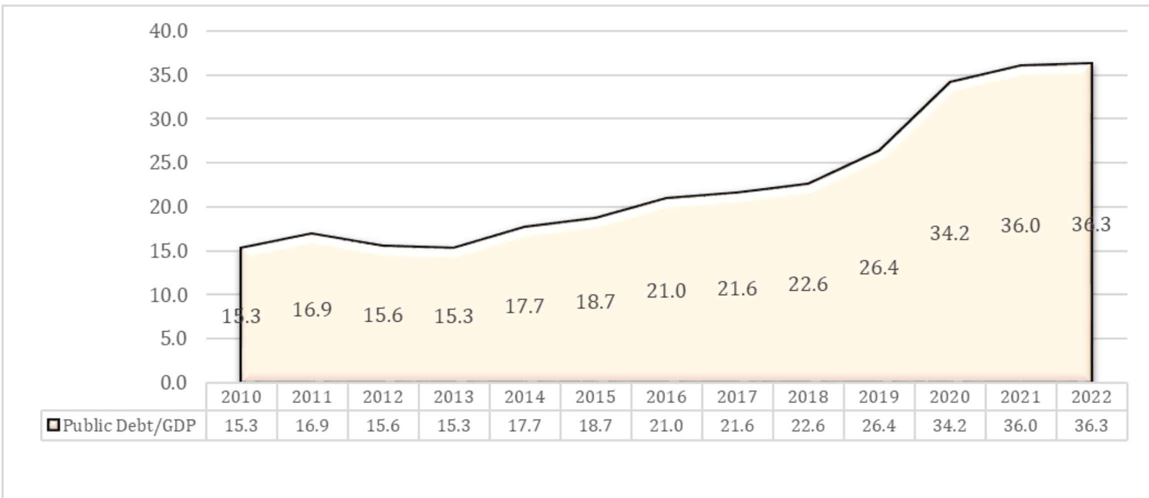
Source: ECOWAS Commission, 2023

In terms of fiscal performance of the ECOWAS region, several factors were at play. These relate to fiscal policies, external borrowing, economic growth rates, and huge debt servicing. The region's budget balance as a percentage of GDP deteriorated from -4.5 percent in 2010 to -5.6 percent in 2022, due to high debt servicing, subsidies and COVID-19 related interventions.

The aggregate fiscal balance with grant as a percentage of GDP of the WAMZ member states deteriorated from -2.2 percent in 2016 to -5.0 percent in 2022. The deficit position of the WAEMU member states deteriorated from -3.6 percent in 2016, to -6.6 percent in 2022 (See Annex 3).

Figure 18 shows that the regional public debt to GDP ratio increased from 15.3 percent in 2010 to 36.3 percent in 2022 because of the combined effects of debt burden, depreciated values of national currencies, and inflation, posing economic development challenges.

Figure 18: Gross Public Debt to GDP Ratio of ECOWAS Region: 2010 to 2022



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Debt/GDP	15.3	16.9	15.6	15.3	17.7	18.7	21.0	21.6	22.6	26.4	34.2	36.0	36.3

Source: ECOWAS Commission, 2023

Cape Verde had the average ratio of 108.4 percent, followed by The Gambia with 68.8 percent, Ghana with 55.9 percent, and Nigeria had the lowest ratio of 14.3 percent. However, Nigeria and Ghana contributed the most to the overall increase in debt stock, reaching more than 36.3 percent of GDP in 2022. As from 2016, Nigeria (14.1 percent of GDP) and Ghana (54.6 percent of GDP) experienced significant increase to 22.9 percent and 71.2 percent respectively. This trend reflects the continuous debt burden due to large increase in nominal dollar-denominated public debt and higher debt service obligations.

The debt to GDP ratio increased despite international community temporary debt service relief of the Debt Service Suspension Initiative (DSSI) during the COVID-19 pandemic. Although, the DSSI eased considerable liquidity pressures, the debt service standstill represents only a temporary solution because of the expiry of the DSSI in December 2021. In November 2020, the G20 and the Paris Club creditors reached an agreement on a common debt treatment framework (the Common Framework) to address protracted insolvency and liquidity issues in DSSI-eligible countries. The effect of this temporary relief can be seen in 2022 as the regional public debt to GDP ratio increased from 26.4 percent in 2019 to 36.3 percent in 2022 (Figure 18).

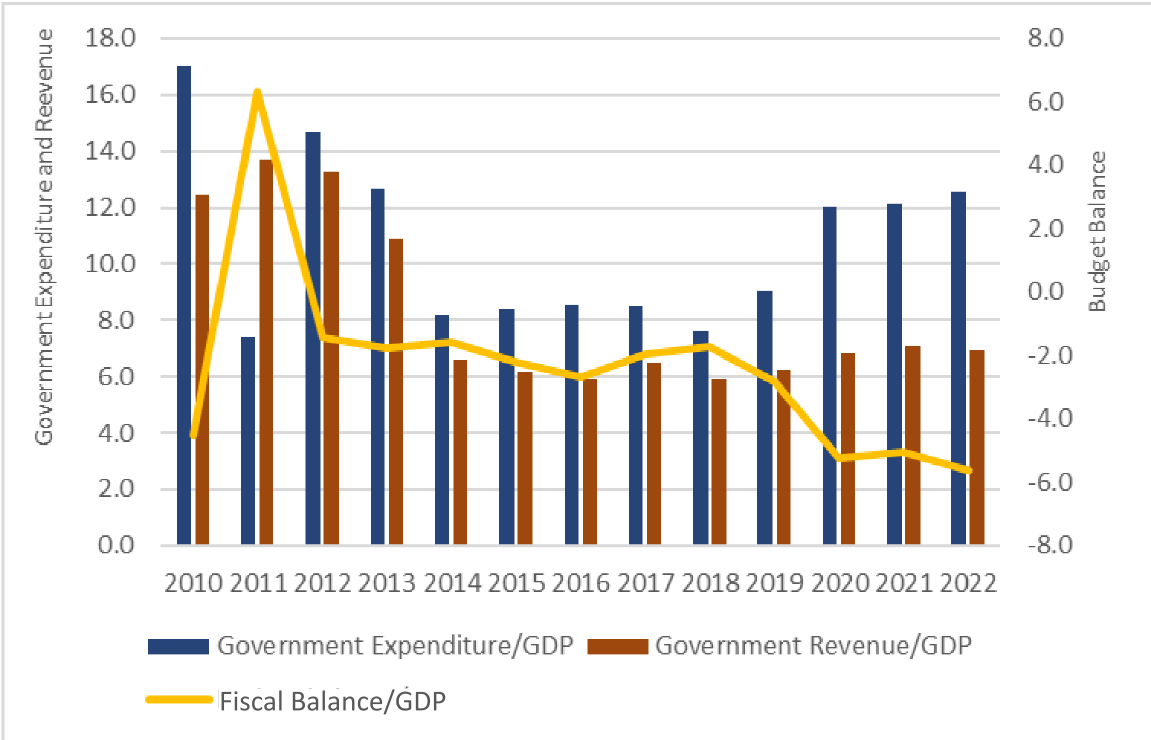
The regional public expenditure as a percentage of GDP decreased from 17 percent in 2010 to 8.7 percent in 2016 and to 12.7 percent in 2022. This reflected the concerted efforts of member states to reduce public spending. Cape Verde reduced expenditure from 35.7 percent in 2010 to 26.6 in 2016 and 25.7 in 2022. The Gambia and Mali's public expenditure increased from 12.9 percent and 19.8 percent in 2010 to 19.3 percent and 21 percent in 2016 and 23.7 percent and 25 percent in 2022 respectively. Guinea reduced their public expenditure as a percentage of GDP from 15.9 percent in 2016 to 14.1 percent in 2022.

The overall increase in the regional aggregate was due to an increase in Ghana's public expenditure as a percentage of GDP from 17.3 percent in 2016 to 26.9 percent in 2022. In a bid to curb the heavy reliance on borrowing, fiscal policy measures such as increasing the tax- to-GDP ratio were implemented in some member states such as Nigeria.

ECOWAS member states undertook fiscal stimuli amid constrained revenues because of COVID-19 pandemic. Many of the stimuli included "above-the-line" measures. Fiscal deficits widened from -2.4 percent in 2016 to -4.8 percent in 2021 and to -5.4 percent of GDP in 2022. In 2021, additional spending or forgone revenues was estimated at 0.8 percent of GDP in the health sector and 2.4 percent of GDP in non-health sectors. In 2022, fiscal deficits reduced in some member states, supported by economic recovery and attendant improvement in revenues.

However, rising commodity prices and inflationary pressures triggered by the Russia–Ukraine conflict present a major headwind for the fiscal situation in the short to medium term, especially for net commodity-importing economies. In the long term, continued efforts to expand the revenue base, coupled with fiscal consolidation and better targeting of subsidies offer more opportunities for reducing fiscal stress in the ECOWAS region.

Figure 19: Government Expenditure, Revenue and Fiscal Balance to GDP Ratio: 2010 to 2022 (Percentage)



Source: ECOWAS Commission, 2023

As shown in Figure 19, the persistent increase in levels of public expenditure in the region stemmed from additional, extrabudgetary expenditures related to security and conflict associated with political transitions. The subsidization and the substantial debt servicing, combined with the devaluation of national currencies, considerably increased the external debt burden.

Total revenue including grants as a percentage of GDP in the ECOWAS region increased from 7.2 percent in 2016 to 9.6 percent in 2022. ECOWAS member States improved marginally in terms of total revenue collected as a percentage of GDP.

Total revenue including grants as a percentage of GDP in the ECOWAS region in 2016

7.2%

Total revenue including grants as a percentage of GDP in the ECOWAS region in 2022

9.6%

The relatively poor performance in terms of revenue generation was largely attributed to the decrease in non-tax revenue driven by a slowdown in economic activities, especially in the oil sector. However, the deployment of integrated tax administration systems and other e-tax administration in some member states improved revenue collection considerably.

In terms of regional external trade performance, due to the monocultural nature of ECOWAS member states, global commodity prices considerably impacted the performance of the region in terms of international trade (Box 2). While some commodities had stable and rising prices, others faced challenges due to global market dynamics, climate-related issues, and supply chain disruptions. The oil-dependent economies within ECOWAS were susceptible to fluctuations in crude oil prices. Agricultural commodities showed resilience, with increasing demand for food products.

The deployment of integrated tax administration systems and other e-tax administration in some Member States improved revenue collection considerably.

Box 2: Price Fluctuation of Cashew Nuts in Guinea Bissau

Guinea-Bissau is a fragile state facing significant challenges, including high poverty rates, low human development indicators, and heavy reliance on unprocessed cashew nut exports. The combination of these factors makes households vulnerable to price shocks and climate change.

In 2021, the country experienced accelerated growth of 6.4% due to record-high cashew nut exports, public investments, and the easing of COVID-19 restrictions. However, in 2022, growth slowed due to logistical issues affecting cashew nuts exports and rising inflation, driven partly by the Ukraine conflict's impact on commodity prices.

The external position deteriorated, with the current account deficit worsening in 2022 due to reduced cashew nut exports and higher import costs. In 2023, growth is expected to recover to 4.5%, assuming cashew nut exports rebound and private sector investment, particularly in the energy sector continues. Domestic political instability, weak state capacity, disappointing cashew nut exports, and climate change-related shocks pose a threat to agricultural production.

The authorities may need to rationalize non-priority spending, seek additional support from international financial institutions (IFIs), and address financial stress in state-owned enterprises and banking fragilities.

Source: IMF, 1st January 2022

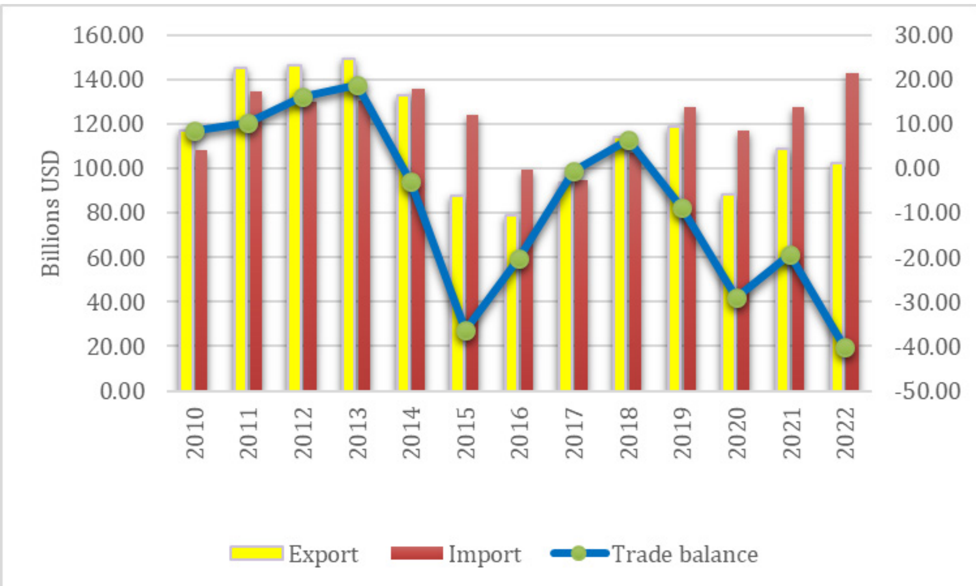
The average prices of major commodities for the period of 2021 to 2022 showed a positive trend as reflected in changes in prices of energy goods (58.3 percent), non- energy products (13.3 percent), agricultural products (14.0 percent), and raw materials (8.0 percent). The increase in the average energy index was primarily caused by an increase in oil (40.6 percent) and petrol prices (73.3 percent). The drop in the non-energy goods index was entirely attributed to a 65.5 percent drop in the fertilizer price index (ECOWAS Convergence Report, 2022).

According to the ECOWAS Annual Trade Report(2023), the region's total trade in goods with the world stood at USD 270 billion, with a trade deficit of USD 26 billion in 2021. Exports was USD 122 billion, representing 20.0 percent of African exports and 0.4 percent of the world's exports. Imports was USD 148 billion, representing 20.5 percent of African imports and a 0.6 percent share of the world imports. In the period of 2016 to 2021, the region witnessed an annual growth of 3.8 percent of its trade in goods (exports).

The regional trade balance remained in deficit and increased to USD 40 billion in 2022. Total exports decreased by 5 percent, while total imports increased by 11 percent. In 2021, the ECOWAS exports comprised of oil (47 percent), precious stones (22 percent), cocoa (8.1 percent), ores and mining products (5 percent) and fruits (2.4 percent).

ECOWAS member states' heavy reliance on agricultural and mineral commodities make them to be susceptible to external shocks (Afrexim Bank, 2022). Nigeria and Ghana relied on crude oil, as oil exports accounted for 89.2 percent and 27.2 percent of total exports in 2022 respectively. Côte d'Ivoire and Ghana relied on cocoa, and the commodity accounted for 38.5 percent and 18.3 percent of their total export basket, respectively in 2021. This trade pattern exposes the region to risks associated with fluctuations in global commodity prices.

Figure 20: Export, Import, and Trade Balance in the ECOWAS Region: 2010 to 2022



Source: ECOWAS Commission, 2023

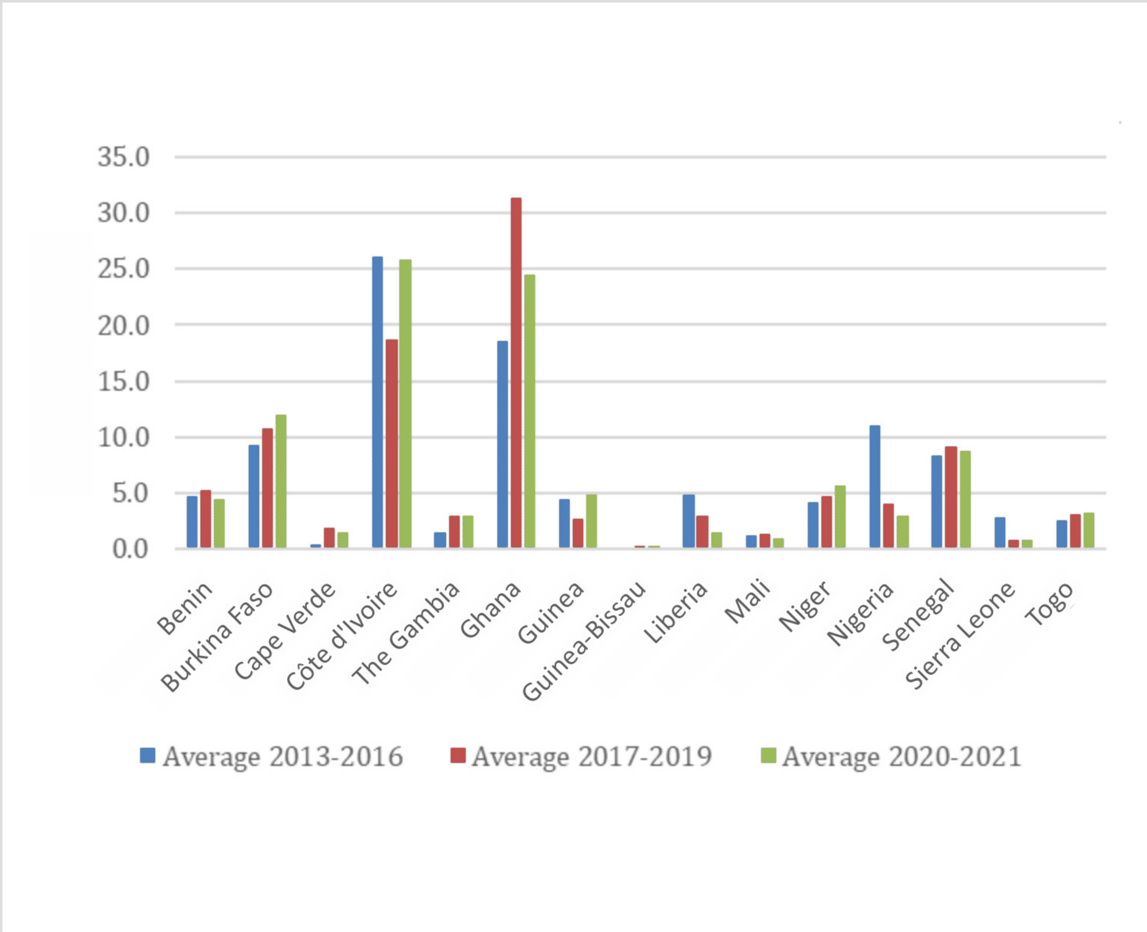
The region's dependence on imports to satisfy its internal needs for consumer goods and capital goods for industrial production is largely determined by its trade patterns.

In terms of intra-regional trade performance, intra-ECOWAS trade represents nearly 12 percent of the region's total trade. The pattern of low intra-regional trade masks the disparities among member states. Nine (9) ECOWAS member states recorded over 20 percent in intra-trade, with a maximum of 35.4 percent for Niger.

As shown in Figure 21, Ghana and Côte d'Ivoire dominated in terms of intra-ECOWAS imports. In addition, Nigeria and Côte d'Ivoire were the dominant member states in terms of their contributions to intra-ECOWAS exports (Figure 22). Nigeria total exports to other ECOWAS member states decreased from USD 4.8 billion in 2013 to USD 4.1 billion in 2022.

Nigeria, which represents 65 percent of the total trade of the ECOWAS region, had its average contribution to intra-ECOWAS exports reduced from 36.5 percent in 2017-2019 to 24.9 percent in 2020 to 2021. In addition, Nigeria's contribution to intra-ECOWAS imports fell from 11 percent in 2013 to 2016 to 2.9 percent in 2020 to 2021. As a result, the relatively poor intra-regional trade compared to external trade is a direct result of Nigeria's low contribution to intra-ECOWAS trade.

Figure 21: Average Contribution of Member States to Intra-ECOWAS Import (Percentage)



Source: ECOWAS Commission, 2023

In summary, it is evident that belonging to a free trade area has a positive impact on intra-regional trade in the ECOWAS region. The performance of inter-ECOWAS trade is hindered by two major factors. First, inability of ECOWAS member states to effectively implement ETLS that eliminates both tariff and non-tariff barriers increase the trade cost in the region. Second, there is inadequate evaluation of informal trade which make the computation of intra-trade difficult. In addition, Nigeria had a minimal contribution of 3.5 percent to intra-regional trade and has no substantial trade relations with other member states.

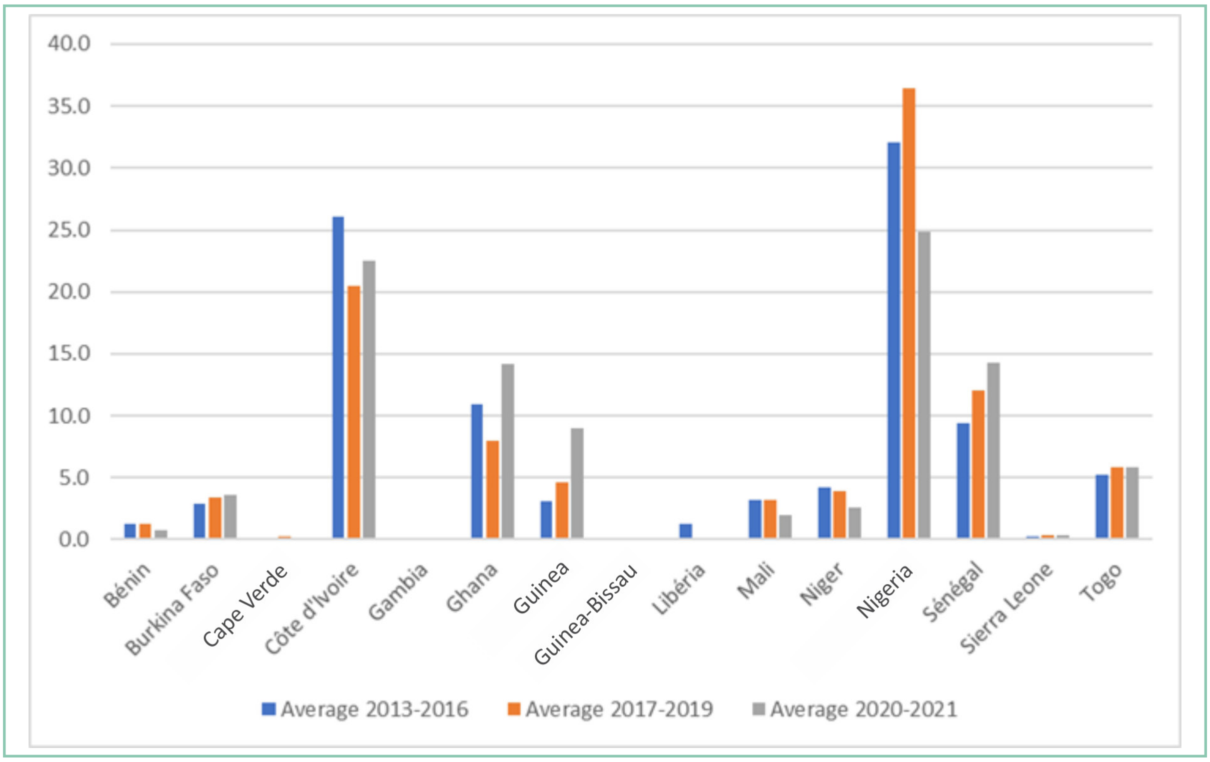
Nigeria's exports to other ECOWAS member states in 2013

USD4.8b

Nigeria's exports to other ECOWAS member states in 2022

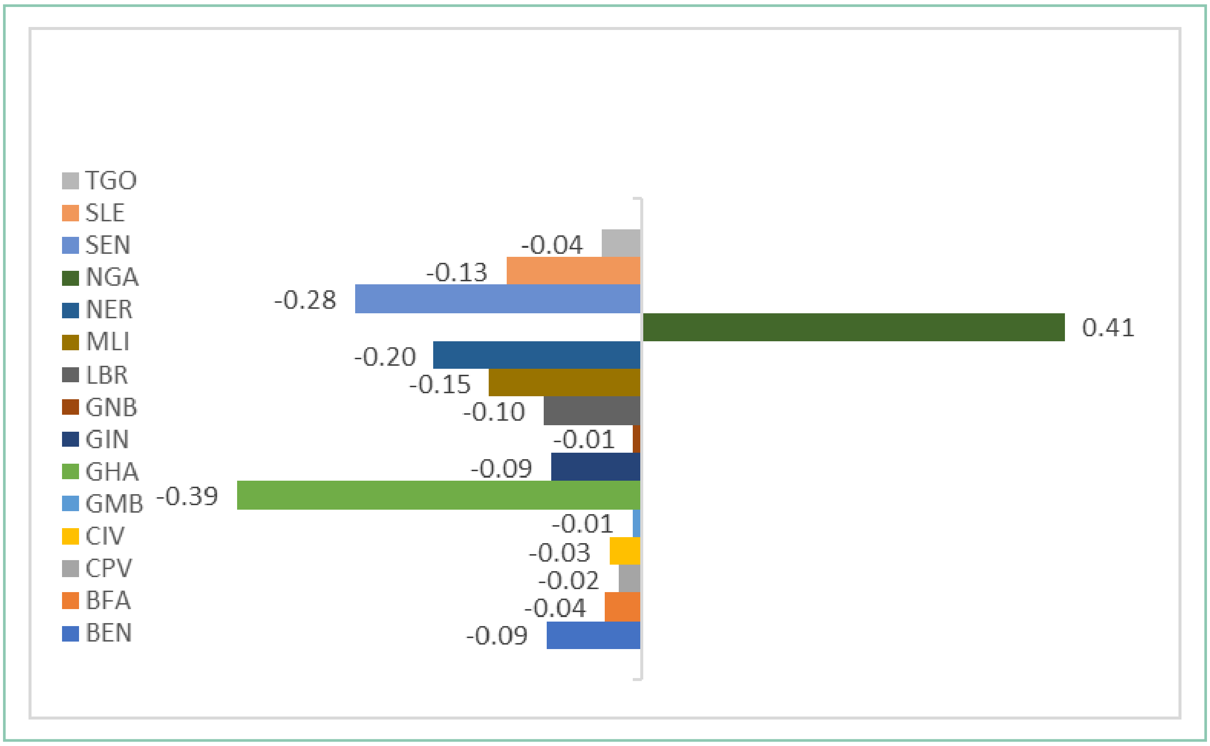
USD4.1b

Figure 22: Average Contribution of ECOWAS Member States to Intra-ECOWAS Export (Percentage)



Source: ECOWAS Commission, 2023

Figure 23: Average Current Account Balance to GDP Ratio of ECOWAS Member States: 2010-2022 (Percentage)



Source: ECOWAS Commission, 2023

The overall current account deficit to GDP ratio worsened from -0.9 percent in 2016 to -1.8 percent in 2021 and -1.9 percent in 2022. This partly reflects the resumption of dividend payments that were put on hold in 2020 (as result of the debt service standstill of DSSI) and improvements in the trade balance and current transfers. The narrowing deficit in 2022 reflects the strong gains from favorable terms of trade for net energy, mineral, and metal exporters relative to losses from a potential increase in the trade deficit in net energy- and other commodity–importing peers. As shown in Figure 23, only Nigeria had positive average current account balance as percentage of GDP. Other ECOWAS member states recorded negative values.

Within the context of socio-economic development, ECOWAS member states recorded varying rates and patterns of socio-economic indicators. Available data on poverty rates in the ECOWAS region shows that Benin witnessed a declining monetary poverty from 39.3 percent in 2015 to 38.5 percent in 2019. In Burkina Faso, monetary poverty affected 46.7 percent of the population in 2009 but declined to 40.1 percent and 36.1 percent in 2014 and 2018 respectively. In Cape Verde, the absolute poverty level reduced from 31.3 percent in 2020 to 28.1 percent in 2022. Côte d'Ivoire's sound macroeconomic performance resulted to a decline in poverty from 46.3 percent in 2015 to 39.4 percent in 2020. In Ghana, the implementation of the coordinated programme of economic and social development policy of 2017-2024 and other programmes including the Livelihood Empowerment Against Poverty (LEAP), the Labour-Intensive Public Works (LIPW), plus the Agenda for Jobs all yielded positive results.

The poverty rate reduced from 31.9 percent to 24.2 percent in 2016 and 23.4 percent in 2022. In The Gambia, poverty rates increased from 48.4 percent in 2015 to 53.4 percent in 2020 largely due to weaker growth in per capita GDP and higher food prices.

In Guinea Bissau, the Harmonized Survey on Household Living Conditions of 2018/19 showed that the poverty rate reduced from 69.3 percent in 2010 to 47.7 percent in 2019 and increased to 50.4 percent in 2021. Using the same methodology in Guinea, the monetary poverty rate decreased from 55.2% in 2012 to 43.7 percent in 2019. The incidence of multidimensional poverty decreased from 63.4 percent in 2012 to 54.3 percent in 2019. In Senegal, poverty rate was 37.8 percent in 2019 compared to 42.8 percent in 2011.

In Liberia, the proportion of population below the international poverty line increased from 44 percent in 2016 to 49.4 percent in 2019 and further to 50.6 percent in 2022. In Mali, poverty rate increased from 41.9 percent in 2020 to 44.6 percent in 2021 and 45.6 percent in 2022 because of security crises which led to population displacement. Poverty rate of Niger shows a declining trend from 48.2 percent in 2011 to 45.4 percent in 2014 and 40.8 percent in 2019. In Nigeria, the Multidimensional Poverty Index survey shows that 63 percent of the population are poor. In Sierra Leone, the United Nations Human Development Report (2021) indicates that 59.2 percent of population were multi-dimensionally poor, while 21.3 percent are prone to multi-dimensional poverty in 2021. Also, in Togo, poverty reduction remains a major challenge for public policy, with the poverty rate estimated at 45.5 percent in 2019.

In terms of unemployment, ECOWAS member states were also at different levels. In Benin, the unemployment rate was 2.3 percent in 2022, while Burkina Faso rate increased from 2.3 percent in 2007 to 6.6 percent in 2015 and 7.1 percent in 2019. In addition, underemployment affected 64 percent of rural workers in 2015 and fell considerably to 38.2 percent in 2019. In Cape Verde, the unemployment rate decreased from 15.0 percent in 2016 to 12.2 in 2017 and increased to 14.5 percent in 2020. The use of the framework of the Continuous Multi-Objective Survey (IMC) put the unemployment rate at 12.1 percent in 2022. In Cote d'Ivoire, unemployment remains higher among women (3.5 percent of the female labour force) than among men (2.3 percent of the male labour force). Unemployment in The Gambia decreased from 5.1 percent in 2017 to 4.1 percent in 2019 and increased to 4.9 percent in 2021. In Guinea Bissau, unemployment rate was 7.1 percent in 2021 and that of Guinea substantially increased from 1.6 percent in 1996 to 5.2 percent in 2014.

In Mali, the unemployment rate increased from 7.3 percent in 2013 to 10.1 percent in 2016 due to the outbreak of the security crisis and the military coup of 2012. The rate fell to 5.2 percent in 2020 following the implementation of recovery policies, and mitigation policies to curb the effects of the security and institutional crisis. Despite those efforts, the unemployment later increased to 6.4% in 2022. In Niger, the unemployment rate increased from 2.4 percent in 2012 to 7.9 percent in 2017.

According to the Nigeria Bureau of Statistics, Nigeria recorded an increase in the national unemployment rate from 23.1 percent in 2018 to 33.3 percent in 2022. With the adoption of new methodology, the rate was 5.3 percent in the fourth quarter of 2022 (Box 3). The unemployment rate of Senegal was 2.9 percent in 2018. In Sierra Leone, unemployment rate reached its highest peak in 2014 at 4.7 percent, and 3.2 percent in 2018 and 3.6 percent in 2022. Also, in Togo, the unemployment rate was estimated at 3.4 percent and underemployment rate was 26.8 percent in 2017.

The analysis clearly shows that the computation of the ECOWAS regional average of socio-economic indicators is challenging because ECOWAS member states used different methodologies for the computation of indicators at different periods. This factor, therefore, calls for the need for standardized and harmonized methodology for the computation of various indicators in the ECOWAS region. In addition, the combined rates of poverty and unemployment reflected the prevalence of socioeconomic challenges and provided insight into the ineffectiveness of social policies and economic development efforts. Incidence of poverty indicates that a significant portion of the population lacks access to necessities and is struggling to meet their daily needs. This underscores the need for targeted interventions in areas such as education, healthcare, and income redistribution to alleviate poverty and improve living standards.

Box 3: The New Methodology for Employment and Unemployment in Nigeria

The report revealed that Nigeria's unemployment rate stood at 5.3% in the fourth quarter of 2022. While in the first quarter of 2023, it was 4.1%. The new methodology follows the ILO template (https://ilostat.ilo.org/resources/lfs-resources/). With the new methodology the working age is 15 years and above against between 15 and 64 years. The new methodology aligns with Nigeria's contemporaries in Africa like Ghana, Niger, Chad, Cameroon, Benin, The Gambia, etc in line with international best practices. The New Methodology defined the employed as those who worked for pay or profit for at least one hour in the last seven days against the 40 hours (revised to 20 hours). In the New methodology employment includes temporary absence, and subsistence agriculture. On the other hand, with the new methodology, only people who did nothing, either for pay or profit, are considered unemployed. That is, this set of people are not in employment; they may be actively searching and available to work but do not do anything at all. So, basically, if anybody is engaged in anything that pays or brings profit, such a person is not regarded as unemployed according to this new definition. The duration the person is engaged in such activity, unlike in the old methodology, does not count in the new methodology.

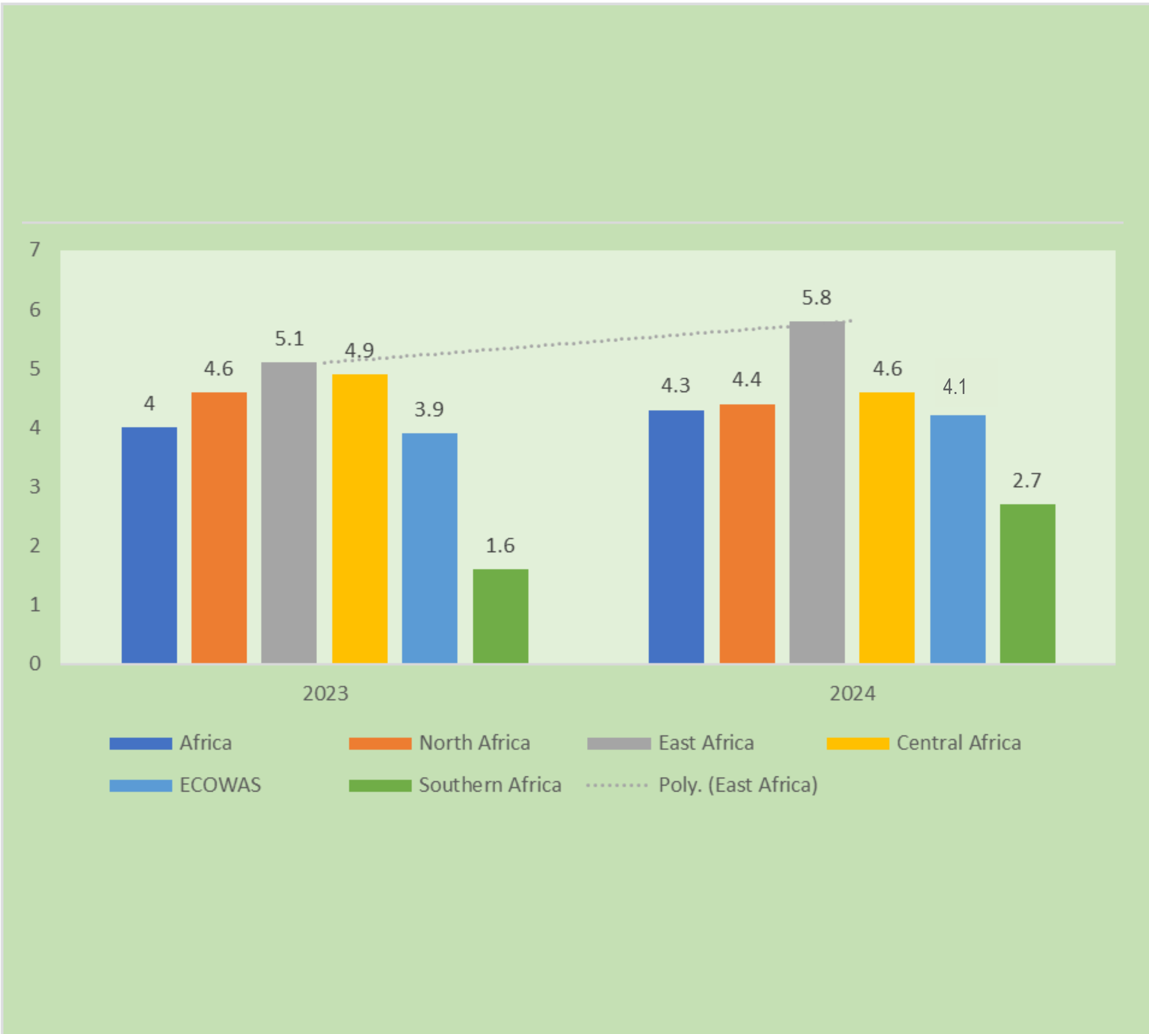
Source: Nigeria Bureau of Statistics, 2023

2 Prospects for Economic Performance of the ECOWAS Region

The prospect of the economic performance of the ECOWAS region is quite promising as real GDP growth is projected to increase from 5.4 percent in 2023 to 6.1 percent in 2024. This is above the world's real GDP growth projections of 1.7 percent in 2023 and 2.7 percent in 2024 (AfDB 2023). The regional performance will be better than that of Southern Africa (Figure 24).

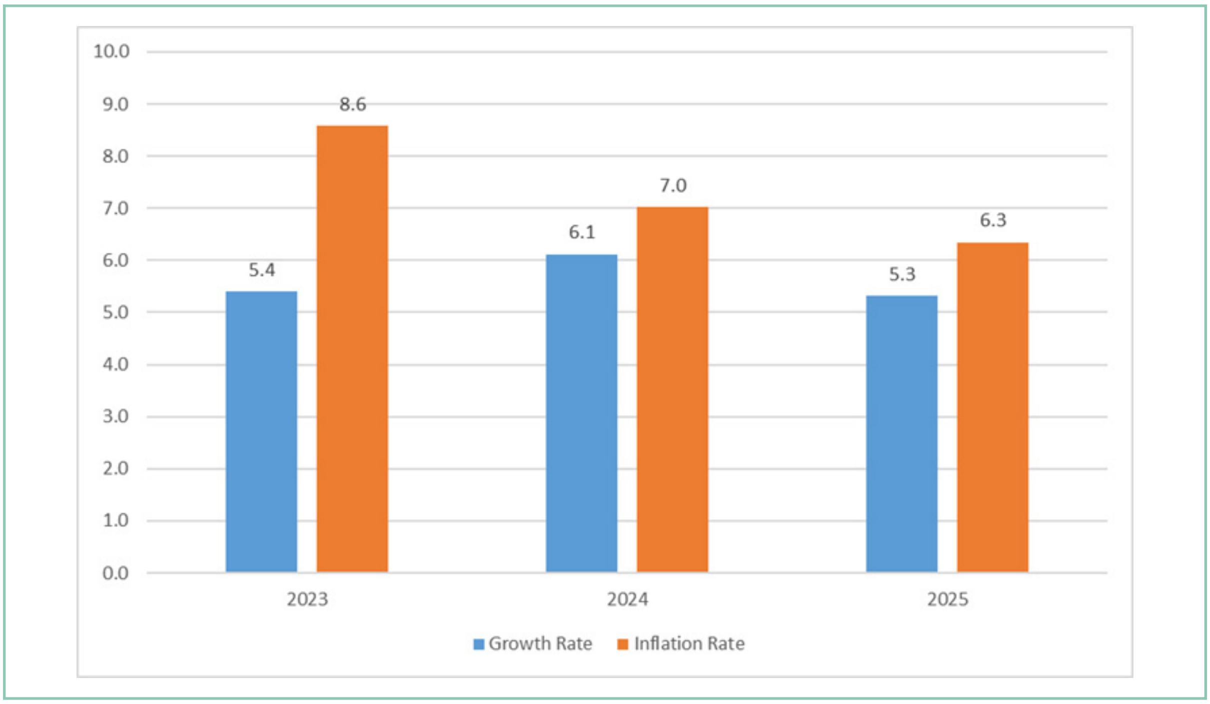
The main drivers of ECOWAS' growth prospects are expected high growth performance in member states like Benin, Côte d'Ivoire, Niger, Senegal, and Togo. Also, the regional inflationary rate will reduce from 8.6 percent in 2023 to 7.0 percent in 2024 and 6.3 percent in 2025 (Figure 25).

Figure 24: Growth Projections for Africa and its Sub-regions for 2023 and 2024



Source: African Development Bank, 2023 and ECOWAS Commission, 2023

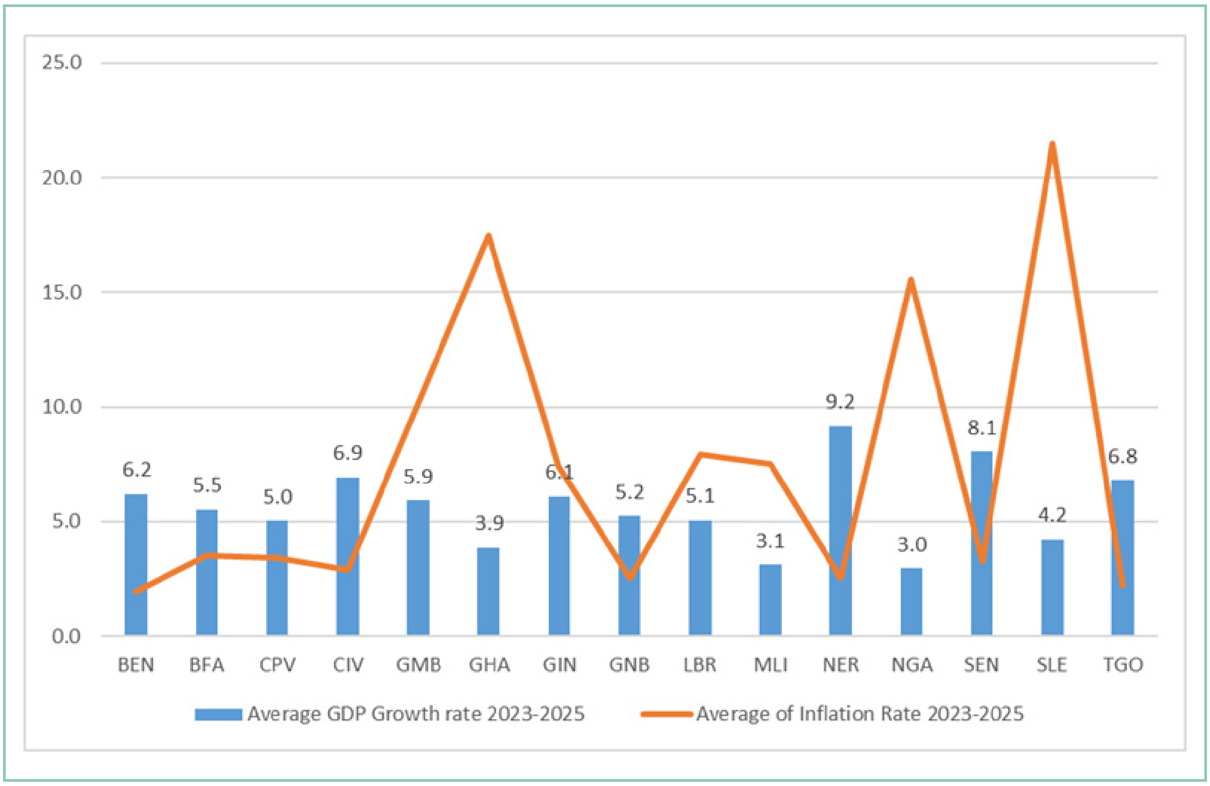
Figure 25: Real GDP and Inflation Growth Rates Projections for ECOWAS Region: 2023 to 2025 (Percentage)



Source: ECOWAS Commission, 2023

As shown in Figure 26, eleven ECOWAS member states are expected to have at least 5.0 percent average growth rate between 2023 and 2025. In addition, eleven member states will experience a single-digit inflation rate, while four member states will experience double-digit inflation rate: Senegal, Ghana, Nigeria and The Gambia. With the coups in Niger, Guinea, Burkina Faso, and Mali, the negative impact of political instability will make the expected regional growth rate to be uncertain. The sanctions imposed by ECOWAS will have negative impacts on both the national and regional economies.

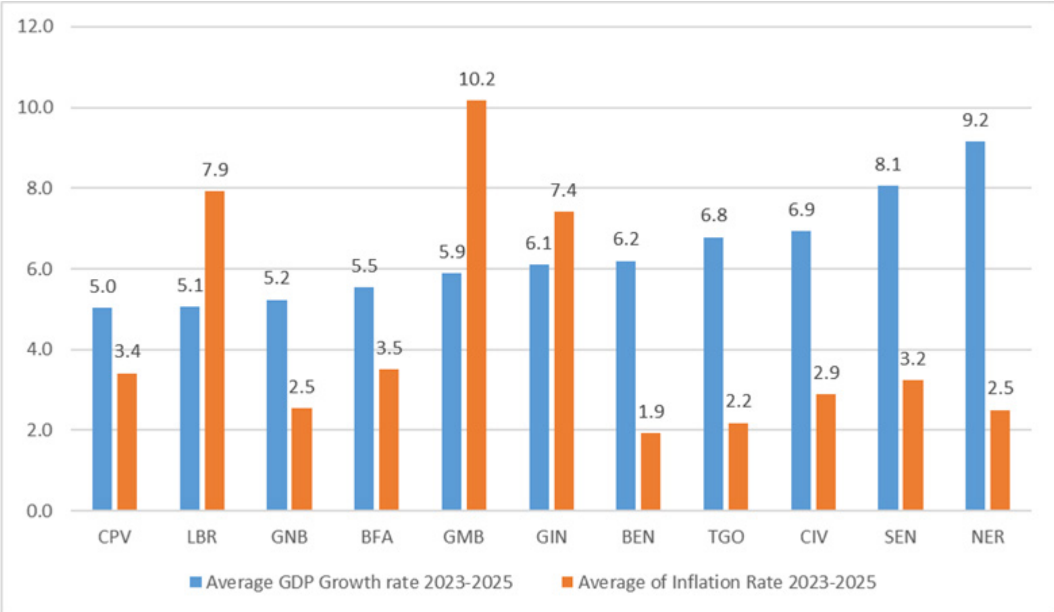
Figure 26: Projection of Average GDP Growth and Inflation Rates of ECOWAS Member States: 2023 to 2025 (Percentage)



Source: ECOWAS Commission, 2023

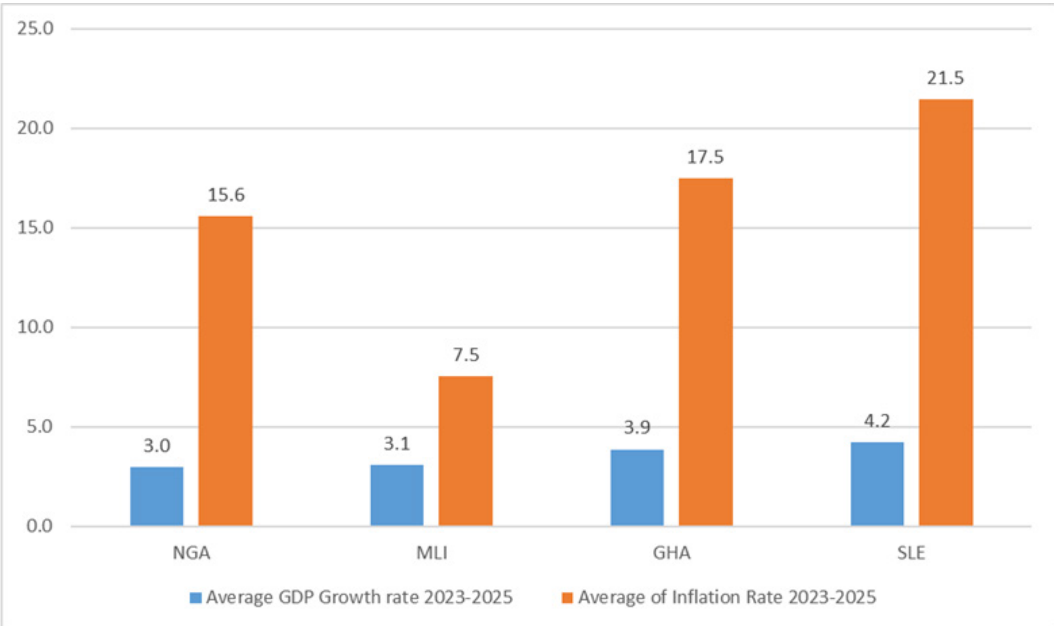
The negative impact of political instability will make the expected regional growth rate to be uncertain.

Figure 27: Real GDP Growth and Inflation Rate of ECOWAS Member States that have, on average, achieved a GDP Growth rate equal to or greater than 5 percent: 2023-2025 (Percentage)



Source: ECOWAS Commission and IMF, 2023

Figure 28: Real GDP Growth and Inflation Rate of ECOWAS Member States that have, on average, achieved a GDP Growth Rate less than 5 percent: 2023 to 2025 (Percentage)



Source: ECOWAS Commission, 2023

ECOWAS member states comprising of Sierra Leone, Nigeria, and Ghana will have less than 5 percent growth rate but with high inflation rate. In Ghana, a moderate 3.9 percent average real GDP growth rate will be accompanied by a very high average inflationary rate of around 17.5 percent. The situation will be the same with Nigeria as the 3.1 percent average growth rate will also have an average inflationary rate of 15.6 percent (Box 4). Sierra Leone will have a 4.2 percent average GDP growth rate with a high average inflationary rate of 21.5 percent.

The slowdown in the world economy, high inflation rates, and domestic financial conditions amid high levels of debt and debt servicing are major considerations for this trend. The projected growth rates are expected to be driven, on the demand side by volatilities in the global economy (upturn in activities in emerging economies such as China) and domestic absorption (i.e., fall in household consumption and investment). On the supply side, agriculture, industry, and services are likely to fuel the predicted expansion. In terms of sectoral contributions, the leading sector will be tertiary sector (42 percent), followed by the secondary sector (32 percent) and primary sector (26 percent) in 2024.

In terms of sectoral contributions, the leading sector will be tertiary sector (42 percent).

Box 4: Fitch Says Nigeria's Inflation to Reach 27.5% by Year End

Nigeria's inflation will shoot to 27.5 percent by the end of 2023, following the impact of the economic reforms embarked upon by the Bola Tinubu-led administration, a report released by a Fitch Group's Unit, Business Monitor International (BMI), has said. BMI Research provides macroeconomic, industry, and financial market analysis, covering 29 industries and 200 global markets and in 2014 was acquired by Fitch Group.

The prediction made in its 'Sub-Saharan Africa Monthly Outlook' covering the month of August, tracking key developments in West Africa is seen as largely conservative, since the National Bureau of Statistics (NBS) August data showed Nigeria had already hit 25.8 percent.

However, in the report which also included the political risk assessment of the region, the Fitch unit noted that while the rising inflation will pressure the government into ramping up spending to cushion Nigerians from the rising inflation, it will fall short of the demands outlined by trade unions.

Source: Business Africa, 2023

The growth rate forecast is not uniform across member states as the GDP growth of the WAEMU zone plus Cape Verde is estimated to increase from 5.9 percent in 2022 to 6.9 percent in 2023, and the WAMZ is expected to decline from 3.3 percent in 2022 to 3.1 percent in 2023. The region's economic growth prospect is negative because of the likely poor performance of two largest economies in the region i.e. Nigeria and Ghana.

Economic activity in Nigeria is expected to reduce to 3.2 percent in 2023, compared to 3.3 percent in 2022 because of the implementation of restrictive monetary policy (Box 5) and managed floating exchange rate policy (Box 6). Ghana's economic activities are also expected to reduce to 1.6 percent in 2023, compared to 3.1 percent in 2022, as the energy crisis deepens, and oil production remains low. At the regional level, the economic performance of Côte d'Ivoire and Senegal is expected to compensate for some of the losses. Côte d'Ivoire is estimated to post a 7.1 percent growth rate in 2023, compared to 6.7 percent in 2022. Equally, Senegal is expected to post an impressive growth of 8.8 percent in 2023, compared to 4.2 percent in 2022. Equally, economic activities are expected to improve in all other member states in 2024.

Economic activities are expected to improve in all other member states in 2024.

Box 5: Effects of Changes in Currency Notes and Cash Mop Up in Nigeria in the First Quarter of 2023

The Central Bank of Nigeria (CBN) introduced a policy to redesign the highest denominations of the Naira (N200, N500, and N1000 notes) to curb corruption, addressing currency fraud, lowering inflation, and managing excessive money circulation.

The swift implementation of the policy was met with criticism from many Nigerians who found the new notes unappealing. However, resistance to the policy soon emerged from politicians, particularly in the lead-up to the general election, as "cash politics" plays a significant role in Nigerian elections. Cash politics involves inducements, including cash, food, and clothing, to voters before and during elections.

The President eventually extended the policy's deadline to February 10, 2023, sparing the N200 note but confirming the phasing out of the N500 and N1000 notes. The situation escalated, leading to violence, attacks on banks and ATMs, and protests. Security forces were deployed to control the situation.

Source: Blavatnik School of Government, 23rd February, 2023

Box 6: Nigeria's Path to Economic Transformation

The new administration in Nigeria has initiated important reforms aimed at addressing macroeconomic imbalances. These reforms include removing the petrol subsidy and implementing foreign exchange (FX) management reforms. The removal of the petrol subsidy and FX management reforms are seen as crucial steps to rebuild fiscal space and restore macroeconomic stability in the country. These reforms have the potential to positively impact the lives of millions of Nigerians and establish a strong foundation for sustainable and inclusive growth.

The removal of the petrol subsidy is expected to result in significant fiscal savings, projected to be around 2 trillion naira in 2023, equivalent to 0.9% of GDP, and increasing to over 11 trillion naira by the end of 2025. However, it is crucial to provide compensating transfers to shield vulnerable households from the initial price impacts of this subsidy reform. Harmonizing the FX windows is expected to improve the efficiency of the FX market, attract private investment, and reduce inflationary pressures. Completing this reform by removing FX restrictions, clear communication of the new FX regime, and supportive monetary and fiscal policies are essential.

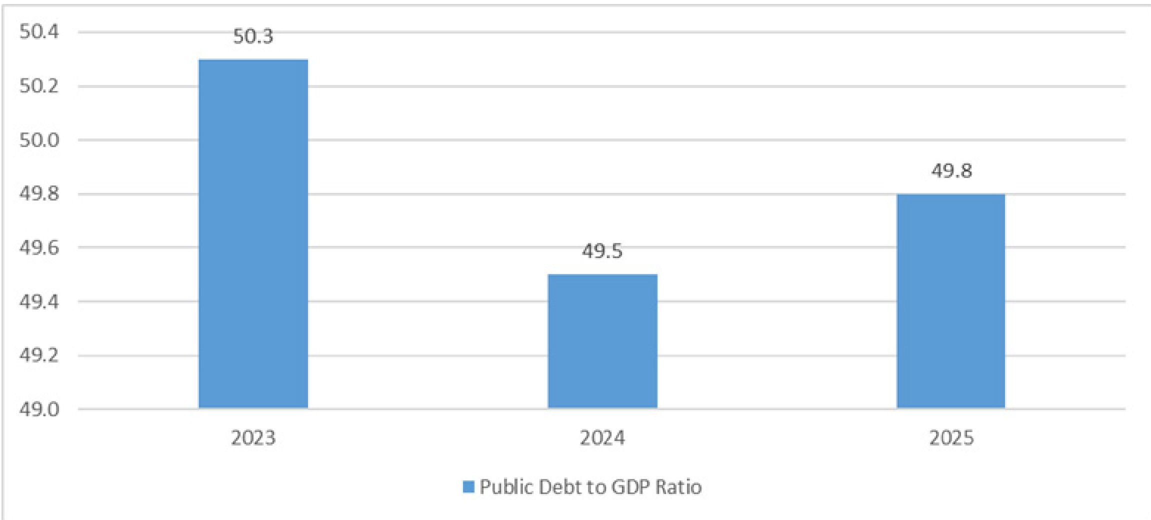
Source: Business Day, 2023

In 2023, unless precautionary policies are implemented. The rate is expected to be considerably higher than the regional average of 5.4 percent from 2010 to 2022. Within the ECOWAS region, Ghana, Nigeria, and Sierra Leone are expected to have the highest inflation and drive the regional average.

The fiscal deficit of the region is expected to widen to 5.4 percent of GDP in 2023, from the 5.3 percent of GDP in 2022. Public debt will remain high due to sustained fiscal stimulus measures, with an expected increase of 5.0 percent in 2023 and stabilize in 2024. While short-term debt sustainability risks are limited, member states with high public debt must address long-term budgetary policies.

However, the combination of low economic growth rate, rising inflation, and the depreciation of national currencies, is expected to escalate the debt figures. The ability to mitigate the 2023 to 2025 projections will depend on member states' ability to manage their debt loads, economic growth, and borrowing costs influenced by global interest rates and international financial markets.

Figure 29: Public Debt to GDP Ratio in ECOWAS Region: 2023 to 2025 (Percentage)



Source: ECOWAS Commission, 2023

Exchange rate depreciation pressures on the back of the Russia–Ukraine conflict can increase the cost of debt servicing in many member states. Besides the limited potential savings from the DSSI, the facility was not designed to address the structural debt issues confronting ECOWAS member states. Thus, the challenge of translating the G20 and the Paris Club creditors Common Framework Agreement into operational results may lead to the combined effect of lack of creditor coordination, information sharing as well as private sector participation. In addition, the IMF general allocation of USD650 billion equivalent to Special Drawing Rights (SDRs) of 23 August 2021 helped alleviate the liquidity pressures by boosting member states external buffers. Yet this amount represents only 5 percent of total SDR allocation and a small fraction of regional financing needs. The prevailing economic environment characterized by limited scope for fiscal policy at member state level may require reconfiguring the global policy response, including reinstating the DSSI framework, to help debt-ridden member states to cope with the emerging debt challenges. The future DSSI should provide incentives to attract the participation of commercial creditors, which had incentives to engage with potential borrowers.

From 2023 to 2025, rapidly increasing domestic prices are expected to increase consumer pessimism, leading to weakened purchasing power. The continuous rise in the Consumer Price Index (CPI) coupled with aggressive monetary tightening by various Central Banks is likely to result in increased borrowing costs and weight on asset prices. This is expected to lead to a contraction in private consumption, signaling a real economic slowdown. In the short term, weak economic conditions are likely to erode household disposable income and heighten the risk of strikes and discontent. The slowdown is likely to be evident in both services and manufacturing, with headwinds such as rising energy costs, weakening demand, supply disruptions, and input shortages.

The trends in commodity prices observed in 2023 suggest a continuation of the reduction in non-energy product prices that began in 2022. Member states need to diversify their economies and reduce dependence on a single commodity to mitigate the risks associated with price volatility. Efforts towards investing in sustainable agricultural practices and infrastructure development can help enhance resilience to external shocks and potentially lead to more stable commodity prices in the long run. Monitoring global market trends and adopting adaptive economic policies will be crucial for ECOWAS to navigate the complexities of commodity price fluctuations in 2024.

The ECOWAS region's current account outlook is subject to several uncertainties, given the less diversified nature of ECOWAS member states economy. A prolonged Russia-Ukraine conflict will lead to persistently weak global trade. Net commodity importers are the most exposed to the impact of the conflict and attendant sharp increase in commodity prices. These member states will likely experience worsening trade and current account deficits. The main drivers of the current account deficit are the trade deficit and net factor payments abroad, with current transfers on the other side.

In line with global demand, the current account deficit is projected to shrink partially to 3 percent of GDP in 2023 and rise to 6 percent of GDP in 2024. The trade deficit is expected to drive down the current account deficit in general. Current account deficits in resource-intensive and oil-exporting member states are expected to grow, while, natural resource-intensive member states, such as Ghana, are projected to see a drop in export revenues if natural resource prices fall. Tourism-dependent member states, such as Cape Verde and The Gambia, on the other hand, are likely to see an improvement as the market resumes fully after the COVID-19 restrictions.

ECOWAS should use the platform of the Africa Continental Free Trade Area (AfCFTA) to create "hub-and-spoke" economic and trade relationships among member states, with large economies like Nigeria, Ghana and Côte d'Ivoire being the "hub" and other member states being the "spokes." To achieve this objective, the region should be concerned about how to make member states' products competitive and enhance their participation in global and regional value chains.

There should be a shift to value-chain based industrial development strategy. Supply and production constraints must be addressed with appropriate policy stance and provision of infrastructure. The first step in developing the supply-side capacity is the expansion of the production frontier of the economy of ECOWAS member states. This must be seen as a national effort, complemented by regional coordination of the production process and strong commitment and implementation of regional trade agreements.

The second step is assistance to the business community to develop ideas, new products, new markets, and new ways of doing business. A regular programme of monitoring competitiveness, based on developing indicators, guidelines, policies and capacity building programmes could identify shortcomings in individual member states and tailor measures to overcome them.

3 Risks Factors

The deterioration of regional security due to terrorism, particularly in member states like Mali, Burkina Faso, Niger, and Nigeria. These security challenges are known to cause border concerns with neighbouring member states such as Ghana, and Togo.

An additional risk is the possibility of a prolonged Russia-Ukraine war could disrupt global supply chains and lead to increased food and energy prices. Persistent inflation, protracted tightening of global financial conditions, high capital costs, and underperformance in domestic resource mobilization may increase the region's debt distress concerns.

Loss and damage from climate and other extreme weather shocks might have an impact on agricultural productivity, raise already high food costs, and increase extreme poverty.

The economic prospects depend on the ECOWAS member states ability to pursue and sustain fiscal consolidation efforts as this will limit the contribution of the fiscal deficit to public debt accumulation.

- a stable global environment that supports member states' economies, and higher fuel and commodity prices would enhance the rate of economic growth.

- The programme of debt sustainability should be supported by the implementation of growth-enhancing structural reforms and address critical infrastructure gaps.

- Measures to develop the regional securities market to lower the costs of national borrowing will also be crucial policy instruments. Volatile borrowing conditions place an added premium on effective and transparent public debt management.

- Medium-term strategies implemented by efficient and qualified debt management offices will be critical to diversifying financing sources to fill shortfalls in external financing, including developing domestic bond markets and broadening the investor base.

- The apathy of ECOWAS member states towards effective implementation of regional agreements poses a major risk to regional efforts towards sustained regional development. As a matter of importance, regional efforts are needed to secure effective participation on regional value chain and global trade.

One of the major challenges facing the ECOWAS region is how to mitigate the chances of an economic slowdown following the tightening of monetary policies to reduce regional inflationary pressure. The uncertainties surrounding the macroeconomic environment are further heightened by the synchronous nature of the current wave of financial tightening. This, therefore, compels the need for central banks to fully factor in the spillover effects of their decisions to ensure monetary policy is not so tightened as is required to restore inflation to target. Raising interest rates to curb inflationary pressure tends to create supply-side bottlenecks by raising the cost of borrowing.

Chapter 3

Peace, Security and Stability in the ECOWAS region

1 Introduction

Peace and security are essential in ensuring the stability of any country. Sustainable socio-economic development can only take place in a peaceful and secure environment. Mindful of this, the United Nations formulated Goal 16 of the Sustainable Development Goals (SDG 16) around peace and security in terms of "Promote peaceful and inclusive societies for sustainable development".

Similarly, ECOWAS set peace and security as its first strategic objective for socio-economic development under Pillar 1 of the ECOWAS Vision 2050, entitled "Peace, Security and Stability". It is stated as follows: "making ECOWAS a secure, stable, and peaceful region" (ECOWAS, 2022). This objective appears to be a development imperative, given the multidimensional security threats facing the region. For ECOWAS, this should involve strengthening human security through home-grown and sustainable initiatives and the implementation of appropriate instruments and policies as well as the establishment of suitable mechanisms in the region.

However, achieving peace, security, and stability remains an ongoing quest rather than a reality globally particularly in Africa. The African continent is still plagued by wars (as in Sudan or Democratic Republic of Congo), socio-political violence (in Senegal following the trial of opposition leader), terrorist attacks and kidnappings, mainly in the Sahel, and a decline in the respect for human rights.

According to IMF data (2017), the number of member states affected by conflicts in Sub-Saharan Africa (SSA) increased from 15 over the period 1990-2000 to 17 over the period 2014-2016. There has also been a resurgence of coup d'États since 2021 (in Mali, Guinea, and Burkina Faso, and in Niger from 26 July 2023), which is evidence of real democratic and political weaknesses and a serious threat to peace in the region. All these threats to security and instability have major humanitarian and economic consequences for the well-being of populations.

Meanwhile, it is noted that security issues in the ECOWAS region are on the upswing, with an increase in conflicts as compared to the rest of the Sub-Saharan Africa region, despite the efforts of regional institutions[2]. Indeed, the region is facing increasingly serious threats that are linked to non-consensual constitutional changes and coup d'État, thus weakening democratic processes. Similarly, frequent challenges to electoral processes sometimes lead to serious political and institutional crises, creating instability with severe negative impacts.

2. Efforts include: the adoption of the Protocol relating to the Mechanism for Conflict Prevention, Management, Resolution, Peacekeeping and Security (1999) as well as the Supplementary Protocol on Democracy and Good Governance (2001)

Moreover, the security situation in the region is becoming increasingly complex and remains difficult due to the extension of the scope of operations of violent extremist groups in the Sahel, particularly in the so-called Liptako-Gourma tri-border area between Burkina Faso, Mali, and Niger, targeting both civilians and security forces (UNDP, 2022). Despite the concerted regional efforts made, terrorism remains a serious threat to all member states. The number of security attacks is increasing, with thousands of victims and an unprecedented humanitarian crisis as more people are forced to flee their regions of origin to seek refuge in peaceful areas of member states. At the same time, maritime insecurity is also on the rise. Piracy and armed robbery at sea cost the Gulf of Guinea States approximately $1.94 billion each year (UNODC, 2022). Port charges and import tariffs lost because of reduced shipping activity are estimated at 1.4 billion dollars per year (UNODC, 2022).

From all the above, it is evident that the state of peace, security, and stability in the ECOWAS region is alarming due to the persistence of political and governance crises, terrorist attacks, trafficking of all kinds, and maritime piracy.

The objective of this chapter is to analyze the evolution of insecurity in the region, examine the extent of the security crisis, and explain its potential and proven impacts on the socioeconomic development of member states.

The first section presents a definition of key concepts, followed by an overview of the state of peace, security, and stability in ECOWAS member states. This is followed by a presentation of the humanitarian and economic impact of the security situation and the state of implementation of the SDG 16 in the ECOWAS region. Lastly, a SWOT analysis of the peace, security, and stability architecture of the ECOWAS region is carried out, followed by recommendations.

2 Definition and Importance of Peace, Security, and Stability in the Development Process of Countries

2.1. Definitions of Key Concepts

The key concepts used in this analysis, namely "*Peace*", "*Security*" and "*Stability*", need to be defined to ensure a better understanding of the analyses made in this document.

2.1.1. Peace

The French dictionary *Le Robert* defines peace as "relations between people who are not in conflict, i.e., peaceful and calm relations among citizens". In this sense, peace means the absence of disturbances, unrest, and violence.

Sociologically, peace designates the friendly understanding of all individuals who make up one or more civil and/or military societies. It does not imply the absence of conflicts, but a systematically calm and measured resolution of any difficulty of community life, mainly through listening, understanding, dialogue, and negotiation. Thus, a society can move from a state of war to a state of peace. Peace also refers to a desire for calm as well as the ability to live in harmony with other individuals and societies.

Furthermore, according to the ILO (2021), peace comes from serenity and the security that stability brings, and from a society's ability to anticipate, manage and resolve conflicts at all levels without violence, through its institutions, values, habits, and behaviours. Therefore, peace is defined as the presence of security and stability in a country or region.

2.1.2. Security

The concept of security is wide ranging and therefore has several definitions. Common sense defines security as a state in which an individual or group does not feel vulnerable; that one does not feel threatened or that one believes one has the means to counter any threat. This state of security can be produced or reinforced by policies including defense and military defense (David, 2002). According to this author, 18th-century philosophers, from Hobbes to Rousseau, emphasized that the need to collectively ensure the security of individuals was the main reason for the establishment of a State.

The concept of national security emerges from the history of security. What then is national security? While there is no conceptual clarity, there are several definitions of national and international security, without any real correlation. According to Hartland-Thunberg (1982), "National security is the ability of a nation to successfully pursue its national interests in any part of the world as it deems appropriate". According to Luciani (1988), "National security is the ability to resist foreign aggression".

For Trager and Simonie (1973), "national security is the aspect of government policy which focuses on the creation of favourable national and international conditions for the protection and extension of key national values against existing or potential adversaries". Meanwhile, Wolfers (1962) makes a distinction: "In an objective sense, security measures the absence of threats to acquired values; while in a subjective sense, it refers to the absence of fear of these values being attacked."

Lastly, according to Buzan (1987), security means avoiding threats. In the international context, security refers to the ability of states and societies to preserve their autonomous identity and functional integrity.

2.1.3. Stability

The Universal Larousse dictionary defines stability as the state of being established durably, with firmness, consistency, and permanence. Stability is therefore a cross-cutting notion. It refers to the lasting establishment of security and peace. In this sense, stability, peace, and security are interconnected. It can be argued that stability and security are the determinants of Peace.

2.2. The Importance of Peace, Security, and Stability in National Development Processes

Peace, security, and stability are three interconnected concepts. According to the International Labour Organisation (ILO, 2021), peace comes from stability and the security it provides. Peacebuilding involves restoring stability and improving human security by reducing the level of violence. Peace is important because it ensures the socioeconomic development of a country or region.

When a country or region is peaceful, it encourages investments, the execution of major projects, and creativity. Similarly, peace, security, and stability encourage the creation of decent jobs, all of which contribute to peace. Peace and stability enable the creation of more jobs and better conditions for an economy and society to flourish, thanks to the creation of jobs, and opportunities for workers and employers to organize themselves and continually improve working conditions, creating a virtuous circle that promotes peace. Thus, as the ILO (2021) points out, access to decent work eliminates one of the greatest obstacles to the progress of individuals, families, and communities and also eliminates one of the greatest sources of grievances that contribute to conflict and unrest.

Peace promotes the development of human capital. In peaceful member states, the population, particularly the youth, have access to quality education, which improves their productivity and therefore their contribution to the economy. The population equally has access to quality health services, which improve their physical and mental health.

Furthermore, to better appreciate the importance of peace, security, and stability, it is worth considering what would happen in a situation of war, instability, and insecurity. When a country's peace is affected by insecurity or instability of any kind, the consequences are profound.

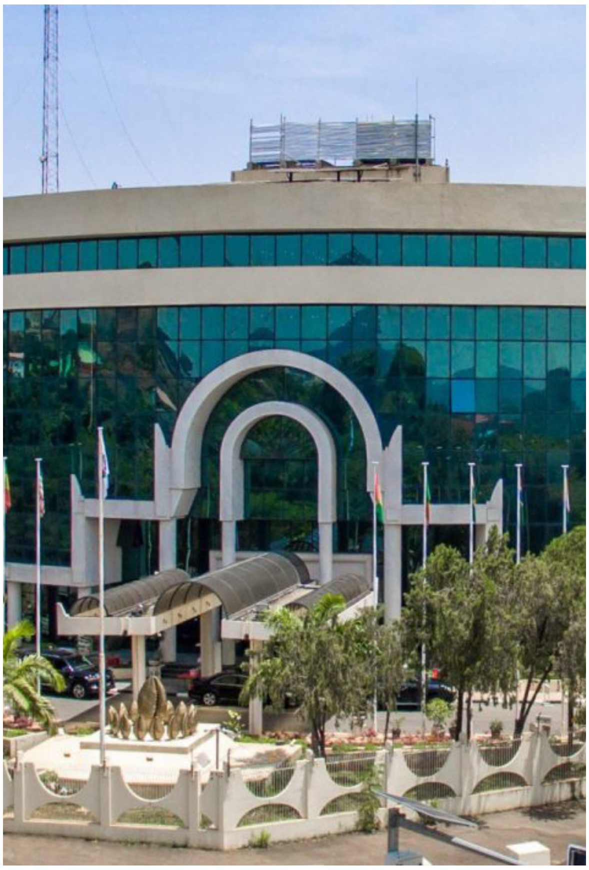
On the macroeconomic level, there is a decline in economic growth due to the contraction in economic activity. There is also a fall in investment and a high cost of living (inflation), which in turn creates pressure on public finances. This results in an increase in public debt.

At the microeconomic level, there is a forced displacement of people whose care often poses problems due to increased needs. There is also the destruction of private property and development infrastructure such as roads and telecommunications infrastructure. Lastly, there is a widespread feeling of despair among the population, which inhibits all individual development initiatives.

> *Peace and stability enable the creation of more jobs and better conditions for an economy and society to flourish.*

3 State of Peace, Security, and Stability in the ECOWAS Region

This section provides an overview of peace, security, and stability in ECOWAS member states. For this purpose, the study draws on data from national and international sources to facilitate comparisons between member states and to present the overall situation within the ECOWAS region. However, it should be noted that the ECOWAS member states have limited databases or continuous data series on the state of peace, security, and stability in the region. As such, the data used for the analysis is sourced from the *Armed Conflict Location & Event Data* (ACLED, 2023), MICA (2022), Global Terrorism Database (GTD), *Institute for Economics & Peace* (IEP, 2022), and other sources.



3.1. State of Peace in the ECOWAS Region

Peace is a concept used to describe the state of tranquillity or calm. It is thus used to characterize the absence of disturbances, unrest, insecurity, wars, and violent conflicts in a region or a country. Therefore, every country should seek peace. From the definition, it is evident that peace is dependent on the security and stability of a country or region.

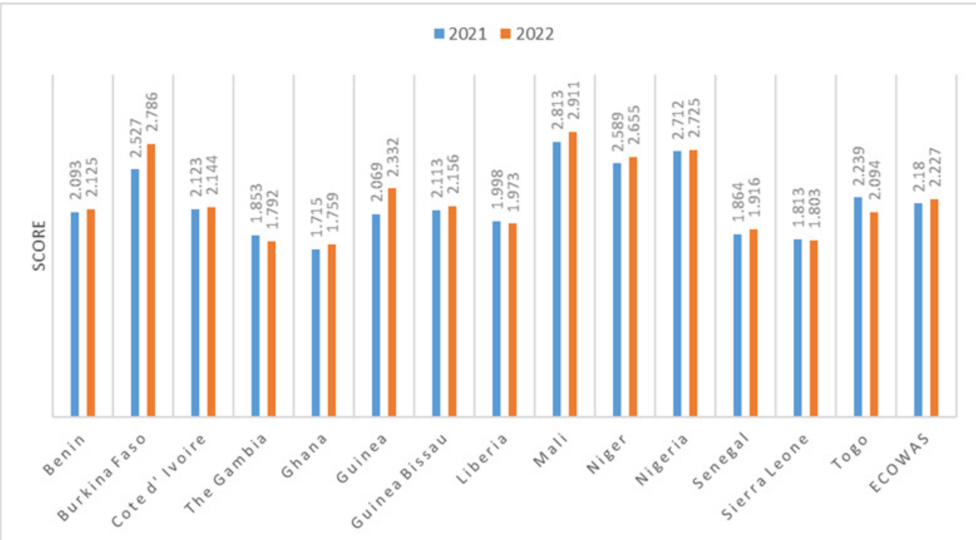
The state of peace in the ECOWAS region is assessed using data from the Institute for Economics & Peace, which has set up a Global Peace Index (GPI) in different member states. The index covers 163 member states representing 99.7 percent of the world's population, using twenty-three (23) qualitative and quantitative indicators, and measures the state of peace in three areas: (i) the level of safety and security of the society; (ii) the scale of ongoing national and international conflicts; (iii) and the degree of militarization. The index takes values ranging from the lowest to the highest (1 to 4) where a low value of the index (close to 1) indicates a very high level of peace and a high value (close to 4) indicates a very low level of peace. For example, a value of 1 to 1.44 shows a very high level of peace; 1.44 to 1.90 a high level of peace; from 1.90 to 2.34 is a medium level of peace, 2.90 to 4 a very low level of peace.

Based on the index values computed for the ECOWAS member states in 2022, Figure 30 shows that the overall average peace index was 2.25, indicating that the ECOWAS region had an average level of peace. A comparison with the level in 2021 shows that there was a significant deterioration in peace in the region, as the average level of the peace index in 2021 was 2.20. Thus, it can be concluded that on average, the ECOWAS region is experiencing a slight deterioration in peace, although there are disparities between member states.

Four member states, namely The Gambia, Ghana, Liberia and Sierra Leone, were relatively peaceful with an overall peace index below 2.0 in 2022. However, the member states most affected by terrorism and violence against civilians, namely Burkina Faso, Mali, Nigeria, and Niger, had an overall peace index above average and close to 3.0, indicating that these member states had a low level of peace. Thus, the state of insecurity resulting from the conflicts, such as armed attacks and socio-political instability, in member states affects the state of peace in these member states.

There is a sharp decline in peace between 2021 and 2022 in Burkina Faso and Guinea and a slight deterioration in Guinea-Bissau, Niger, Mali and Côte d'Ivoire. The deterioration of peace in these member states is the result of increased terrorist attacks, violence, and political unrest caused by unconstitutional changes and human rights violations, etc.

Figure 30: Overall Peace Index of ECOWAS Member States between 2021 and 2022



Source: IEP, 2022.

Only two member states recorded a stable evolution of the overall peace index over the period under review. These are Benin and Ghana. Meanwhile, Togo, Sierra Leone, Nigeria, and The Gambia experienced an improvement in the level of peace over the period 2021-2022.

3.2. The State of Insecurity in the ECOWAS Region

Insecurity has become a daily reality in member states in the ECOWAS region, particularly for member states in the Sahel. This situation is characterized by organized crime, maritime piracy, banditry, illicit trafficking, money laundering, cybercrime, violence against civilians and the State, and jihadist insurgency. In this subsection, we present the state of some insecurity indicators in ECOWAS.

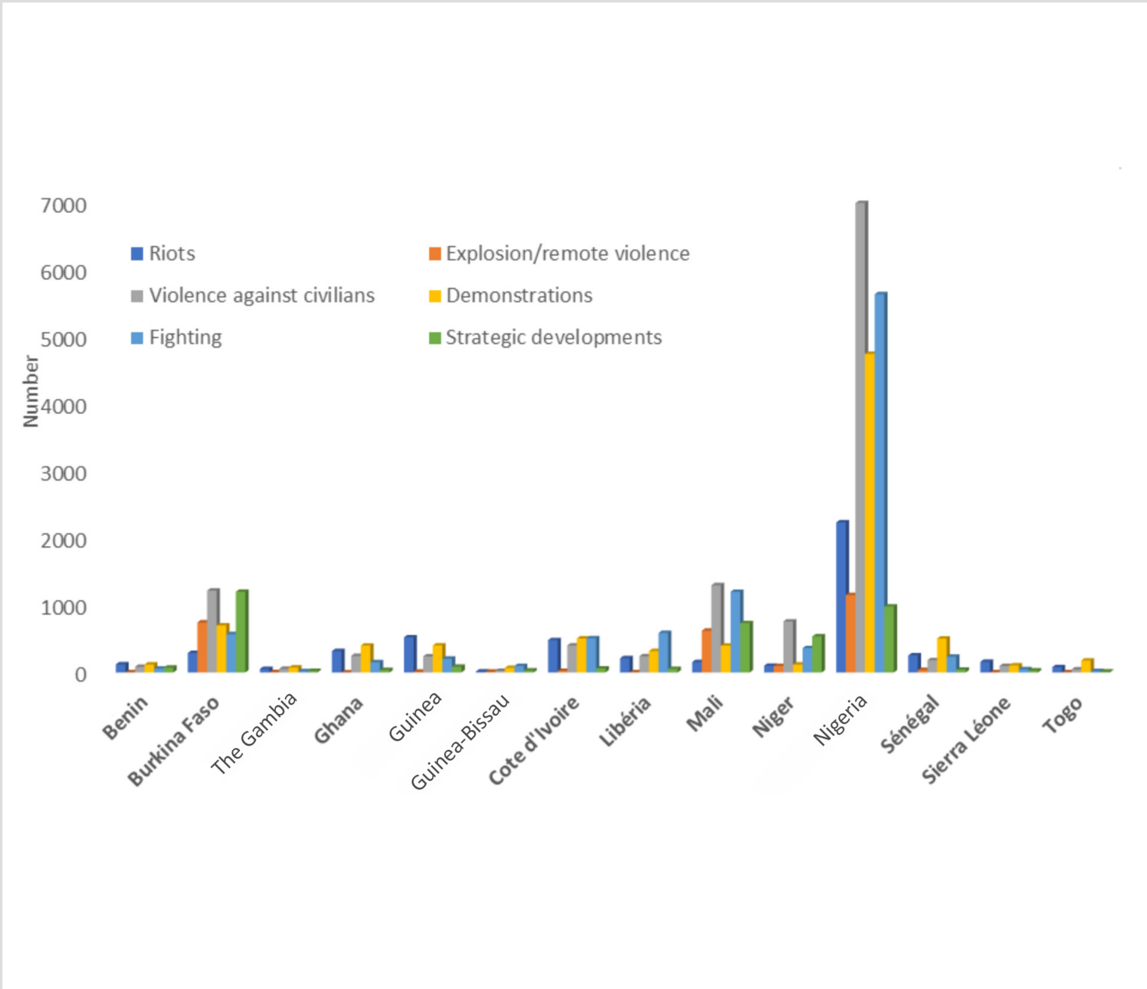
For almost a decade, the ECOWAS region was hit by a wave of insecurity characterized by more complex and serious insecurity incidents of several kinds. In the Sahel member states (Burkina Faso, Mali, and Niger) and Nigeria, insecurity is mainly caused by armed terrorist groups (jihadists) while in others (non-Sahelian member states) the insecurity incidences recorded are linked to community conflicts, post-election crises, riots, transnational organized crime or cross-border organized crime. Although the threat of terrorism is lurking in coastal member states, it remains confined to the northern parts of the member states concerned member states (Côte d'Ivoire, Togo, and Benin), along the border areas with Burkina Faso and Niger.

Figure 31 presents the total number of insecurity incidents recorded by category and by ECOWAS member state over the period 1997 to 2022. The data shows a strong disparity between member states in terms of the type of recorded insecurity incidences. Nigeria is the country that experienced the most insecurity incidents over the period.

Insecurity incidents in this member state was dominated by violence against civilians, riots, demonstrations, and attacks by armed terrorist groups. Nigeria is followed by Burkina Faso and Mali, both of which are experiencing insecurity incidents linked to violence against civilians, attacks by armed terrorist groups who do not hesitate to use improvised explosive devices (IEDs), and violent demonstrations. In Niger, insecurity incidents are dominated by violence perpetrated against civilians by terrorist groups. The member states least affected member states are Togo, Benin, Guinea-Bissau, Gambia, and Sierra Leone, apart from a few jihadist incursions in the northern parts of Togo and Benin.

Insecurity has become a daily reality in member states in the ECOWAS region, particularly for member states in the Sahel, characterized by organized crime, maritime piracy, banditry, illicit trafficking, money laundering, cybercrime, violence against civilians and the State, and jihadist insurgency.

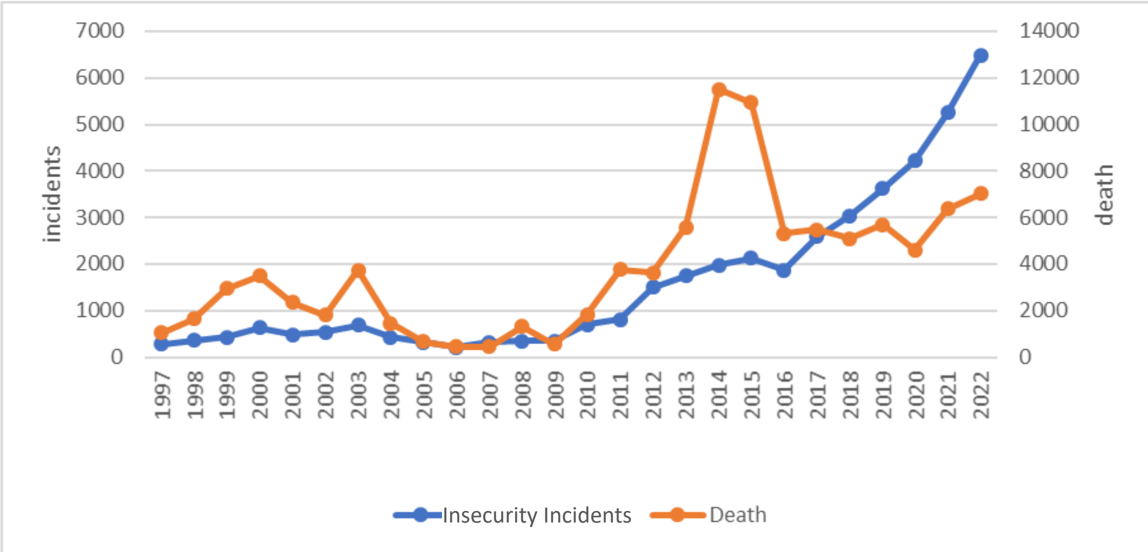
Figure 31: Number of Insecurity Incidents by Category and Country (1997-2022)



Source: ACLED, 2023

Figure 32 shows the evolution of the number of insecurity incidents and victims in the ECOWAS region. This is an analysis of the evolution of the overall security situation in the region. It appears that the state of security experienced moderate evolution between 1997 and 2009. However, since 2010, there was a rapid evolution of insecurity incidents in the region. This situation could be explained by the multiple instances of crisis and violence against civilians in many member states, such as the 2010 post-election crisis in Côte d'Ivoire, the socio-political crisis in Mali, the Jihadist incursion in Mali and Nigeria (terrorist attacks by Boko Haram, GSIM, GNIM, etc.), and it is spread to other member states such as Burkina Faso and Niger since 2016. Added to this are the community conflicts and political insurrections that have broken out in several member states in recent decades. All these insecurity incidents have resulted in the loss of many lives and forced displacement of people, particularly Internally Displaced Persons (IDPs).

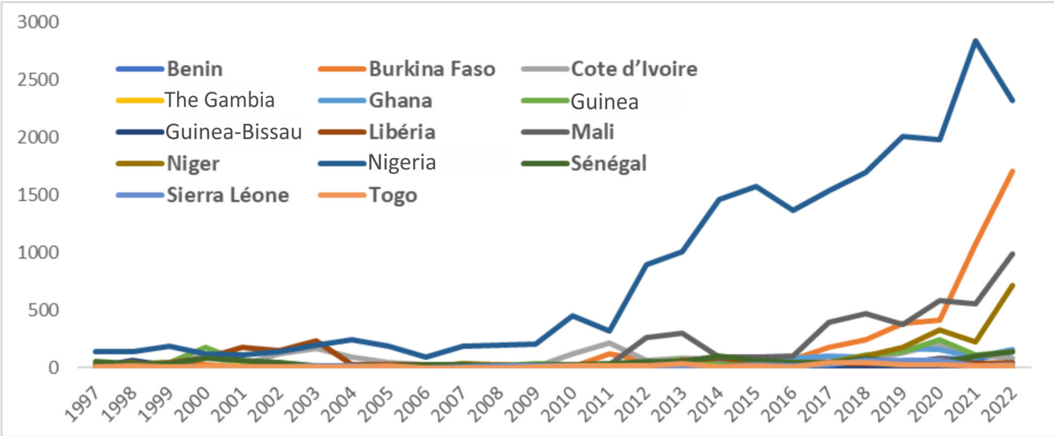
Figure 32: Evolution of Insecurity Incidents and Deaths in the ECOWAS Region (except Cape Verde)



Source: ACLED, 2023

Internally displaced people are people forced to flee within their own country, notably due to community conflicts, violence against civilians, human rights violations, and terror by armed men. According to UNHCR, 6,134,081 forced displacements, 5,618,866 internally displaced persons, and 515,215 refugees were recorded in the ECOWAS region in 2022 as a result of insecurity, conflict, and other natural disasters. Additionally, UNHCR has noted an increase in the number of displaced persons (refugees) leaving their country for coastal member states such as Côte d'Ivoire, Ghana, Togo, and Benin.

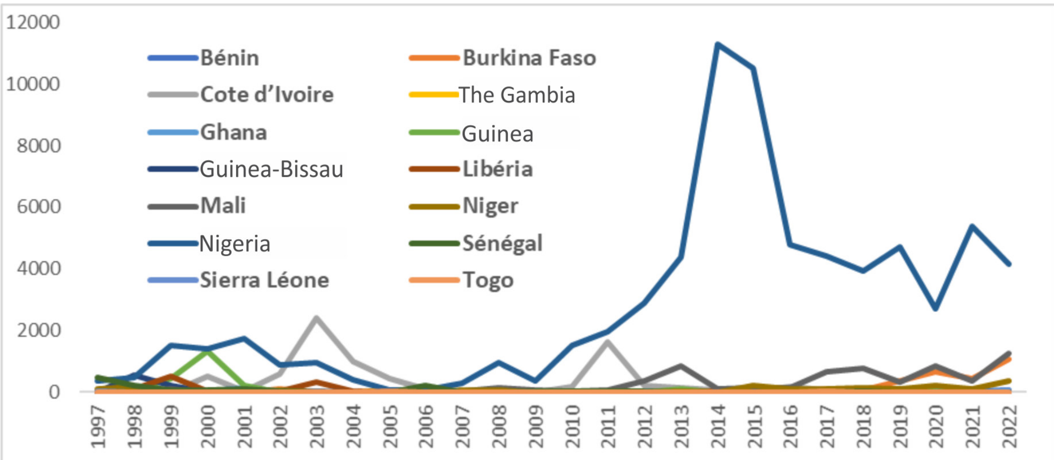
Figure 33: Number of Insecurity Incidents by Country



Source: ACLED, 2023.

Looking at the security dynamics by country, it appears that the number of insecurity incidences increased in Nigeria, Niger, Mali and Burkina Faso. This trend was observed since 2010 in Nigeria with a peak in 2021 (2,836 incidents) followed by a drop in incidents in 2022. On the contrary, the insecurity incidents in the Sahel member states (Burkina Faso, Mali, Niger), increased from 2011 and continued to multiply ever since. Moreover, since 2020, there has been a particular increase in the number of such incidents (1,708 cases in Burkina Faso, 986 cases in Mali and 716 cases in Niger), resulting in the loss of many lives.

Figure 34: Number of Deaths by Country



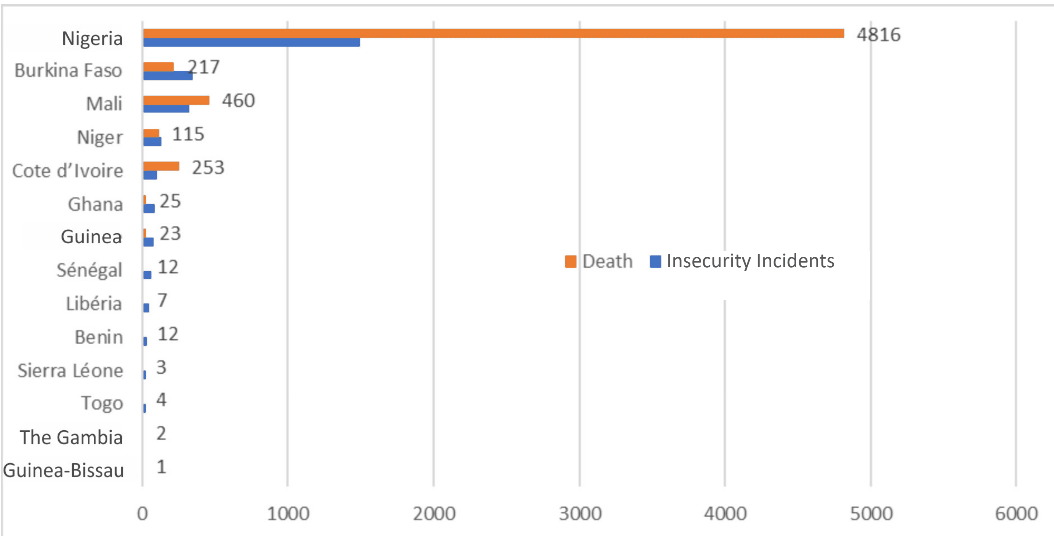
Source: Based on data from ACLED, 2023

Figure 34 shows the trend in casualties (loss of life) by country as a result of insecurity incidents. Nigeria was the country with the highest number of victims between 2010 and 2022. Over the period, Nigeria recorded an average of 4,816 deaths per year, with a peak of 11,272 deaths recorded in 2014 alone for 1,461 security-related incidents, i.e., a ratio of seven people killed per incident. Mali, Burkina Faso, Niger, and Côte d'Ivoire followed with an annual average of 460 deaths, 217 deaths, 115 deaths and 253 deaths respectively.

Nigeria, Mali, and Côte d'Ivoire recorded more deaths than insecurity incidents. The case of Côte d'Ivoire is partly due to the post-electoral crisis of 2011, which resulted in thousands of deaths. In Nigeria's case, it stems from the wave of security crises that the country has experienced because of attacks by the terrorist group Boko Haram. These include extremist insurgencies, crime, clashes between farmers and herders, kidnapping and banditry, etc. In this regard, the 2020 UN report indicates that conflicts with the Boko Haram group caused nearly 350 thousand victims and forced millions of population to relocate within Nigeria. Increased security events and casualties were recorded in Mali and Burkina Faso. This is mainly driven by the increasing number of jihadist attacks, which result in many victims every year.

Figure 35 shows that the security situation is deteriorating in the Sahel member states and Nigeria, with a risk of the security crisis spreading to other member states in the region.

Figure 35: Insecurity Incidents and Number of Deaths by Country, Average Over the Period 2010-2022



Source: ACLED, 2023

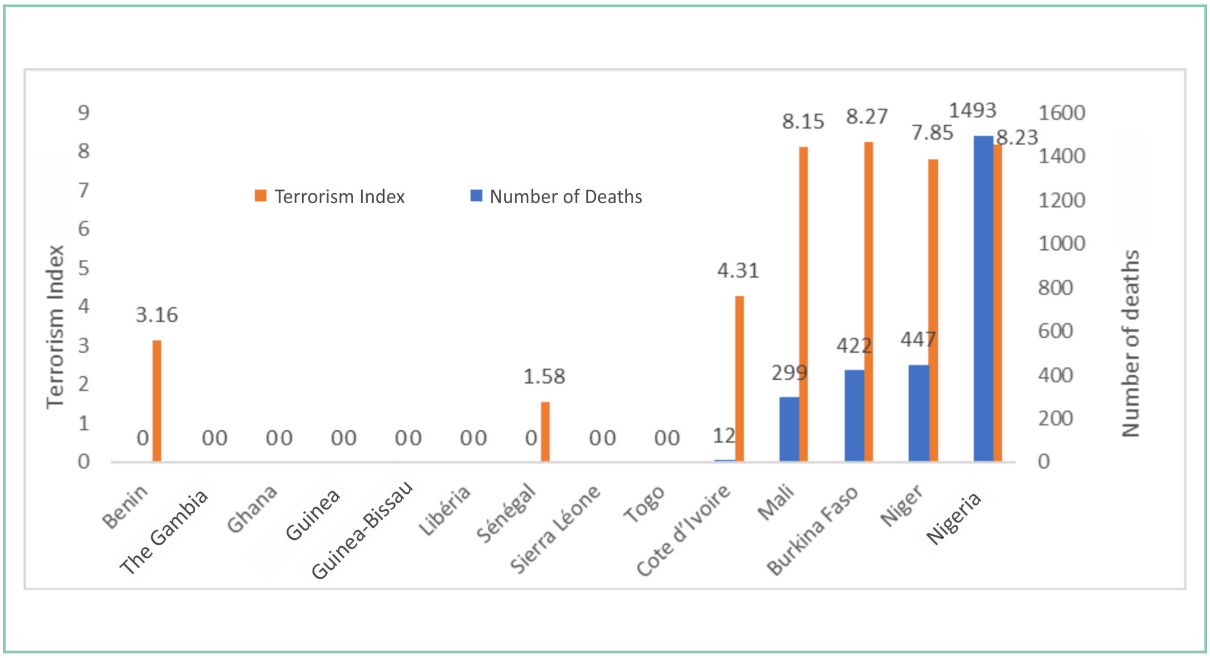
3.2.1. Terrorism

In terms of terrorist acts and violent extremism, there has been an increase in the Sahel, with disparities amongst member states. There are several existing definitions of terrorism. Nevertheless, it is worth retaining the definition provided by the United Nations Security Council in its resolution 1566 (2004), which states that terrorism consists of "criminal acts, including against civilians, committed with intent to cause death or serious bodily injury, or taking of hostages, with the purpose to provoke a state of terror in the general public or in a group of persons or particular persons, intimidate a population or compel a government or an international organization to do or to abstain from doing any act".

Figure 36 presents the terrorism situation in ECOWAS member states. This is reflected in the number of deaths (victims) caused by terrorist acts and in the Global Terrorism Index compiled by the Institute for Economics & Peace (IEP). The results show that ECOWAS member states are affected differently by terrorism. Member states with a higher index record the highest number of terrorist acts and number of victims.

Four member states namely Nigeria, Niger, Burkina Faso, and Mali, recorded the highest terrorism index scores in 2021, reflecting a predominance of terrorist attacks. For example, terrorism caused 1493 deaths in Nigeria; 447 deaths in Niger; 422 deaths in Burkina Faso; and 299 deaths in Mali. Benin and Senegal recorded terrorist activity, but no casualties over the period. The other seven (7) ECOWAS member states had a terrorism score of zero. However, it should be noted that there is a high risk of the terrorist threat spreading to other member states, especially coastal ones which recorded attacks in border areas with countries in the Sahel.

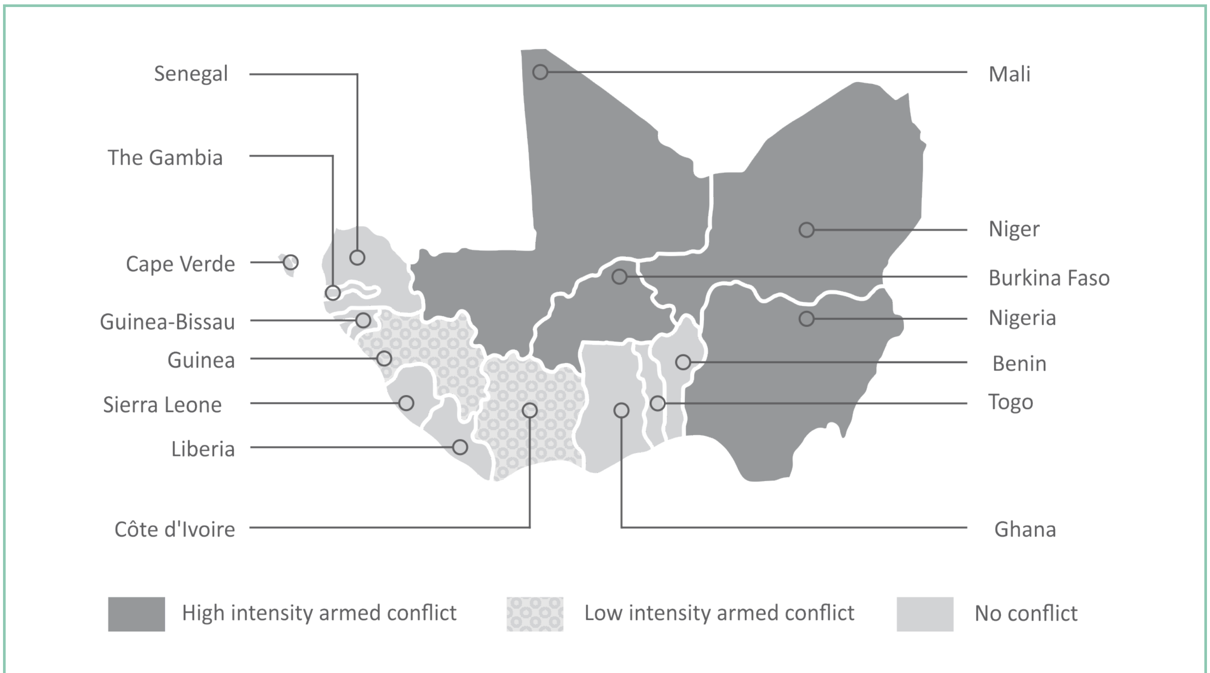
Figure 36 : Terrorism Situation in the ECOWAS Region in 2021



Source : GTD and IEP data, 2022

Map 2 presents the security situation in ECOWAS and shows that security rapidly deteriorated in the region, though with some disparities. Armed conflicts were on the increase in Burkina Faso, Mali, Niger and Nigeria, partly because of the spread of community militant groups. The European Takuba task force led by France complements the national and multilateral external counter-terrorism operations already present in the Sahel and Lake Chad regions, in addition to the UN OPMs. Armed conflicts in Chad and Nigeria also worsened amid growing instability in the region.

Map 2: Pattern of Armed Conflicts in ECOWAS and the Sahel



Source: SIPRI, 2021

3.2.2. Piracy, banditry, and cybercrime

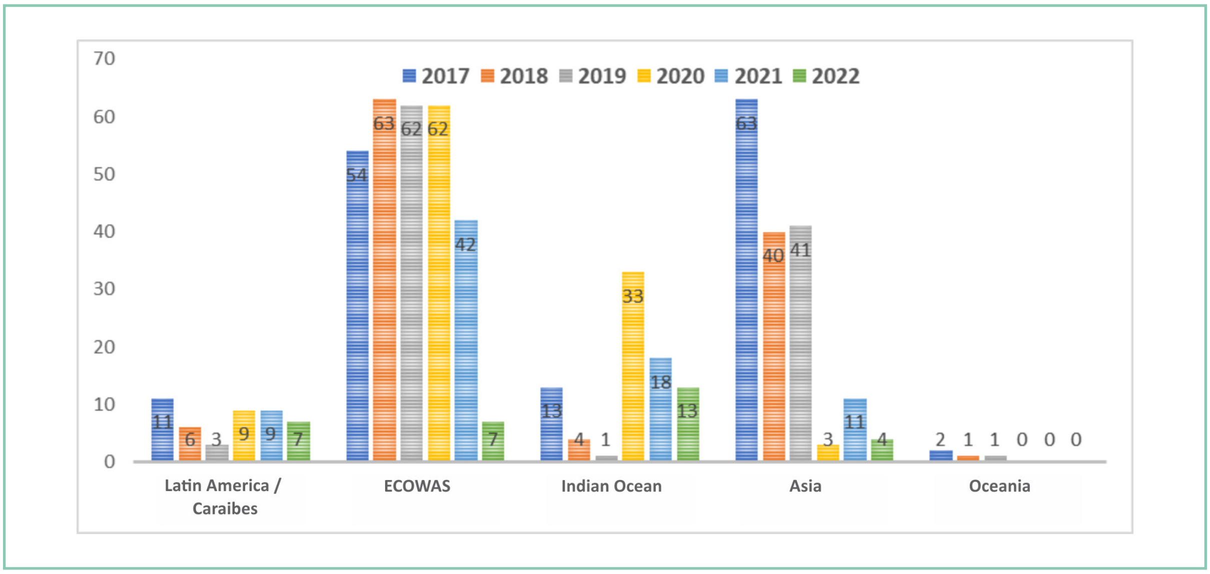
ECOWAS region is one of the regions with the most incidents of piracy and banditry in the world. Over the period 2017 and 2022, 283 piracy-related incidents were recorded, as compared to 162 in Asia, 82 in the Indian Ocean, and 45 in America. However, the trend in the region appears to be on the decline since 2020 (MICA, 2022). The number of incidents of maritime piracy reduced from 62 in 2020 to 42 in 2021 and 7 in 2022.

These statistics include incidents occurring beyond the territorial waters of the different Gulf of Guinea countries. This decline can be explained by several factors, including the involvement of all private, public, state regional, and international stakeholders. However, there is still a need for vigilance in this region which continues to be affected by various threats to the security of maritime zones (MICA, 2022).

Cybercrime poses a threat to African countries amid the digital transition, as noted in the INTERPOL report (2021) on the threat of cybercrime in Africa. The same report shows that several member states, notably Côte d'Ivoire, Nigeria, Benin, Burkina Faso, Guinea, are under the threat of cyber-attacks.

The most frequent acts of cybercrime in 2020 and 2021 are online scams, digital extortion[3], business email compromises, ransomware, and Botnets[4].

Figure 37: Piracy Incidents by Region



Source: MICA report, 2022

3.3. Stability in ECOWAS

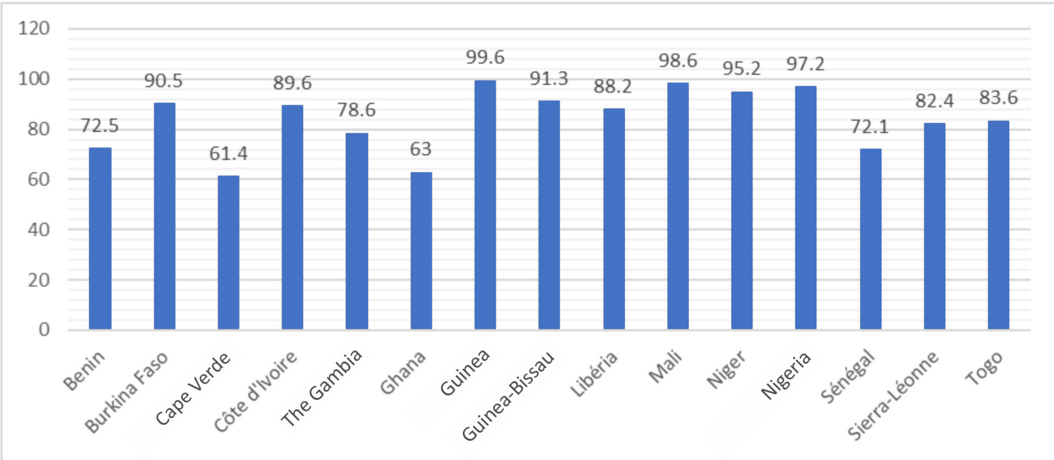
In the ECOWAS region, instability is generally linked to insecurity, poor governance, community conflicts, socio-economic factors (demographic pressure, youth unemployment, climate change), piracy and cyber-attacks. The combined presence of all these factors threatens the stability of the region.

Figure 38 presents the overall fragile state of ECOWAS member states. The total index is obtained from several sub-indices which measure the situation of instability and fragility of a country, for example economic fragility, economic inequalities, the security architecture, demographic pressure, refugees and IDPs, and the division of elites. A low index indicates that the country is not very fragile and is, therefore, stable. On the other hand, a high index indicates that the country is very fragile. Figure 38 shows that ECOWAS member states were generally fragile in 2022, except for Ghana and Cape Verde, which had a relatively low index.

3. Digital extortion aims to target individuals either through allegations of sexually compromising images or through direct blackmail.
4. Botnets are networks of compromised machines used as a tool to automate large-scale campaigns such as DDoS attacks, phishing, malware distribution, etc.

The most fragile member states were Guinea (99.6), Mali (98.6), Nigeria (97.2), Guinea-Bissau (91.3) and Burkina Faso (90.5). The situation in these member states is due to violence against civilians (terrorist attacks in Nigeria, Burkina Faso, and Mali), democratic changes (coup d'État in Mali, Burkina Faso, and Guinea), and other forms of violence (strikes and political demonstrations).

Figure 38: Fragility Index of the ECOWAS Member States in 2022



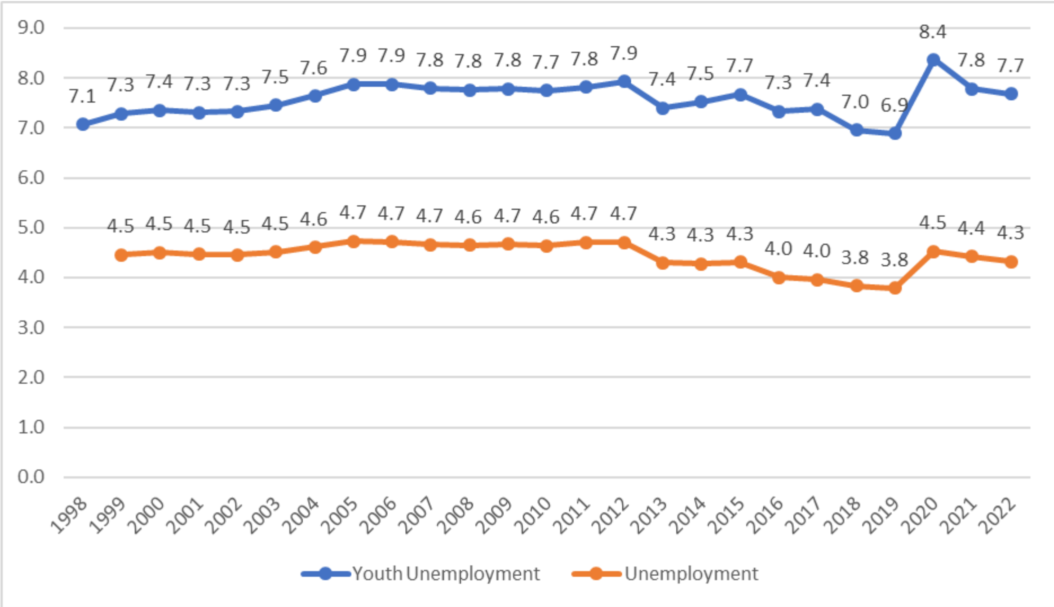
Source: United Nations Peace Fund, 2022

The ECOWAS region recorded notable progress in consolidating democratic processes, strengthening political institutions, and promoting peace. However, even if in certain member states, the democratic processes took place properly with the holding of peaceful general elections, in other countries, the electoral processes were sometimes marred by violent incidents that affected the social climate. Moreover, non-consensual constitutional amendments are often a source of serious political crises, resulting in increased police repression in the face of sometimes violent protests. The challenges remain the depoliticization of public administration, the manipulation of the justice system, and the silencing of the press.

Figure 38 highlights these facts in several ECOWAS member states. In Burkina Faso, Mali, and Guinea, democratic processes were interrupted when the army interfered in the management of state power through coup d'État. On 26 July 2023, Niger joined the ranks of member states hit by coup d'État. These power grabs create socio-political instability in the member states concerned with a risk of contagion and spread to other member states. Yet, despite efforts and measures to prevent violence, the 2023 elections in Nigeria showed weaknesses of the electoral system, as all parties ultimately accepted the results. Senegal, which was cited as an example of a democratic country, faced one of the biggest political crises in its history in June 2023.

The region's youth unemployment rate is close to 8 percent as compared to 4 percent for all ages.

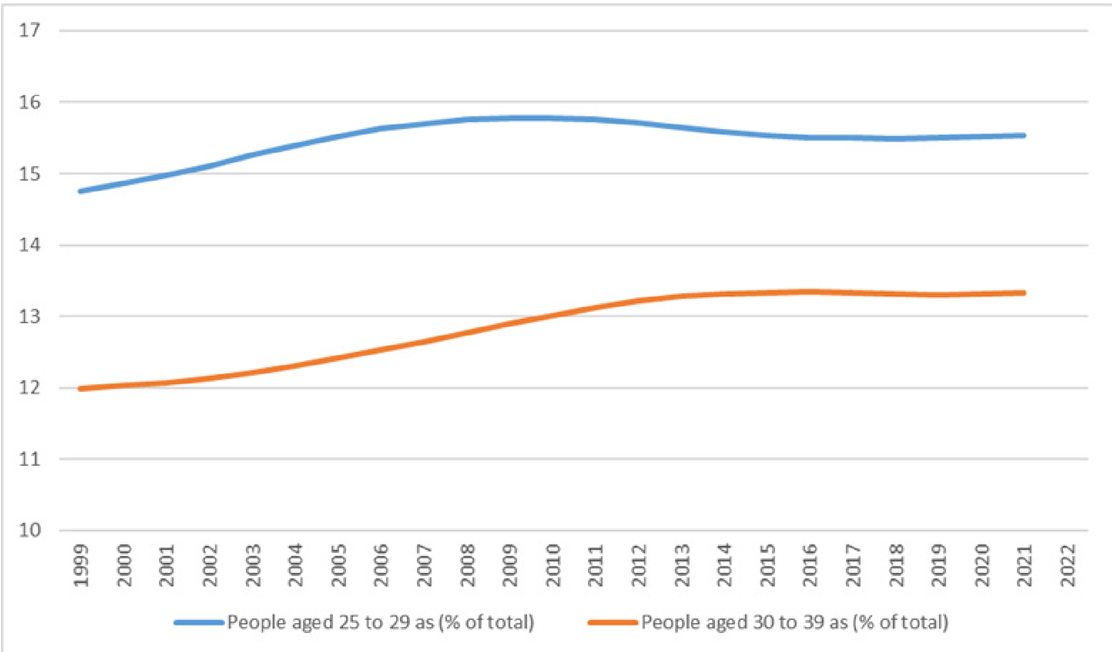
Figure 39: Evolution of the Unemployment Rate in the ECOWAS Region from 1998-2022



Source: CNPE Report, 2023

Furthermore, the ECOWAS region is recording an upward trend in its young population. Figure 40 shows that not only is the proportion of the young population significant, but that it increases from year to year over the period under review.

Figure 40: Evolution of the Youth Population as a Percentage of the Total Population in ECOWAS



Source: CNPE Report, 2023

An idle young population can be a recruiting ground for terrorists, a source of violence and banditry, and therefore of insecurity, all of which have a negative impact on the stability of the member states in the region.

Additionally, the stability of the region is threatened by floods and droughts caused by climate change. Nigeria was hit by the worst floods in decades, which affected more than 4.4 million people, leaving more than 660 dead and 1.3 million displaced. In Niger, torrential rains and floods also destroyed large areas of agricultural land, affecting more than 327,000 people. There were also deadly flash floods in Ghana, Gambia, Senegal, and Sierra Leone, which killed 103 people, displaced 27,300, and damaged 13,800 homes (UNOWAS, 2023).

Added to this are conflicts between farmers and herders, leading to numerous population movements. Furthermore, the region has been facing galloping inflation and pressure on public finances since the outbreak of the COVID-19 pandemic and the Russia-Ukraine war.

4 Impact of Insecurity on Socioeconomic Performance of the ECOWAS Region

The security situation in the ECOWAS region over the past five years deteriorated profoundly even though efforts are being undertaken by governments to eradicate terrorist groups. The WAEMU Commission's report on peace and security for the second half of 2021 revealed that acts of violent extremism, including terrorism and maritime piracy as well as other forms of crime, remain increasingly complex and multifaceted, extending beyond the frontline States (Burkina, Mali, and Niger), to Benin, Côte d'Ivoire, and Togo. At the same time, the analysis of data collected *by the Armed Conflict Location & Event Data Project* (ACLED, 2023) shows that on average, over the period 2018-2023, ECOWAS member States recorded 323 cases of insecurity incidents causing an average of 413 deaths per year. The four-member states most affected in the region are Nigeria, Burkina Faso, Mali, and Niger.

In a context where the region is going through a period of change and rapid demographic growth, security and insecurity are crucial issues for these dynamics of change. The risks of violence and instability in certain areas constitute a major challenge in the process of regional integration, growth, and poverty reduction. Acts of insecurity have negatively impacted the evolution of economic activities and the development process of States in the region. The macroeconomic impacts of insecurity within the ECOWAS region are likely to annihilate ongoing macroeconomic convergence efforts. Thus, as part of the launch of the single currency "ECO" by 2027, the Heads of State and Government adopted the Supplementary Act establishing the Macroeconomic Convergence and Stability Pact (MCSP) between the ECOWAS member states on 19 June 2021 in Accra, Ghana. The Pact is made up of 4 primary criteria and two secondary criteria.

This part of the report analyses the economic growth and employment within ECOWAS and subsequently presents the status of compliance with these criteria by member states for the period 2011 to 2022. The section emphasises macroeconomic indicators including economic growth, employment, macroeconomic convergence criteria (inflation, budget deficit, public debt, tax pressure, and gross reserves in months of imports) as well as social and humanitarian dimensions such as education, health, displaced people and the need for humanitarian assistance.

The risks of violence and instability in certain areas constitute a major challenge in the process of regional integration, growth, and poverty reduction.

4.1. Economic Growth in the ECOWAS Member States

Research has shown that insecurity has a negative and significant impact on economic growth (Nkemgha et al., 2022). It underlines the importance of security and stability for sustainable economic growth. One of the relevant authors on the subject is Collier (2008). By questioning the reasons why certain populations are still poor and vulnerable, Collier (2008) shows that these people who live in member states are caught in four traps: the conflict trap, the natural resource trap, the landlocked with bad neighbours trap, and the trap of bad governance in small member states.

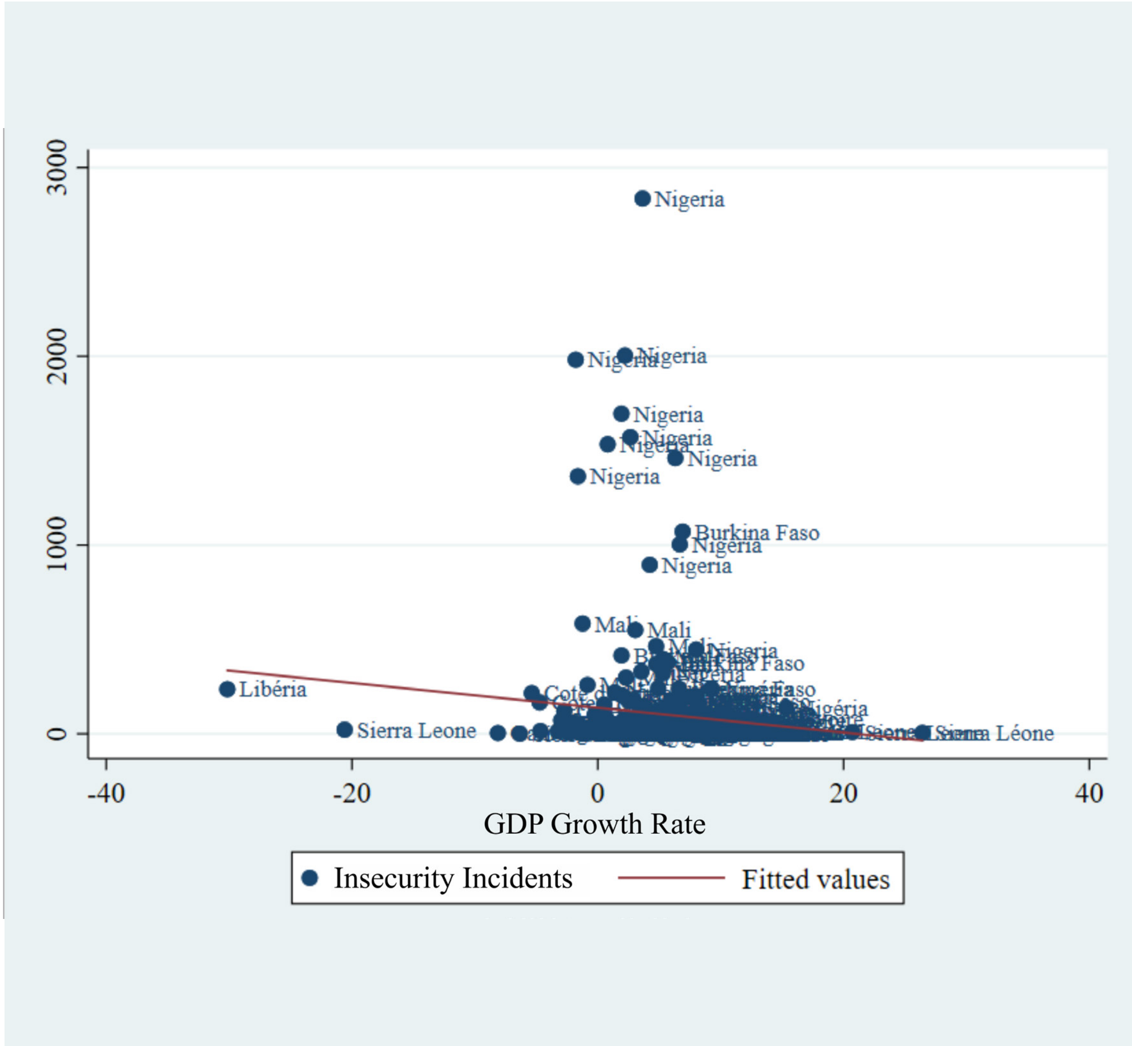
Insecurity can lead to a vicious circle of poverty and conflict that hampers economic development. Thus, member states affected by protracted conflicts or widespread insecurity tend to experience lower or even negative economic growth. Insecurity deters foreign investors and tourists from visiting or establishing themselves in a country. For example, in crises, companies are reluctant to invest in unstable regions due to increased security risks. As a result, insecurity limits investment and economic growth in member states affected by it.

Figure 41 shows the correlation between insecurity incidents and economic growth in ECOWAS member states. The graph shows a negative correlation between the two variables. The correlation between economic growth and insecurity incidents is -0.09 and significant at the 5.0 percent level. However, there is a disparity between member states. This disparity could be explained by the economic and institutional characteristics of the member states.

Insecurity events seem to be slowing down economic activity. This is due to the uncertainty created by security events. Conflict and insecurity lead to the loss of valuable human capital in affected ECOWAS member states through the flight of human capital. They disrupt trade by limiting business opportunities. Instability leads to a reduction in private investment and limits FDI inflows into the region. Conflicts destroy essential production support infrastructure (roads, bridges, electricity grids).

> *Insecurity can lead to a vicious circle of poverty and conflict that hampers economic development.*

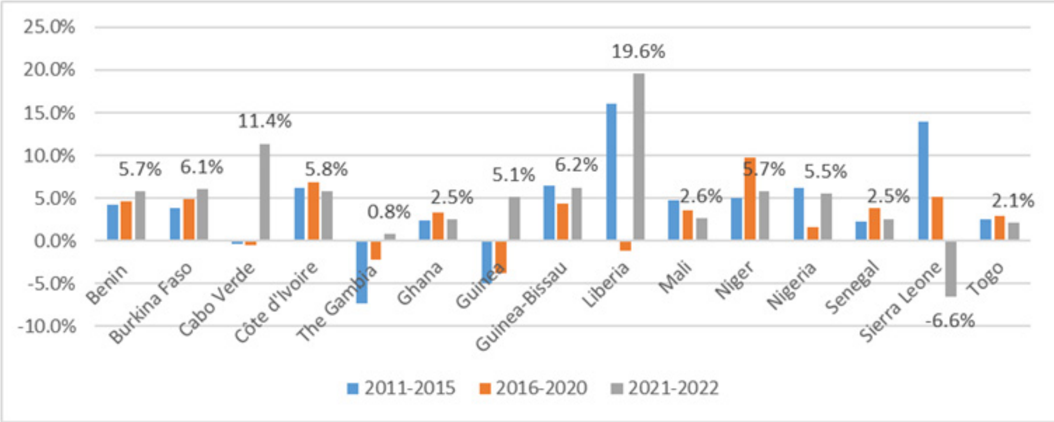
Figure 41: Correlation between Insecurity Incidents and Economic Growth



Source: ACLED and AfDB, 2023

The economies of the region exhibited resilience over the period 2015 to 2022 despite the COVID-19 pandemic and the security challenges. Although, there were some setbacks, with economic recession observed in Liberia and Sierra Leone. Growth rates ranged from -7.4 percent to 19.6 percent over the period 2015 to 2022, indicating significant volatility in economic growth within the region. It should be noted that while Guinea, Liberia, Nigeria, and Sierra Leone had low average economic growth rates or even experienced recessions during the period 2016 to 2020, this was not the case for the WAEMU member states, which continued to show good results in terms of growth. Niger recorded an average GDP growth of 14.9 percent between 2016 to 2020. This performance can be attributed to the commencement of oil production and the implementation of structural reforms and investments in the country.

Figure 42: Economic Growth Rates in ECOWAS Member States, 2011-2022



Source: Compiled by the Author, based on ECOWAS data, 2023

Figure 42 illustrates an unequal trend of economic growth in the ECOWAS member states in 2016 to 2020. It can be observed that the COVID-19 crisis had a significant impact on economic growth in 2020 in the ECOWAS member states, particularly in Guinea, The Gambia, Liberia and Cape Verde, with respective economic recessions of -3.8 percent, -2.2 percent, -1.1 percent and -0.5 percent. Nevertheless, over the period, the average growth remained positive, with a peak of 19.6 percent and 11.4 percent in Liberia and Cape Verde respectively.

However, the risks of underperformance are increasing due to the expansion of insecurity in the region, which could have significant negative consequences on economic growth prospects through uncertainty in the private sector and the cessation of tourist activity. They lead to an increase in public spending on defense, but this tends to occur at the expense of macroeconomic stability rather than through a reduction in spending on education and health.

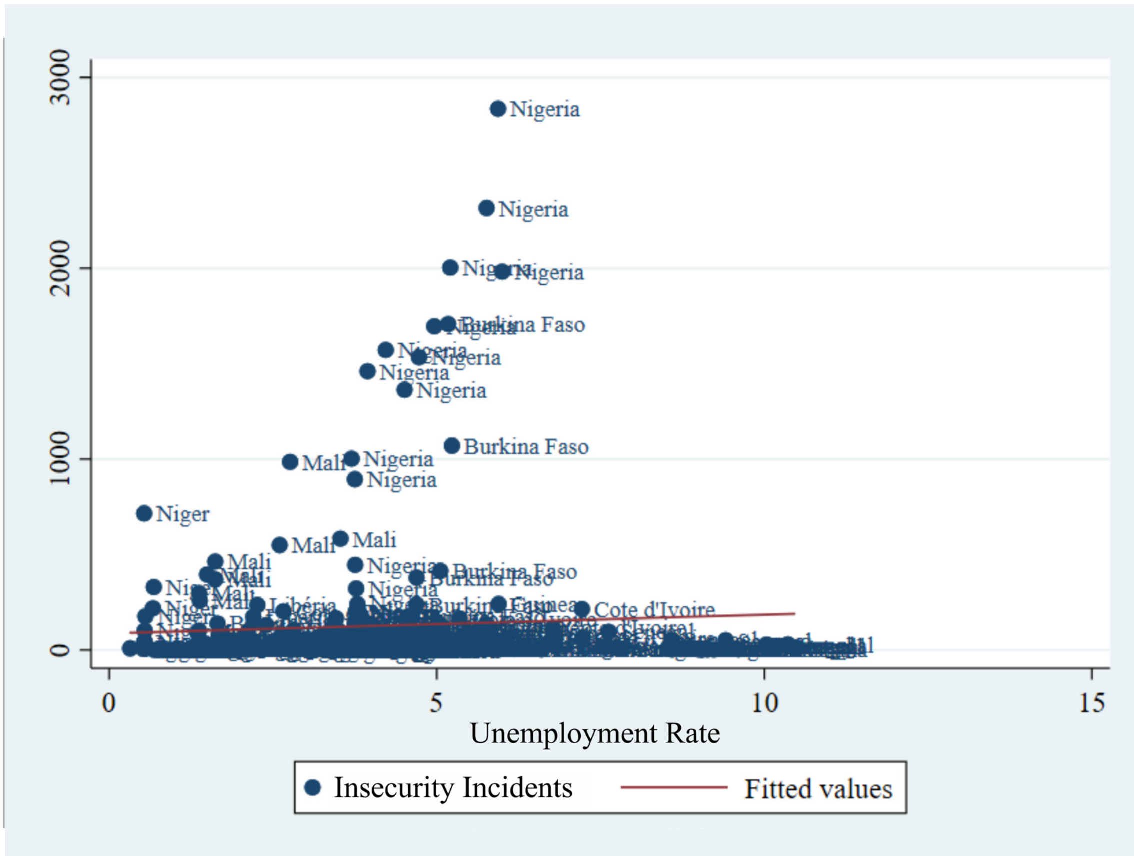
4.2. Employment in the ECOWAS Member States

A positive correlation between security events and unemployment is expected in ECOWAS member states as shown in Figure 43. There are major disparities among member states. Nigeria, Burkina Faso, and Niger exhibit unique characteristics compared to the other member states in terms of security issues. The positive correlation between insecurity and unemployment could be attributed to the fact that unemployment is likely to be a breeding ground for insecurity.

In other words, member states with high levels of unemployment are at risk of instability and insecurity. Conversely, insecurity could contract economic activity and reduce employment opportunities, leading to an increase in the unemployment rate.

The relatively low correlation highlighted results from the calculation of the unemployment rate or from the fact that insecurity mainly affects rural areas where agriculture and the informal sector are more dominant, which makes it impossible to capture the real rate of unemployment. Industrial activities are more concentrated in large cities, which are less prone to insecurity.

Figure 43: Correlation between Insecurity and Unemployment Rate

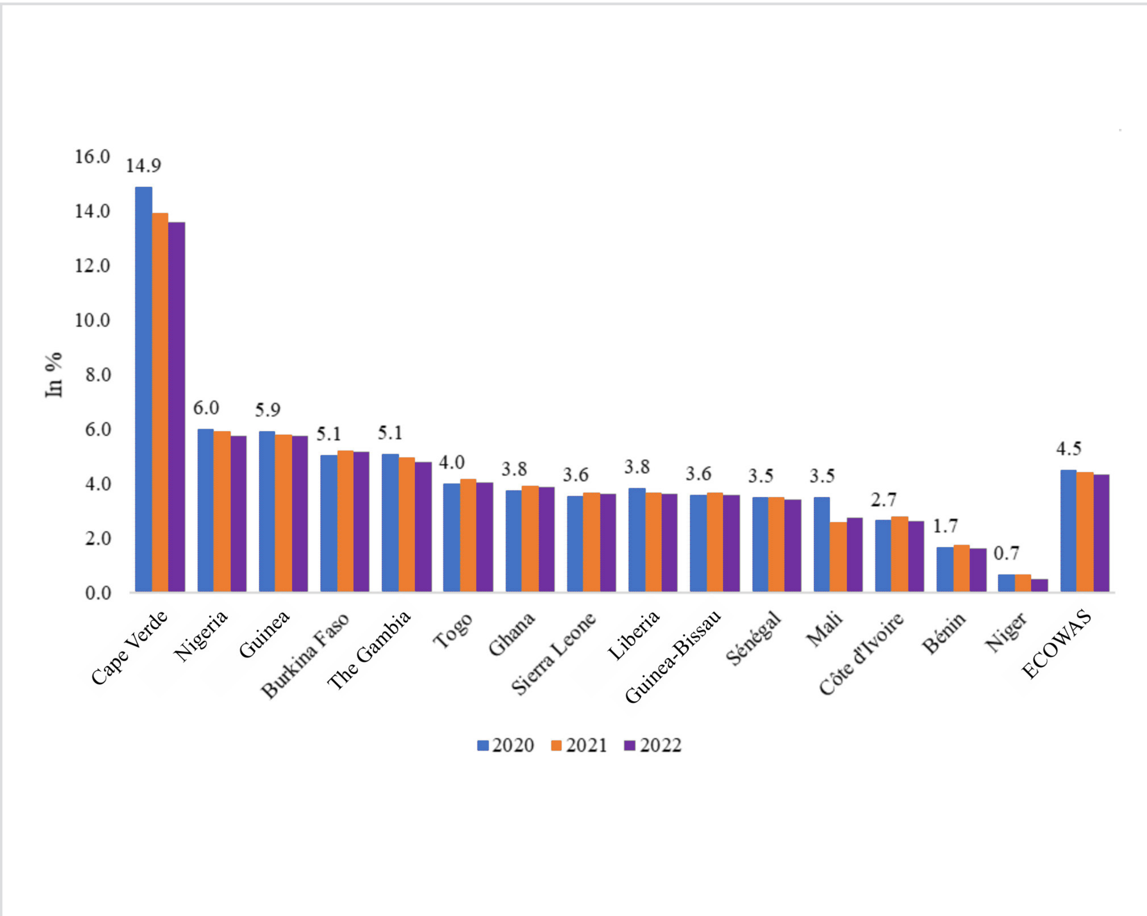


Source: ACLED and AfDB, 2023

Armed conflicts and insecurity considerably affect unemployment due to the disruptions they cause to the supply chains of raw materials and finished products. This makes it difficult for businesses to operate efficiently, often leading to layoffs. Another consequence linked to the security issue is the closure of businesses in areas affected by insecurity due to the flight of talent and qualified people (professionals, entrepreneurs, and dissuading investors). In member states affected by the security crisis in ECOWAS, displaced workers face difficulties in finding stable employment and often end up in insecure or informal jobs despite the efforts of governments and development partners. These factors destroy economic prospects in the region.

Figure 44 illustrates a strong disparity in unemployment rates within ECOWAS over the period 2020 to 2022. Unemployment is highest in Cape Verde and very low in Niger. These statistics contrast with the facts in these member states. Although theoretically, insecurity tends to negatively impact employment and increase the unemployment rate, the determination of the unemployment rate is subject to criticism in economies dominated by informal employment.

Figure 44: Unemployment Rate in the ECOWAS Member States: 2020 to 2022

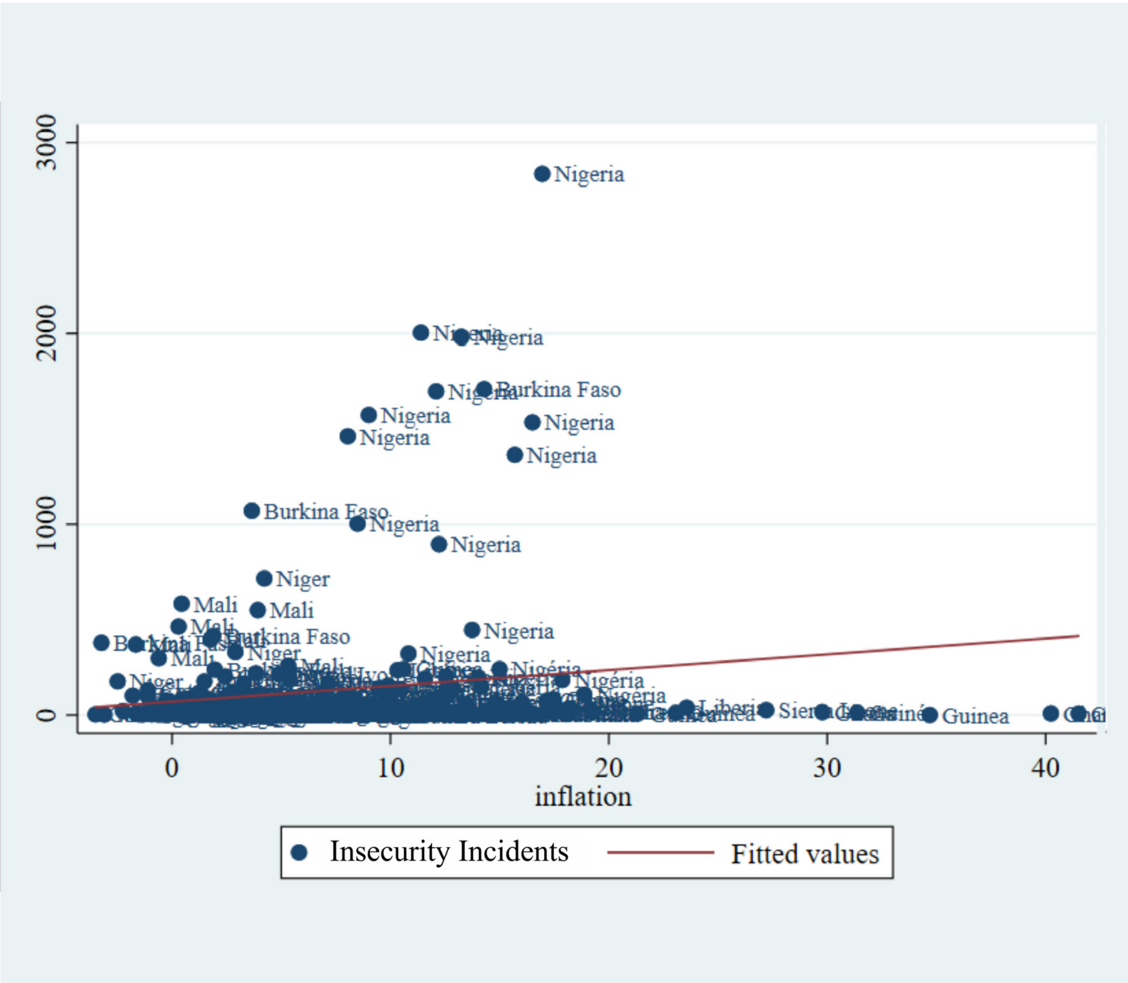


Source: AfDB, 2023

4.3. Inflation in the ECOWAS Member States

Inflation is one of the primary criteria for the convergence of economic performance and policies within ECOWAS. It refers to the sustained increase in the general level of prices. It determines the purchasing power of households. Insecurity and armed conflict exert persistent inflationary pressures within affected member states (Gupta et al., 2004; Nkemgha et al., 2022) due to the resulting disruptions in production and supply chains. Furthermore, by creating a climate of economic and political uncertainty, insecurity can lead to rising prices of goods and services. Meanwhile, by triggering massive population movements, insecurity can put pressure on the resources available in most areas, such as food, housing, and basic services. Increased demand in these areas can lead to higher prices, contributing to inflation. Figure 45 shows a high correlation between insecurity incidents and the general price level.

Figure 45: Correlation between Insecurity and Inflation

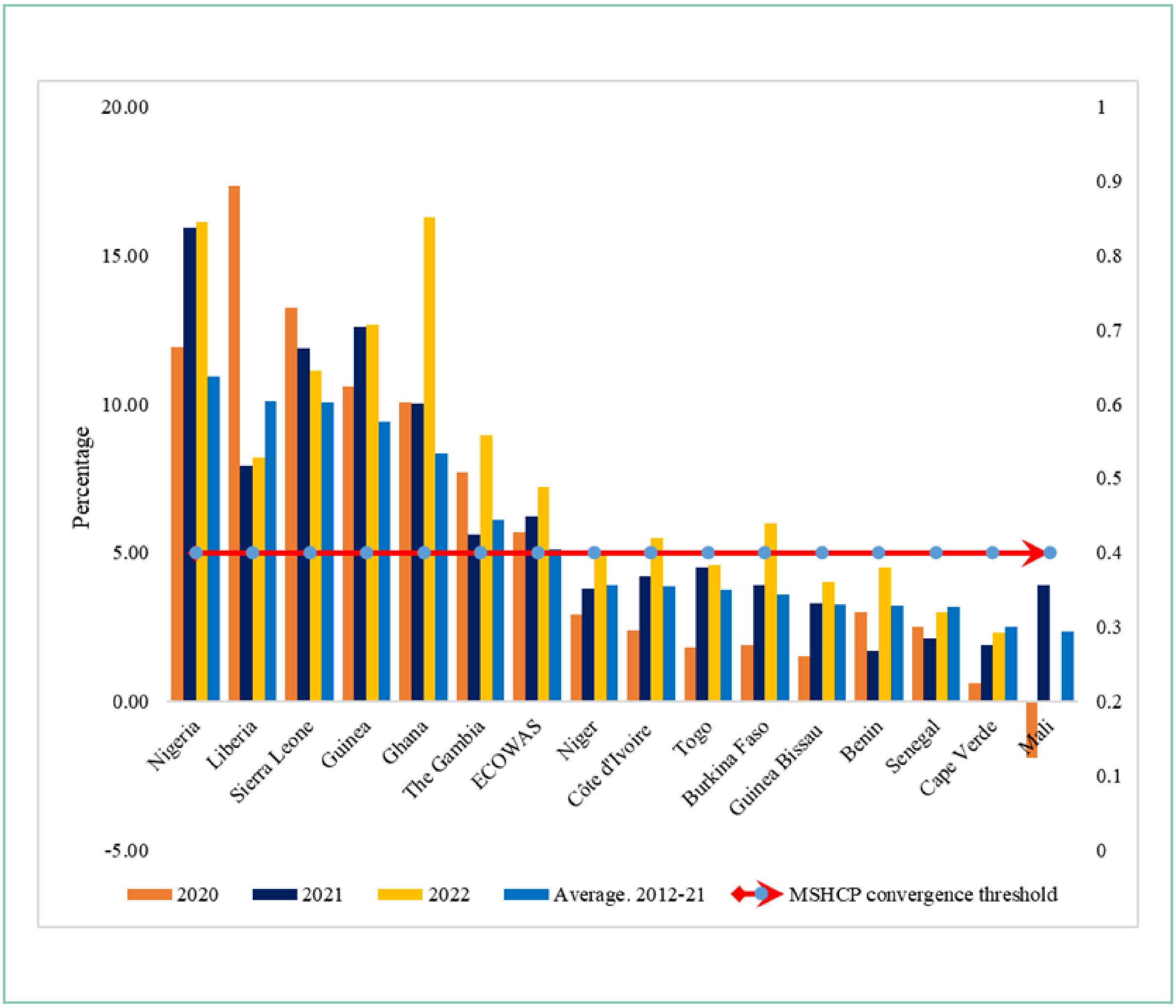


Source: ACLED and AfDB, 2023

In addition to the traditional causes of inflation (increase in the money supply not correlated with the increase in production), insecurity appears to be an important variable in explaining price dynamics in the ECOWAS member states. This is because insecurity makes people leave areas with high agricultural potential with a consequent effect on decreased cereal and other crop production. This further reduces the supply of food products in the markets and increases food prices. Ultimately, insecurity reduces the purchasing power of households due to the associated inflation.

The increase in inflation had a negative impact on macroeconomic convergence in the region. Figure 46 illustrates the wide disparity in inflation rates of ECOWAS member states in 2012 and 2021. While the rate of inflation remained low in some member states, it reached double digits in Guinea, Liberia, Ghana, Nigeria, and Sierra Leone. The figure shows that the level of inflation was particularly high in Ghana (31.5 percent) and Sierra Leone (27.2 percent) in 2022. Over the period 2012-2021, only six member states met the inflation criterion.

Figure 46: Evolution of the Inflation Rate and Rate of Compliance (≤5 Percent) Over the Period 2012-2021

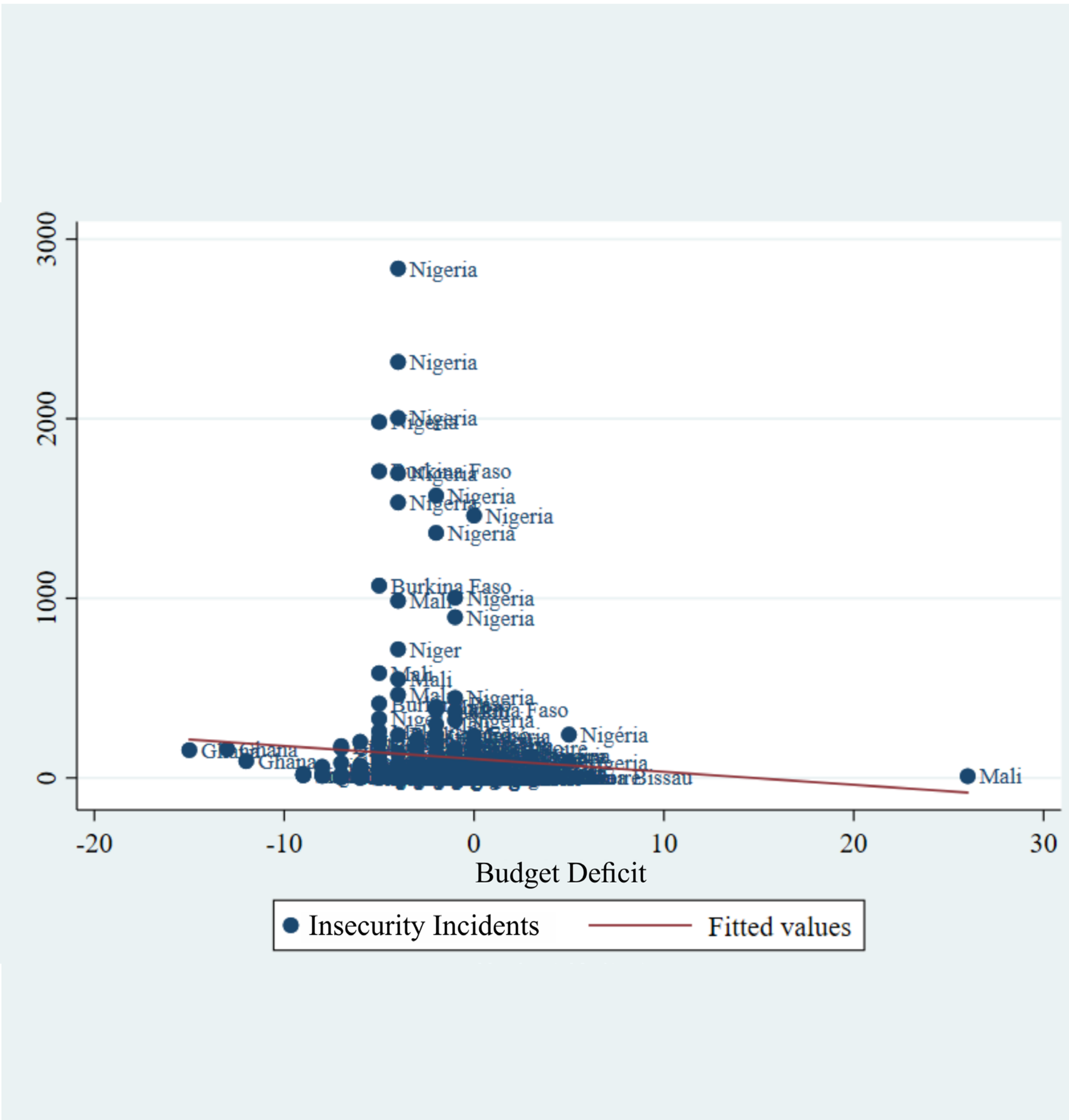


Source: CNPE, 2023

4.4. Public Finances in the ECOWAS Member States

The impact of insecurity on public finances was analysed using the macroeconomic convergence criteria, specifically budget deficits and public debt. The increase in public spending due to high levels of insecurity reduces the budget balances of the affected member states. Insecurity increases security spending, leading to an increase in total public spending, which explains the inverse relationship between insecurity incidents and budget balances as illustrated in Figure 47.

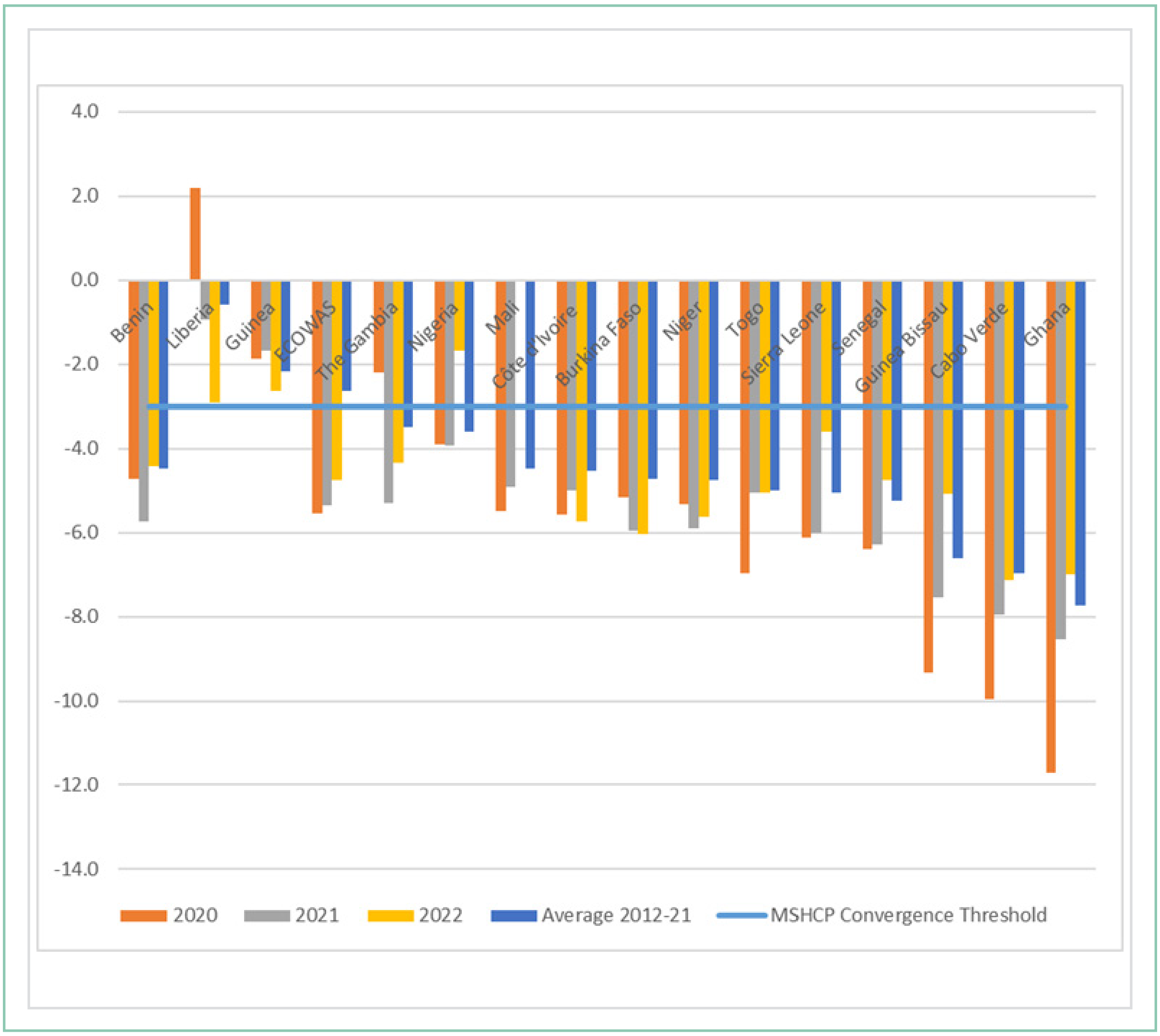
Figure 47: Correlation between Insecurity and Budget Balance



Source: ACLED and AfDB, 2023

An analysis of Figure 48 and Table 3 shows a high degree of variation in budget deficits as a percentage of GDP among the ECOWAS member states. Budget deficits over the last decade are higher in Ghana, Cape Verde, Senegal, and Guinea-Bissau as compared to other member states. In terms of compliance with this key criterion, only Guinea (90 percent) and Liberia (70 percent) performed well in terms of the ratio of the budget deficit, including grants (commitment basis), to GDP, which must be ≤ 3 percent for the period 2012 to 2021. The rise in insecurity is forcing governments to allocate a significant percentage of their budgets to security and defense. This includes spending on the army, police, intelligence services, and other law enforcement measures. The costs involved in monitoring, preventing, and punishing criminal activity are generally considerable, thereby reducing the resources available for other priority areas such as education, health, or public infrastructure. Insecurity leads to a reduction in tax revenues in affected member states.

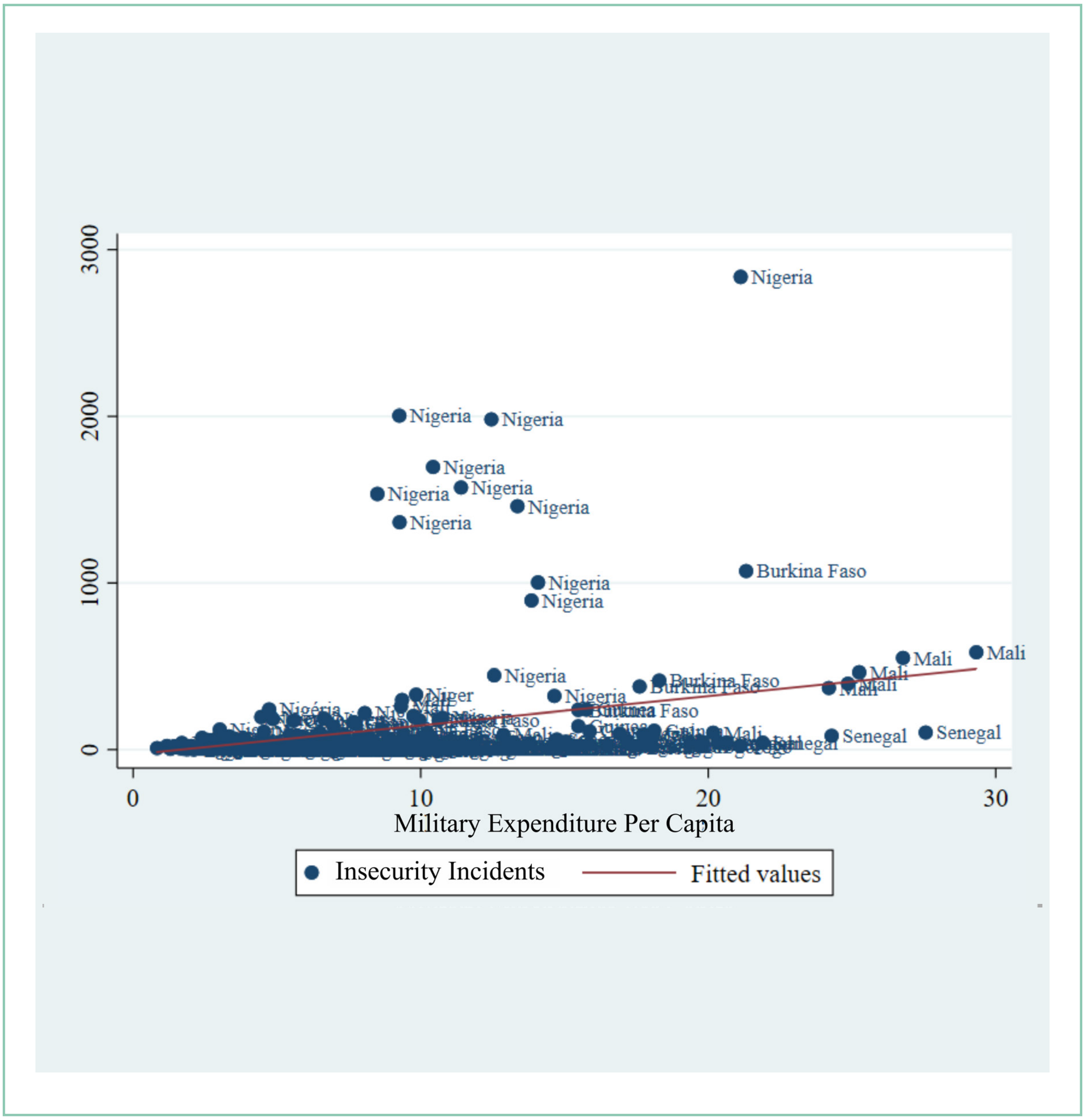
Figure 48: Budget Deficit Including Grants as a Ratio of GDP (Percentage)



Source: CNPE, 2023

Figure 49 shows a correlation between security incidents and military spending per capita. It is evident that security events lead to a redirection of public spending towards military expenditure, which at the same time crowds out public spending on basic social sectors such as education, health, and infrastructure, etc. However, significant disparities are noted among member states as Burkina Faso, Mali, and Nigeria exhibit specific characteristics, undoubtedly due to a more pronounced deterioration of the security situation in these member states. Member states in the Sahel (Burkina Faso, Mali, and Niger) are more affected by insecurity than coastal countries. Thus, an increase in security events increases the expenditure allocated to ensuring the safety of the population.

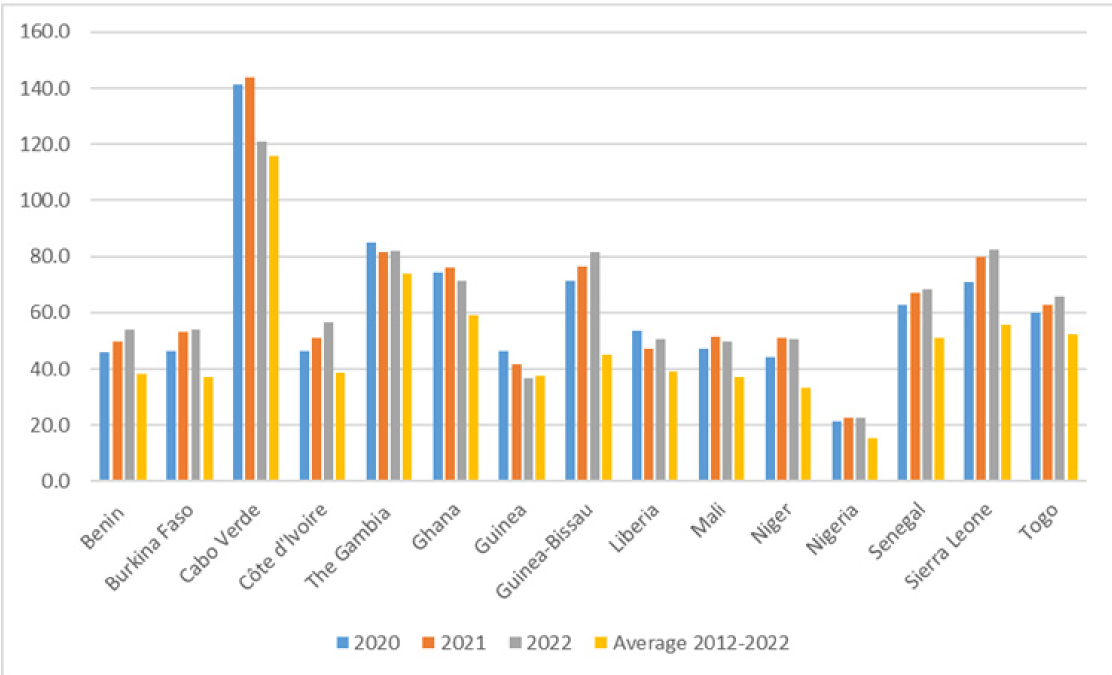
Figure 49: Correlation between Insecurities and Military Spending Per Capita



Source: ACLED and SIPRI, 2023

Armed conflict and insecurity increase public spending in affected states because of the increased need to rehabilitate or rebuild destroyed public infrastructure. After prolonged periods of insecurity, reconstruction and rehabilitation of affected areas can represent a significant financial burden for governments. Restoring damaged infrastructure, public services and assets requires considerable investment, which is often financed by borrowing or additional public resources. The analysis of Figure 50 shows that average debt levels as a percentage of GDP vary widely, ranging from 115.8 percent for Cape Verde to 15.4 percent for Nigeria from 2012 to 2021. The most affected member states like Nigeria, Niger, Mali, and Burkina Faso had debt levels lower than the ECOWAS average.

Figure 50: Public Debt to GDP Ratio: 2012-2021



Source: CNPE, 2023

Reconstruction and rehabilitation of affected areas can represent a significant financial burden for governments.

Table 3 presents the status of the convergence criterion on "Central Bank Budget Deficit Financing" in ECOWAS member states. It can be noted that all WAEMU member states meet this criterion for the period 2012 to 2021. The other member states sometimes resort to deficit financing by the Central Bank. For example, in 2020, six of the seven non-WAEMU member states turned to their Central Bank to finance expenditures generated by the COVID-19 pandemic.

Table 3 : Budget Deficit Financing by the Central Bank

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Compliance rate, 2012-2021
Benin	0	0	0	0	0	0	0	0	0	0	0	**100 percent**
Burkina Faso	0	0	0	0	0	0	0	0	0	0		**100 percent**
Cape Verde	0	0	0	0	0	0	0	0	0.09	0.066		**80 percent**
Cote d'Ivoire	0	0	0	0	0	0	0	0	0	0	0	**100 percent**
The Gambia	0.004	0	0.408	0.415		0.331	0	0	0.467	0	0	**50 percent**
Ghana	0.254	0.123	0.137	0.041	0	0	0	0.03	0.106	0.022		**40 percent**
Guinea	0	0.013	0	0.256	0	0	0	0.03	0.106	0.022	0	**50 percent**
Guinea -Bissau	0	0	0	0	0	0	0	0	0	0	0	**100 percent**
Liberia	0	0	0	0	0.030	0.245	0.128	0.279	0	0		**60 percent**
Mali	0	0	0	0	0	0	0	0	0	0		**100 percent**
Niger	0	0	0	0	0	0	0	0	0	0	0	**100 percent**
Nigeria	0	0	0	0.131	0	0	0	0	0.340	0.284	0.019	**60 percent**
Senegal	0	0	0	0	0	0	0	0	0	0	0	**100 percent**
Sierra Leone	0.377	0.017	0.07	-0.007	0.309	0.188	0.227	0.007	0.219	0.096	0	**0 percent**
Togo	0	0	0	0	0	0	0	0	0	0	0	**100 percent**
Number of member states meeting the convergence criteria	**12**	**12**	**12**	**10**	**13**	**12**	**13**	**11**	**9**	**10**	**14**	

Source: CNPE, 2023

In 2020, six of the seven non-WAEMU member states turned to their Central Bank to finance expenditures generated by the COVID-19 pandemic.

4.5. Humanitarian Situation in ECOWAS

The insecurity situation experienced by some ECOWAS member states caused massive population displacements. This situation increased the scale of the humanitarian crisis facing the affected member states in the face of a persistent food and nutrition crisis and climate change such as floods and droughts. According to the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA, 2023), in the Central Sahel region (Burkina Faso, Mali, and Niger), the number of people in need of humanitarian aid in 2023 is estimated at more than 15 million, an increase of 6 percent from 2022. The number of IDPs is estimated at nearly 2.6 million people, including 76 percent in Burkina Faso. It is estimated that at least 260,000 of these displaced people may be people with disabilities. Also, more than 185,000 refugees are reported in the three member states.

Furthermore, the situation in April 2023 indicates that insecurity is the basis for the closure of almost 9,000 schools and 332 health centers. Women and children are the most affected and therefore most exposed to extreme vulnerability and the threat of sexual and gender-based violence.

Table 4: Summary of the Impact of Insecurity on Basic Social Sectors in Selected ECOWAS Member States

Country	Number of IDPs	Schools closed	Number of students deprived of school	Humanitarian impacts of security incidents**
Burkina Faso	2,062,534	6,134	787,784	4.7 million people in need. 1.9 million Internally Displaced Persons 52% of IDPs are children $877 million is required for 3.1 million targeted people 1 million students affected by school closures.
Mali	422,620	1,632	489,600	412,000: Internally displaced persons (12/31/2022) 8.8 million: People in need of humanitarian assistance 5.7 million: People are targeted through the PRH 2.3 million: People experiencing food insecurity
Niger	372,000	890	53,562*	371,900: Internally displaced persons 255,500: Refugees 41,800: IDPs returned 3.1 million: People assisted in 2022 4.3 million: People in need in 2023 2.7 million: People targeted in 2023
Nigeria	1,087,875	181	68,522	6 million: People targeted by humanitarian aid 8.3 million: people in need of humanitarian assistance 2.2 million: internally displaced people 4.4 million: People in need of food security assistance 4.24 million: People in need of nutritional assistance *

Source: UNOCHA 2023

*Students affected by insecurity in the Tillabéry region on 20 December 2021 in Niger

** According to UNOCHA, as of April 2023

The analysis reveals that insecurity, particularly terrorism, had a major impact on the education and health sectors, on decentralized administrative services, and, more generally, on the populations living in areas facing major security challenges in the Sahel countries. Thus, in Burkina Faso, Mali, and Niger, schools and health centers were closed, leaving thousands of students without education and civil servants without work. In Sahel countries, insecurity forced nearly 2,000 schools to close or cease operating (UNICEF, 2019).

Insecurity also caused the displacement of people living in unsafe conditions and in need of various types of humanitarian assistance. As earlier indicated, the ECOWAS region recorded a total of approximately 6.5 million internally displaced people and 500,000 refugees between 2018 and March 2023 (UNHCR, 2023). According to UNHCR(2023), there are 2,062,534 people in the country, while 63 local government and 196 health facilities were closed, depriving 1,919,889 people of healthcare. The distinguishing feature of IDPs is that the majority are women and children. This translates into considerable humanitarian needs that are sometimes poorly met or not met at all.

The ECOWAS region recorded a total of approximately 6.5 million internally displaced people between 2018 and March 2023.

Box 7: Impacts of Insecurity in the Central Sahel Region

At the socioeconomic and humanitarian levels, in the central Sahel (Burkina Faso, Mali, and Niger), insecurity has rapidly increased and displacement rose by 30 percent between 2020 and 2021, reaching 2 million internally displaced persons (IDPs) and 132,000 refugees - half a million of whom were forced to flee within their country in 2021 alone. Many displaced people have also been forced to flee multiple times, further increasing their vulnerability. These IDPs and refugees, the majority of whom are women and children, are housed in camps or reception centers where conditions are extremely poor.

Violence has a severe impact on fragile livelihoods and people's ability to feed themselves, further straining already weak basic social services. Many people have fled their homes to seek refuge in neighboring fields or villages, sometimes several times successively. In Burkina Faso, the Sahel and Centre-North regions, which are the most affected, are home to more than 900,000 internally displaced people. These large-scale displacements have a major impact on scarce natural resources, with harmful consequences both for the internally displaced people and for the host communities, increasing the risk of destroying social cohesion.

Source: The report on peace and security in the WAEMU zone for the second half of 2021 from the WAEMU Commission, March 2022.

Overview of Internally Displaced Persons in selected ECOWAS Member States

The humanitarian situation in Burkina Faso, Mali, and Niger is rapidly deteriorating amid crises on several fronts. Insecurity is the main driver, aggravated by extreme poverty.

Burkina Faso

In Burkina Faso, according to the Permanent Secretariat of the National Council for Emergency Relief and Rehabilitation (SP/UNHCR), the security crisis resulted in a total of 1.99 million internally displaced persons as of 28 February 2023 as opposed to 1.94 million on 31 January 2022, representing an increase of 3 percent. The number of IDPs recorded has risen by 10 percent compared to February 2022. The Centre, Cascades, Boucle du Mouhoun and Hauts Bassins regions saw a significant increase in internally displaced persons.

Niger

After a supervisory visit to the region, the Nigerien Minister of National Education, Ibrahim Natatou, announced the closure of a total of 921 primary and secondary education establishments as of 5 June 2023, due to insecurity in the Tillabéri region (three border zone).

Of the 921 schools closed, 891 schools are primary schools and 30 secondary schools, the Minister said, noting that the government has given instructions for some of these students to be enrolled in other establishments in unaffected areas.

In a report published in August 2022, the United Nations Children's Fund (UNICEF) identified 855 primary schools and 35 secondary schools closed in four regions of Niger due to insecurity. These are the regions of Tillabéri (west), Tahoua (northwest), Maradi (southwest) and Diffa (southeast).

The regions of Tillabéri and Tahoua on Mali's borders are facing armed attacks by terrorist groups operating in northern Mali. The Diffa region is facing attacks from the Boko Haram group operating in northern Nigeria. The Maradi region is facing attacks from "armed bandits" operating in neighbouring states in north-west Nigeria.

Across the Tillabéri region, authorities estimate that 579 schools will be closed at the end of the 2020-2021 school year out of the 2,247 schools in the region, or 23.66 percent. A total of 53,562 children, including 25,828 girls, were deprived of the right to education due to activities by armed groups. According to authorities, 9,833 pupils have been displaced so far in the region. It should be recalled that in 2020, 377 schools were closed across the region, affecting more than 30,000 children. More than 53,000 pupils were affected by insecurity in the Tillabéri region as of 20 December 2021.

Nearly 8,000 migrants arrived in Niger from Algeria between January and May 2023. This number of deportees is equivalent to half of the total arrivals in 2022 from Algeria. On 19 April 2023, the United Nations supported an inter-ministerial observation and assessment mission to Assamaka. More than 3,600 migrants are now stranded (as of 1st May 2023) in the village in a difficult situation. Many partners of the country's humanitarian team have committed to assisting migrants stranded in Assamaka.

Mali

The UNOCHA 2023 report shows an increase in the number of civilian victims of explosive devices. Resilience of survivors of gender-based violence. More than 760,000 people were in a food crisis between March and May 2023.

Nigeria

According to UNOCHA 2023 estimates, 4.3 million people are at risk of going hungry in northeastern Nigeria during the lean season (June-August). $1.3 billion is needed to provide humanitarian assistance to 6 million people in northeastern Nigeria in 2023.

However, in the face of ambient insecurity, responses to insecurity are considered and appreciated by the population. Indeed, on the operational level, the deterioration of the security situation has not annihilated the efforts of the Governments of the central Sahel to increase military operations aimed at dismantling terrorist bases. Thus, several operations are organized by the DSF, aimed at establishing a climate of tranquillity. These coordinated actions led to a downward trend in terrorist attacks and internally displaced persons are returning to their places of origin.

> *The underlying principles of the 2030 Agenda, such as peaceful, just, and inclusive societies, constituting the foundations of sustainable development.*

4.6. Impact of Peace, Security, and Stability on the Implementation of SDG 16

4.6.1. General Information on SDG 16

SDG 16 was dedicated to governance and it centered on three main interrelated axes: peace and security, justice, and effective institutions. It seeks to encourage member states to promote peaceful societies open to all, for the purposes of sustainable development, ensure access to justice for all, and establish effective, accountable, and responsible institutions open to all and at all levels. The objective is linked to 10 targets which specify the results to be achieved. SDG 16 also has 23 indicators for monitoring and measuring expected results. Above all, it is an objective with multidimensional issues, which is both a result and a catalyst for sustainable development. It expresses the underlying principles of the 2030 Agenda, such as peaceful, just, and inclusive societies, constituting the foundations of sustainable development. The principles of good governance thus constitute factors conditioning the success of public policies.

For Africa and ECOWAS in particular, SDG 16 generally presents major challenges where issues of governance and conflict are the most problematic in relation to the growing terrorist threat, the emergence of criminal groups, the demands of the youthful population for greater economic and political inclusion, persistent disputes around land ownership.

4.6.2. Status Report on Implementation of SDG in ECOWAS

In ECOWAS, the generalization of the fight against bad governance by strengthening good governance institutions and the fight against insecurity and extreme violence are indications of efforts made in the implementation of Peace, Justice and Strong Institution (SDG 16). However, concerning the target of "considerably reducing all forms of violence and associated mortality rates everywhere", the analysis of the indicators clearly shows that achieving this target poses serious challenges to the ECOWAS member states. Indeed, between 2016 and 2022, the number of deaths linked to violence increased considerably, from 5,316 to 7,013 (See Figure 34). This situation results from the resurgence of the terrorist phenomenon, crime, and other forms of conflict in several ECOWAS member states.

Regarding the state of governance, the phenomenon of bad governance remains a sustainable development concern. The results expected from the implementation of public policies are in some cases hindered by the inefficiency of public services, the lack of equitable access to justice for all, and corruption in all administrative areas, including the governance of public finances, which has enormous destructive effects on development.

In the specific case of corruption, although the average corruption prevalence rate remains lower than in sub-Saharan Africa, it remains high compared to many parts of the world. Thus, the fight against corruption is one of the main objectives to the extent that corruption is a favourable factor in the violation of human rights which can lead to a vicious and downward spiral.

Box 8: The Shortcomings and Challenges in Monitoring and Achieving SDG 16

By deciding to adopt SDG 16, the international community has chosen to make the question of democratic governance, previously excluded from the field of public policies, an element in assessing the well-being of populations. Access to justice for all and the rule of law, transparency and democratic responsibility, the guarantee of fundamental freedoms, the absence of discrimination and participation, and, more generally, the quality of institutions are become major issues for assessing the quality of country governance. To these themes are added those relating to "peace and security".

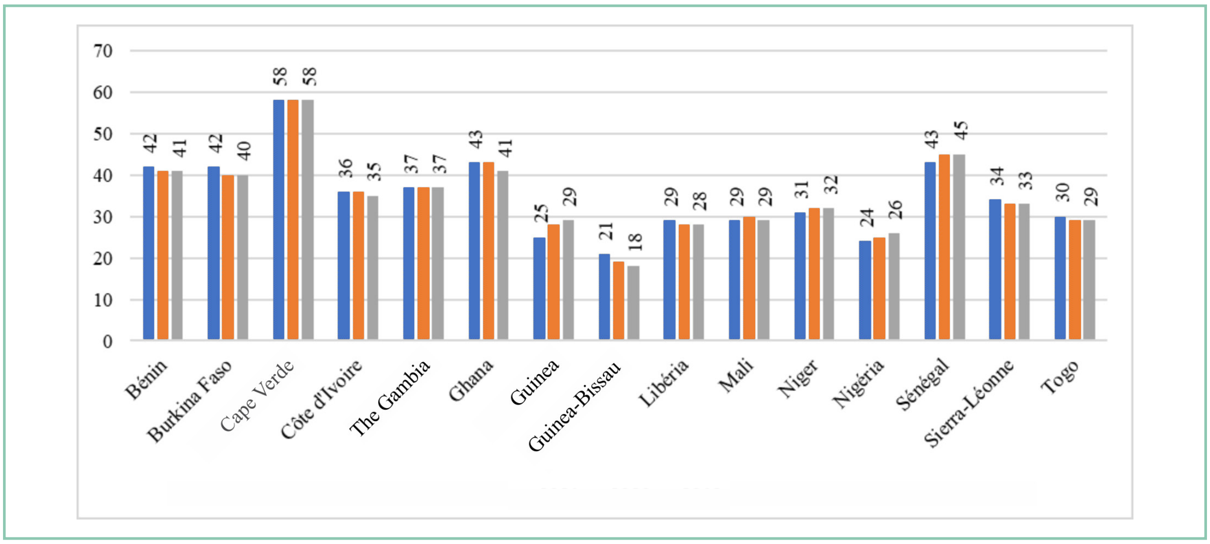
It is therefore no exaggeration to assert that the inclusion of SDG 16 in the 2030 Agenda constituted a real historic breakthrough given the three types of constraints overcome: 1) the place of governance in the hierarchy priorities; 2) the (political) nature of the questions addressed and finally 3) the polysemous nature of the word and the paradigm that it can convey. ECOWAS Vision 2050 took into account the aspirations of SDG 16 in its priorities scattered across its 5 pillars.

The major challenge in monitoring SDG 16 lies in the fact that it is a new area in the international development agenda. Therefore, measuring progress in terms of good governance appears to be sufficiently sensitive, given that the choice of relevant indicators for measuring progress can allow national and international actors to exert pressure on leaders. In addition, measuring most of the SDG 16 targets requires carrying out field surveys, which are generally very expensive and for which funding must be sought. This state of affairs is even more aggravated in the current context of insecurity.

Indeed, as rights and freedoms diminish and democracy weakens, authoritarianism takes hold, leading to even higher levels of corruption. However, corruption compromises the capacity of States to guarantee the fundamental rights of citizens, which affects the delivery of public services, the administration of justice, and the security of the entire population.

The assessment of the level of corruption and transparency in the management of public affairs is analysed using Transparency International's corruption perception index. Figure 51 shows the evolution of the corruption perception index in the ECOWAS member states from 2019 to 2021.

Figure 51: Corruption Perception Index in the ECOWAS Region

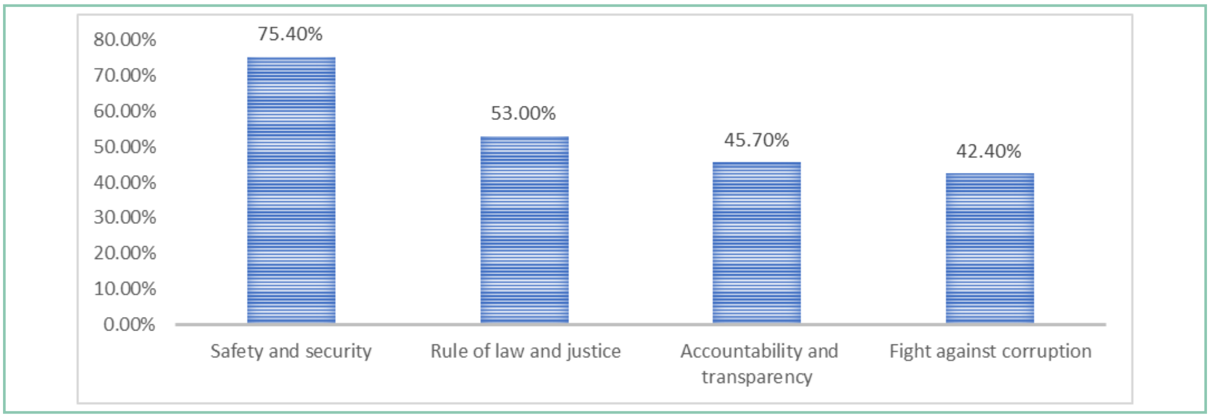


Source: Transparency International, 2022

In reference to the average score of 35 out of 100 recorded in the ECOWAS region, Cape Verde appears to be the top performer in the fight against corruption in 2021, with a score of 58 out of 100, followed by Senegal and Ghana (43 out of 100), Benin and Burkina Faso (42 out of 100). Guinea-Bissau received the lowest score, 21 out of 100.

The security and rule of law situation in ECOWAS deteriorated due to the insecurity affecting several member states, the pre and/or post-election crises arising from constitutional amendments towards election. Thus, according to the Mo Ibrahim Index (IIAG), 1 in 4 people do not feel safe in the ECOWAS region. The most affected member states were those of the Sahel (Burkina Faso, Mali, Niger) and Nigeria. In the area of justice and the rule of law, more than one in two people have confidence in the judicial system and the rule of law.

Figure 52: Security and Rule of Law in the ECOWAS Region



Source: IIAG Report 2022

In terms of participation, inclusion, parity, and equal opportunities, ECOWAS member states made some progress. Major progress was made in strengthening democratic processes with the regular and successful holding of elections. In this regard, it is appropriate to emphasize the supporting role of the ECOWAS Commission in monitoring and organization of transparent and credible elections (electoral support) in member states. As an illustration, the following major actions can be noted: 1) pre-electoral information missions from 25 October to 11 November 2022 in 6 states of Nigeria as well as the pre-electoral and preventive diplomacy mission in Liberia, Sierra Leone, and Guinea Bissau to meet all the actors involved in the electoral process and the international community; 2) deployment of general election observation missions in member states; 3) holding of the meeting of the Annual General Assembly (AGM) of the ECOWAS Electoral Commissions Network (ECONEC), bringing together all the Presidents of the Electoral Commissions in the region and independent Experts.

Furthermore, in terms of human rights, across ECOWAS member states, prisons are overcrowded, which deteriorates the conditions of the prison population. Additionally, health systems within prisons are extremely precarious. According to *Amnesty International,* people in pre-trial detention represent 50 to 90 percent of the prison population in most African member states. Prison systems face many systemic problems, which have been worsened by the COVID-19 pandemic. The pandemic stopped the decline in the proportion of the prison population awaiting trial observed between 2015 and 2019. It fell by six percentage points, going from 52.8 percent to 46.5 percent. In 2020, however, it rose to 50.5 percent as a result of restrictive measures. Overall, the performance in terms of the progress made by the ECOWAS member states shows the need to reverse the trend for SDG 16.

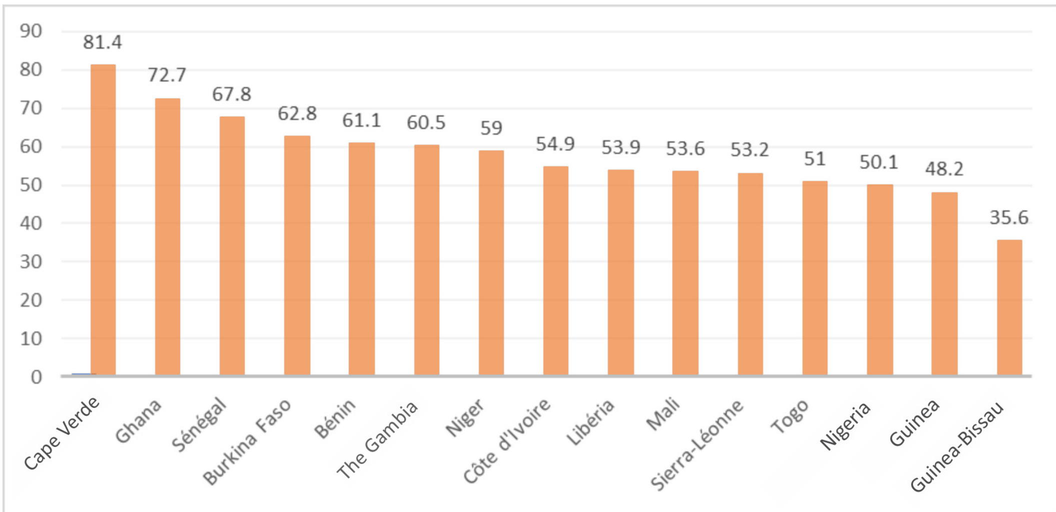
Figure 53: Participation, Human Rights, and Inclusion in the ECOWAS Region

Source: IIAG Report 2022

Following the data from the 2021 ECA progress report on the achievement of the SDGs in Africa published in 2022, the ECOWAS region, like other regions of the continent, is behind in terms of the progress made in SDG 16. The major challenge that must be overcome, however, is the poor availability of data.

The analysis of individual progress by country indicates, in 2019, that Cape Verde, Ghana, and to a lesser extent Senegal appear to be the member states in good standing to achieve good aggregate performance towards achieving the targets of SDG 16 by 2030. The deterioration of the security situation in the Sahel member states is negatively affecting efforts and will not help achieve the targets by the end of the year unless there is a considerable reversal of the trend.

Figure 54: Progress Towards Achieving SDG 16 by country, 2019 (percentage)



Source: ECA based on 2019 estimates from the African Centre for Sustainable Development Goals

Following the data from the 2021 ECA progress report on the achievement of the SDGs in Africa published in 2022, the ECOWAS region, like other regions of the continent, is behind in terms of the progress made for SDG 16.

5 Analysis of the ECOWAS Peace, Security and Stability Architecture

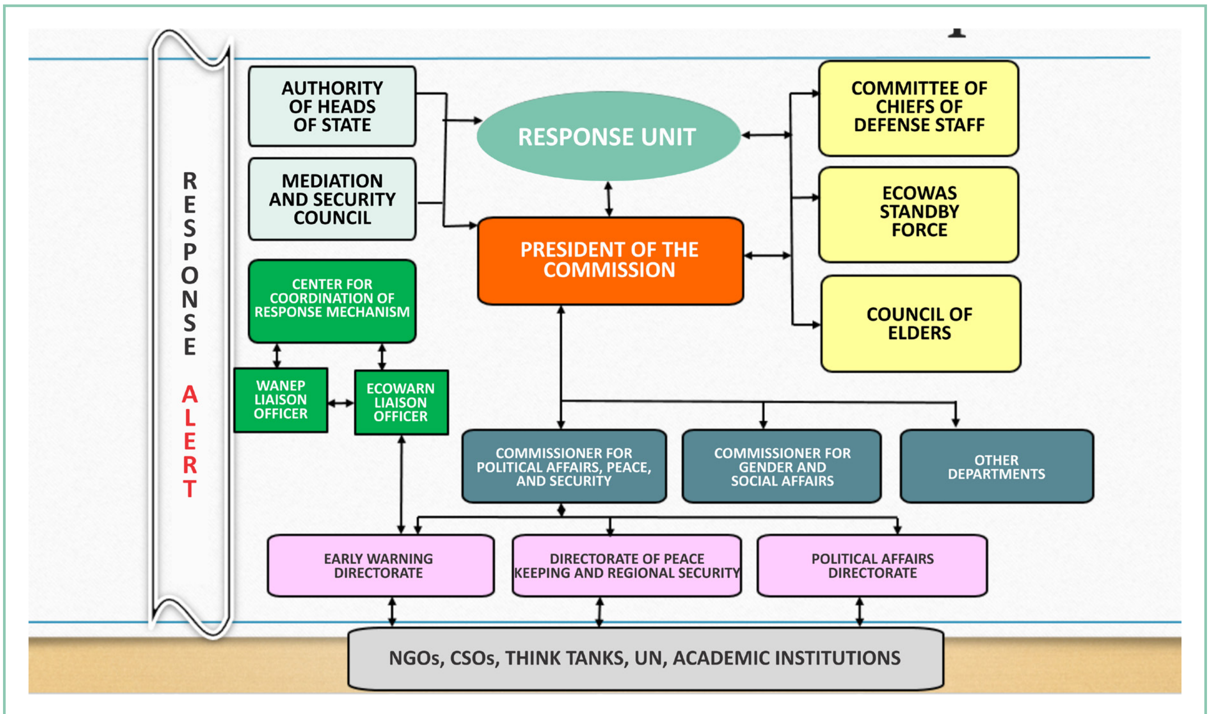
This section analyses the ECOWAS peace and security architecture. After a presentation of the institutional and organizational framework, the analysis focuses on the strengths, weaknesses, opportunities and threats of the said architecture to lead to recommendations capable of strengthening the operational effectiveness of the system.

5.1. The ECOWAS Peace and Security Architecture

The ECOWAS peace and security architecture is a set of institutions, legislative texts and procedures, designed to prevent conflicts and to promote peace, security and stability within its territorial jurisdiction.

At the institutional level, the ECOWAS peace and security architecture is made up of (i) a decision-making body, namely the Authority of Heads of State and Government (ii) steering bodies, namely the Mediation and Security Council and the ECOWAS Commission and (iii) specialized instruments in matters of peace and security: the Council of Wise Men, the Defence Commission, the Standby Force, the (ECOWARN) early warning system and the Peace Fund.

Figure 55: Components of the ECOWAS Peace and Security Architecture



Source : ECOWAS Commission, 2023

5.1.1. The Organs of the ECOWAS Peace and Security Architecture

a. The Authority of Heads of State and Government (AHSG)

Made up of the heads of state of the 15 member states, the Authority is the highest decision-making body of the organization. It takes all decisions relating to issues of conflict prevention, management and resolution, maintenance of peace and security, humanitarian assistance, peacebuilding, and the fight against cross-border crime, and the proliferation of small arms as well as all other issues covered by the provisions of the Mechanism.

b. The Mediation and Security Council (MSC)

The Mediation and Security Council takes, on behalf of the Authority, decisions on issues related to peace and security in the region. It also ensures the implementation of all the provisions of the mechanism for prevention, conflict resolution, maintenance of peace and security. The MSC is made up of nine (9) member states. Seven (7) of which are elected by the Chair of Authority and supplemented by the immediate past President and Vice-presidents of the AHSG who are automatic members of the Mediation and Security Council. The MSC is competent 1) in the event of aggression or armed conflict occurring in a member State, or the threat of such a conflict; 2) in the event of a conflict between two or more member states; 3) in the event of internal conflict which threatens to trigger a humanitarian disaster and which constitutes a serious threat to peace and security in the sub-region; 4) in the event of serious and massive violations of human rights or challenges to the rule of law; 5) in the event of the overthrow or attempted overthrow of a democratically elected government and; 6) any other situation determined by the Mediation and Security Council.

c. The ECOWAS Commission

The ECOWAS Commission is empowered to take measures aimed at the prevention, management, and resolution of conflicts, and maintenance of peace and security in the sub-region. These measures may take the form of fact-finding missions, mediation, facilitation, negotiation, and reconciliation of the parties to the conflict.

d. The Defence and Security Commission (DSC)

The DSC studies the technical and administrative aspects and determines the logistical requirements of peacekeeping operations. It assists the Mediation and Security Council in formulating the mandate of the peacekeeping force; the development of the Force's terms of reference; the appointment of the Force Commander and the determination of the composition of the contingents.

e. The Council of Elders

The Council of Elders is made up of eminent personalities who can, on behalf of ECOWAS, use their good offices and skills to play the role of mediator, facilitator, conciliator, and arbitrator. They are designated by the President of the Commission and are called upon whenever necessary by the President of the Commission or by the Mediation and Security Council to deal with a given crisis.

f. The Standby Force

The Standby Force is a structure composed of several multipurpose modules (civilian and military) on standby in their member states of origin and ready to be deployed as soon as possible. It is responsible, among other things, for the following operations: peace observation and monitoring mission; peacekeeping and peace-making; action and support for humanitarian actions; application of sanctions including embargo; preventive deployment; peacebuilding, disarmament, and demobilization operations; police activities, in particular, the fight against fraud and organized crime; all other operations which may be ordered by the Mediation and Security Council.

g. The Early Warning Network

As part of the effective prevention of conflicts, and in accordance with Article 58 of the Revised Treaty, ECOWAS established a regional peace and security observation system called early warning. The early warning system includes an Observation and Monitoring Centre based at the Commission's headquarters and observation and monitoring areas in the region.

After a decade of operation of this system, ECOWAS carried out an evaluation of its system and the conclusions of this evaluation led to the adjustment of the system to take into account the response aspects in conflict prevention. Thus, the system now includes the observation and monitoring centre at the Commission and a coordination centre for the early warning and response mechanism in each member state.

h. The Peace Fund

The Peace Fund has been operational since 2006. It aims to be an instrument that supports conflict prevention activities and the maintenance of peace and security in the community space.

Initially housed with the Commissioner for Political Affairs, Peace and Security (CPAPS), the Peace Fund is currently attached directly to the Office of the Vice President of the Commission and is in theory funded by ***1)*** annual levies (0.5 percent of the Community Levy); ***2)*** the contribution of technical and financial partners; ***3)*** support from international organizations, voluntary contributions and donations.

5.1.2. Legal Instruments of the ECOWAS Peace and Security Architecture

a. The Protocol Relating to the Mechanism for Conflict Prevention, Management, Resolution, Peacekeeping and Security

This instrument was adopted by the Authority of Heads of State and Government of ECOWAS in December 1999. Its objectives are:

- prevention, management and resolution of internal conflicts under the conditions provided for in paragraph 46 of the framework of the Mechanism ratified by Decision A/DEC.11/10/98 of 31 October 1998 as well as inter-state conflicts;
- implementation of the relevant provisions of Article 58 of the Revised Treaty;

- application of the relevant provisions of the protocols relating to non-aggression, mutual assistance in matters of defence, free movement of people, right of residence and establishment;
- strengthening cooperation in the areas of conflict prevention, early warning, peacekeeping operations, the fight against cross-border crime, international terrorism, the proliferation of small arms, and anti-mines -personal;
- maintaining and consolidating peace, security and stability within the Community;
- creation of institutions and the implementation of appropriate policies that can enable the coordination of humanitarian and rescue missions;
- promoting close cooperation between member states in the areas of preventive diplomacy and peacekeeping;
- constitution and deployment, whenever necessary, of a civil and military force to maintain or restore peace in the sub-region;
- creation of an appropriate framework for the rational and equitable management of natural resources belonging in common to member states sharing common borders, and which could constitute causes of frequent interstate conflicts;
- protection of the environment and the adoption of measures aimed at restoring the degraded environment;
- safeguarding the cultural heritage of member states;
- formulation and implementation of policies to combat corruption, money laundering and the illegal circulation of small arms.

The mechanism is made up of several institutions including the Authority of Heads of State and Government, the Mediation and Security Council, the Commission, and any other institution created by the Authority. Furthermore, to make conflict prevention effective and operational, and in accordance with Article 58 of the Revised Treaty, the mechanism created a sub-regional peace and security observation system called pre-alert or *"the System"*. The system includes an observation and monitoring centre based at the ECOWAS Commission and observation and monitoring centres in the region.

In accordance with Article 25, the mechanism is implemented under the following conditions: 1) In the event of aggression or armed conflict occurring in a member state, or the threat of such a conflict; 2) In the event of a conflict between two or more member states; 3) In the event of internal conflict which threatens to trigger a humanitarian disaster or which constitutes a serious threat to peace and security in the sub-region; 4) In the event of serious and massive violations of human rights or challenges to the rule of law; 5) In the event of the overthrow or attempted overthrow of a democratically elected government; 6) Any other situation determined by the Mediation and Security Council.

The mechanism is implemented (Article 26) either, by decision of the Authority; by decision of the Mediation and Security Council; at the request of a member state; on the initiative of the President of the Commission; or at the request of the African Union or the United Nations.

Finally, chapter 6 relates to conflict management; Chapter 7 deals with the financing of the Mechanism; Chapter 8 refers to humanitarian assistance; Chapter 9 addresses peace building; Chapter 10 relates to subregional security, and Chapter 11 refers to relations with the African Union, the United Nations and other international organizations.

b. The Supplementary Protocol on Democracy and Good Governance

Adopted on 21 December 2001 by the Heads of State and Government of ECOWAS, the ***Protocol on Democracy and Good Governance, supplementary to the Protocol relating to the Mechanism for Conflict Prevention, Management and Resolution, Peacekeeping and Security*** aims to improve and supplement the provisions relating to the prevention of internal crises, democracy, good governance, the rule of law, and human rights initially adopted in 1999. It explicitly establishes a link between peace and political stability and focuses on the internal instability of states, understanding that the domestic political dysfunctions of states are likely to produce transnational consequences.

Considering the root causes of conflicts, particularly internal ones, now recognized as major threats to regional security, has led member states to affirm their strong desire to anticipate the occurrence of internal crises through the adoption of this Protocol. This 2001 Protocol takes account of the preventive dimension of crises and conflicts by referring particularly to the role of the army and security forces in matters of democracy. It also defines the constitutional principles common to all member states, namely the separation of Executive, Legislative, and Judicial powers; the empowerment and strengthening of parliaments; the independence of the Judiciary and the prohibition of any unconstitutional change as well as any non-democratic mode of accession to/or maintenance of power.

The protocol is made up of three sections:

- the first section deals with the principles (constitutional convergence; elections; observation of elections and assistance from ECOWAS; the role of the army and security forces in democracy; fight against poverty and promotion of social dialogue; education, culture and religion; the rule of law, human rights, and good governance; women, children, and youth);
- the second section deals with the modalities of implementation and sanctions in particular in the event of a *breakdown of democracy by any means whatsoever* or in the event of a *massive violation of human rights in a member state*. The Authority of Heads of State and Government is solely authorized to implement the sanctions provided for in Article 45;
- the last chapter concerns the general and final provisions.

c. The ECOWAS Conflict Prevention Framework

Adopted in January 2008 by the Mediation and Security Council, the ECOWAS Conflict Prevention Framework (ECPF) aims to strengthen the human security architecture in ECOWAS. As such, the ECPF aims to intensify cooperation in the region to push conflict prevention and peacebuilding up the priorities of the political agenda of member states, to stimulate timely action and multidimensional targeted approach to mitigate or eliminate potential and actual threats to humans.

Concretely, the purpose of the ECPF is to develop a more strategic approach to the prevention of crises and conflicts as well as to specify the distribution of roles and the sharing of responsibilities between ECOWAS and the member states, between the member states and civil society, and between ECOWAS and external partners. According to Article 42, the ECPF comprises fourteen components which constitute the chain of initiatives intended to strengthen human security and incorporate conflict prevention activities (operational and structural) as well as certain aspects of peacebuilding. These components are broken down as follows: 1) Early Warning; 2) Preventive Diplomacy; 3) Democracy and Political Governance; 4) Human Rights and the Rule of Law; 5) Media; 6) Natural Resources Governance; 7) Cross-border Initiatives; 8) Security Governance; 9) Practical Disarmament; 10) Women, Peace, and Security; 11) Youth empowerment; 12) ECOWAS Standby Force; 13) Humanitarian Assistance; and 14) Peace Education (Culture of Peace).

d. The ECOWAS Convention on Small Arms and Light Weapons, Their Ammunition and Other Related Materials

This convention was adopted on 14 June 2006. The objectives of the Convention (article 2) are to: 1) prevent and combat the excessive and destabilising accumulation of small arms and light weapons within ECOWAS; 2) continue the efforts for the control of small arms and light weapons within ECOWAS; 3) consolidate the gains of the Declaration of the Moratorium on the importation, exportation and manufacture of small arms and its Code of Conduct; 4) promote trust between member states through concerted and transparent action on the control of small arms and light weapons within ECOWAS; 5) build institutional and operational capacities of the ECOWAS Executive Secretariat and member states in the fight against the proliferation of small arms and light weapons, their ammunition and other related materials; 6) promote the exchange of information and cooperation among member states.

The text provides for the ban on transfers of light weapons and small arms. Article 2 stipulates that member states are prohibited from transferring small arms and light weapons as well as the equipment used for their manufacture to/from their territory. They prohibit, without exception, any transfer of small arms and light weapons to non-state actors, if this transfer is not authorized by the importing member state. The text also recalls that small arms and light weapons as defined in this Convention are not considered goods within the meaning of Article 45 of the Revised ECOWAS Treaty of 1993.

At the same time, Chapter 3 of the Convention affirms the commitment of member states to control the manufacture of small arms and light weapons on their national territory. Furthermore, each State undertakes to draw up an exhaustive list of local manufacturers of small arms and light weapons and to register them in the national arms register. In addition to this provision, the establishment of data banks and registers (national, sub-regional and for peacekeeping operations) of light and small arms is planned. At the operational level, mechanisms to control the possession of small arms and light weapons by civilians are put in place in each member state; as well as an inventory management and security system (Article 16).

Also, member states undertake to review and update their national legislation by establishing the provisions of this Convention as common minimum principles for the control of small arms and light weapons and their ammunition as well as other related materials. In this regard, the Executive Secretariat develops and proposes to the member states a guide for the harmonization of legislative measures.

5.2. SWOT Analysis of ECOWAS Peace and Security Architecture

The ECOWAS Peace and Security Architecture is a set of institutions, legislation, and procedures, designed to prevent conflicts and promote peace and security in ECOWAS. It was therefore put in place to deal with crises and other internal and external conflicts that threaten the stability of the region. Therefore, its effectiveness is understood in terms of its operationalization during crises. In this regard, the analysis below focuses on the strengths, weaknesses, opportunities, and threats of this system.

5.2.1. The Strengths and Weaknesses of the Peace and Security Architecture

In terms of strengths, it clearly appears that the establishment of organs, institutions, and the adoption of texts and procedures constitute the main strength of ECOWAS peace and security architecture. Furthermore, given the importance of peace and security in the socio-economic development of member states and the well-being of populations, Pillar 1 of Vision 2050 aims to make ECOWAS a secure, stable, and peaceful region. Therefore, the actions to be implemented aim to strengthen human security in the region, notably through endogenous and sustainable initiatives and the implementation of appropriate instruments and policies as well as the establishment of suitable mechanisms. ECOWAS leadership in electoral assistance, conflict prevention, and the fight against the proliferation of arms and ammunition constitutes a strength.

As part of the operationalization of the ECOWAS Standby Force, the regular holding of meetings of the Committee of Chiefs of Defence Staff (CCDS), the meeting of operations and logistics officers also constitute strong points to be raised. The same applies to regional consultations between those responsible for the police forces of member states which contribute to strengthening regional peace and security. Additionally, in combating the proliferation of small arms, ECOWAS provided support to Côte d'Ivoire through the baseline assessment of weapons and ammunition management.

A framework was developed and aimed at facilitating the establishment of legislative, regulatory, and administrative procedures. The management of weapons and ammunition was also developed and adopted by national stakeholders. In the same area, ECOWAS organized capacity building sessions on the ECOWAS Convention on Small Arms and Light Weapons (SALW), Physical Security and Stockpile Management (SPGS).

Regarding weaknesses, the main weakness lies in the weak operational and logistical capacities of the standby force linked to the difficulties in mobilizing financial resources. At the same time, the examination of crisis management in the region shows that the deployment of operational mechanisms is dependent on external influences in connection with the weak capacity for diplomatic mobilization. There are also weaknesses linked to the implementation of the early warning system.

5.2.2. The Opportunities and Threats of the Peace and Security Architecture

The operationalization of the ECOWAS peace and security architecture originates from the desire of States to make the community space a peaceful region after several decades of struggle for the resolution of long and devastating civil wars which could have threatened the stability of the region.

Given these facts, it appears that regional peace and security instruments continue to face threats including the multiplicity, depth, and complexity of security threats; the high unemployment rate, particularly among young people; regional development disparities favoring injustice and inequalities; and the persistence of corruption.

Regarding the opportunities of the ECOWAS peace and security architecture, the most symbolic are the consideration of peace and security as Pillar 1 of the ECOWAS Vision 2050; the genuine collaboration between the ECOWAS Commission, the African Union, and the United Nations; awareness of the synergy of action as a lever for conflict resolution; the functioning of the early warning mechanism.

5.2.3. Summary of the Strengths, Weaknesses, Opportunities, and Threats of the ECOWAS Peace and Security Architecture

The summary of the SWOT analysis of the ECOWAS peace and security architecture is presented in table 5.

Table 5 : Summary of the SWOT Analysis

Strengths	Weaknesses
• Existence of an institutional and organizational framework; • Leadership in resolving socio-political crises; • Leadership in electoral assistance; • Strong political will displayed for the prevention and internal resolution of socio-political crises; • Taking peace and security into account in Vision 2050; • Existence of a conflict prevention and management framework; • Publication of early warning reports, thematic notes, as well as security update reports; • Existence of the ECOWARN system based on the collection and analysis of empirical safety data; • Creation of the ECOWAS Standby Force; • Holding of meetings of the ECOWAS Committee of Chiefs of Defence Staff; • Existence of a fund dedicated to peace; • Strong capacity to intervene occasionally in member states in crisis; • Strong mediation capacity between political and military actors; • Affirmed commitment to democratic standards; • Existence of deterrence mechanisms; • Promotion of democracy and good governance; • Implementation of the early warning mechanism;	• Weak political commitment; • Lack of military resources; • Weak operational and logistical capabilities of the Standby Force; • Weak cooperation between institutions and bodies; • Low capacity to mobilize internal financial resources to finance the Peace Fund; • Strong dependence on donors for financing the peace and security architecture; • Low capacity for diplomatic mobilization; • Weak democratic processes in certain member states; • Low capacity to prevent coups; • Lack of formalization of mediation activities; • Decision-making dependent on leading political figures in the region; • Lack of coordination and collaborative work between different units of the Commission; • Heaviness in decision-making and slow implementation of decisions; • Persistent gap between early warning and rapid response; • Insufficient administrative and operational personnel (military, civilian and police experts)
Opportunities	**Threats**
• Promising collaboration with the African Union; • Availability of eminent and influential personalities for mediations;	• Multiplicity, depth and complexity of the security situation; • Poverty and youth unemployment; • Increasing inequalities and injustice; • Increase in community conflicts and/or farmer/herder conflicts; • Global economic and financial crises; • Persistence of corruption; • Regional and international geopolitical tensions; • Humanitarian crises linked to climate change; • Interference by certain external partners in strategic choices; • Ambiguity in the implementation of the principle of subsidiarity; • Competence conflicts or inconsistency of regional integration initiatives;

5.3. Recommendations to Strengthen the ECOWAS Peace and Security Architecture.

For effective implementation of all strategic actions of Pillar 1 of ECOWAS Vision 2050, both the ECOWAS Commission and its member states should collaborate closely. The ECOWAS Commission should take the initiative to provide clear and comprehensive clarification regarding the conditions for implementing the Peace and Security Mechanism. This clarification should address the crucial issue of circumstances under which a country in crisis can notify the ECOWAS. The ECOWAS can proceed with intervention without explicit authorization from the member states. It is vital to specify that the ECOWAS consult with the AU Peace and Security Council and the UN Security Council before undertaking any intervention.

In addition, ECOWAS authorities should undertake a thorough review of the article that currently prohibits changes to electoral laws without political consensus within six months of an upcoming election.

This review should include an examination of the limitations of this provision and the establishment of a mechanism for the progressive imposition of sanctions to ensure the effective implementation, monitoring, and evaluation of sanctions.

To further strengthen democratic governance in the ECOWAS region, the ECOWAS Summit of Heads of States and Governments should consider a comprehensive reform of the ECOWAS Supplementary Protocol on Democracy and Good Governance. The reform should emphasize the enforcement of the limitation of presidential mandates to two terms as an integral provision and an inviolable principle of governance. This measure is essential to restore and consolidate democracy throughout the ECOWAS region.

Furthermore, the ECOWAS Commission needs to take proactive steps to mobilize financial resources dedicated to increasing the operational and logistical capacity of the ECOWAS Standby Force. These resources should be channeled towards providing financial support and necessary equipment to establish a special military force (Taskforce) with the capability to intervene swiftly anywhere in the region in the event of an emergency. Additionally, there should be a strong commitment to the effective implementation of the established procedures for financing the peace support operations fund.

Conclusion and Recommendations

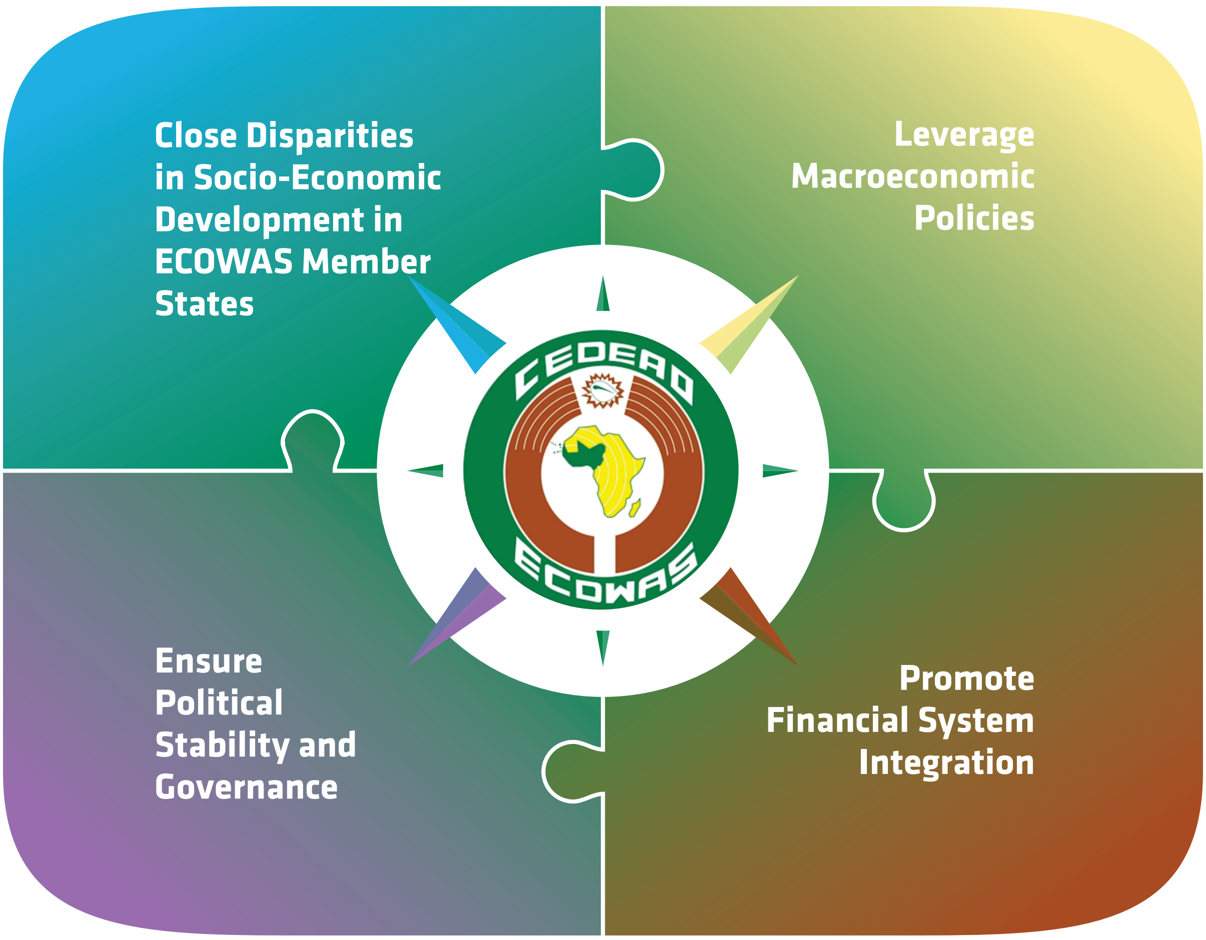
In the ECOWAS region, the evolving global environment influences macroeconomic performance and prospects for economic development. It also documents the state of regional socio-economic development, the performance of the ECOWAS member states in the management of the economy as well as the impact of insecurity.

It reveals significant socio-economic development disparities among member states, which could pose obstacles to the integration process. Achieving macroeconomic stability is crucial for economic growth, it alone does not ensure economic development. In the region, poverty is a multifaceted issue encompassing social, political, and cultural dimensions.

It establishes that the effective implementation of all strategic actions of Pillar 1 of ECOWAS Vision 2050 needs closer collaboration of both the ECOWAS Commission and its member states.

Based on these findings, effective solutions to socio-economic development require a well-coordinated array of macroeconomic policies. The challenge of domestic resource mobilization, needs concerted efforts to enhance public financial management and consolidating government finances. This will hinge on efforts to increase revenue collection, improve the management of fiscal risks, and take a proactive approach to debt management. Policies aimed at enhancing income and asset distribution, such as pro-poor public spending and improved access to financial markets for the less privileged, and production and trade diversification are vital.

It is imperative that the ECOWAS region considers the following recommendations:



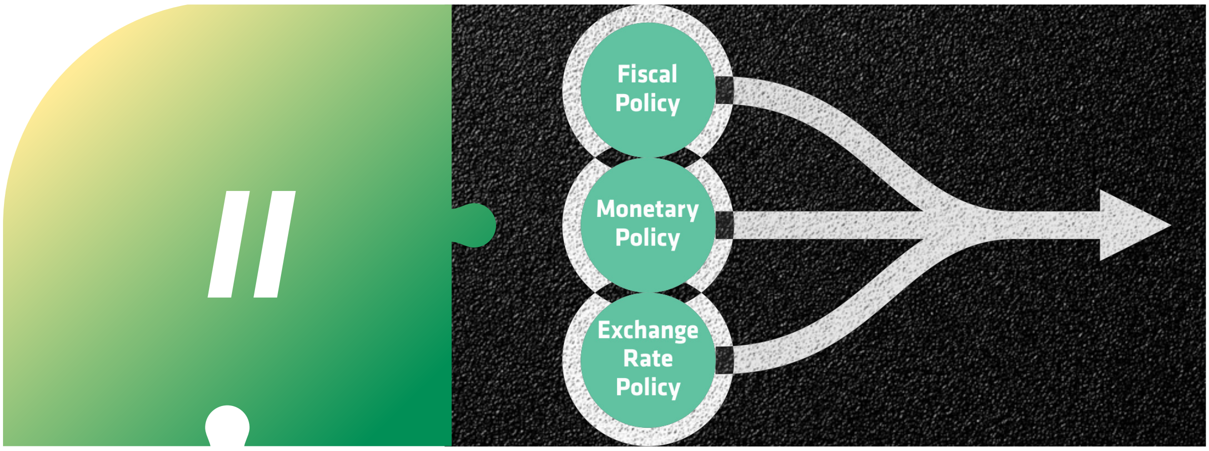
Close Disparities in Socio-Economic Development in the ECOWAS Member States

The ECOWAS Commission should:

- use human capital development programme implementation to bridge critical development gaps in the areas of macroeconomics management, and good governance practices, among the member states;
- develop "hub-and-spoke" economic and trade relationships among member states, with Nigeria, Ghana and Côte d'Ivoire being the "hub" and other member states being the "spokes." This can be facilitated by developing regional value chains in strategic products and sectors where member states have relative competitive advantage.

ECOWAS member states should:

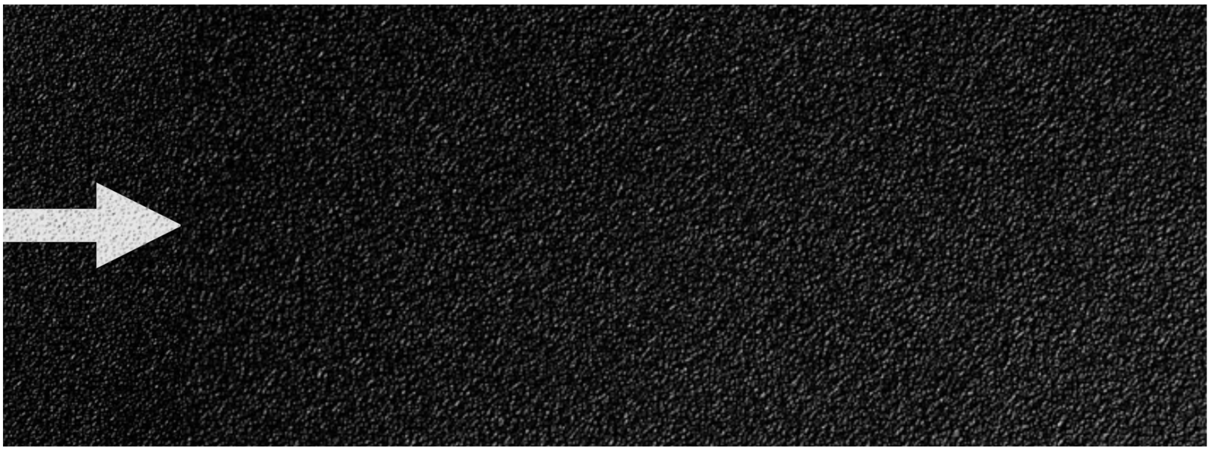
- ensure that the youthfulness of their populations serves as an opportunity to boost economic growth, rather than being a threat to stability;
- prioritize inclusive development, with a focus on addressing the needs of the most vulnerable population. This necessitates the allocation of both human and financial resources to member states with insecurity and socioeconomic challenges;
- deepen ongoing structural reforms to gradually phase out subsidy regime, whilst strengthening social protection programmes such as the revised conditional cash transfers to help cushion the most vulnerable of the society against the harsh effects of the reforms.



Leverage Macroeconomic Policies

The ECOWAS Commission should:

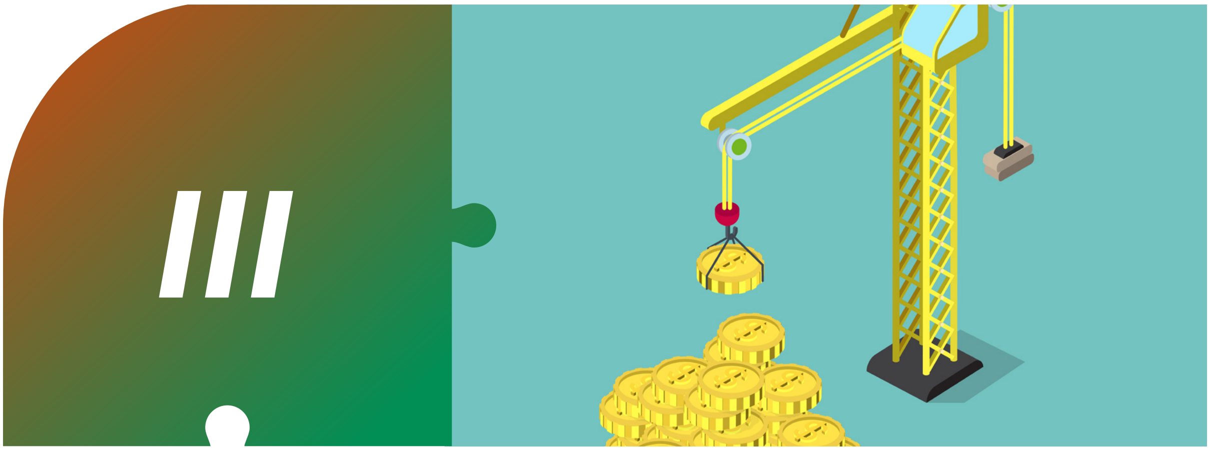
- provide strong leadership and direction towards optimizing the opportunities under the AfCFTA by facilitating the development of regional value chains through stimulating export-oriented businesses and investments, and strengthening the implementation of existing regional trade agreements. This should be supported with adequate investments in trade-related infrastructure, development of regional industrial parks and special economic zones;
- use its platform to facilitate the domestication of regional agreements by member states. ECOWAS member states should have a mutual commitment to effective implementation of all regional trade and development agreements;
- develop a coherent and longer term strategy for innovative financing options including blended finance, debt for climate swap, crowd funding and carbon trading for sustainable development and implementi development commitments such as the priority SDGs, the ECOWAS Vision 2050, the ECOWAS Infrastructure Master Plan, the ECOWAS single Currency, the Paris Climate Agreement, African Agenda 2063.



Leverage Macroeconomic Policies

ECOWAS member states should:

- ensure that government budget financing and poverty reduction strategies are done in a sustainable manner without triggering inflation and increasing debt burden;
- implement measures to stabilise consumer prices to minimise the impact of inflation on the standard of living. In this context, it is important for Member States to coordinate strong anti-inflationary monetary policies with sustained efforts in fiscal discipline and macroprudential policies to rein in inflation without compromising economic development;
- prioritise measures to effectively manage foreign exchange reserves by diversifying reserve assets, boosting export earnings, attracting foreign investment, and implementing structural reforms to promote economic diversification and reduce reliance on imports and build buffers;
- accelerate digitalisation efforts in order to improve accountability in public finance management to improve integrity standards and strengthen compliance programmes;
- implement measures aimed at reducing the budget deficit, with a view to containing it within the limit of the Community standard of 3.0 percent of GDP prescribed by the Macroeconomic Convergence and Stability Pact (MCSP) among ECOWAS Member States through effective budget preparation, execution, and monitoring, setting realistic budget targets and timelines and supporting private sector development and industrialization, etc;
- prioritise managing debt levels, including measures to mitigate refinancing risks while closely monitoring market conditions to leverage a coordinated debt-restructuring strategy.



Promote Financial System Integration

The ECOWAS Commission should:

- enhance the efficiency of regional development banks - ECOWAS Bank for Investment and Development (EBID) and West African Development Bank (BOAD - Banque Ouest Africaine de Developpment) for effective mobilization of regional financial resources and allocation to the development needs of the region;
- use its platform to promote and encourage financial reforms and integration of member states financial system;
- develop regional capital market for effective financial resource mobilisation.

ECOWAS member states should:

- promote digital financial system and participate in ECOWAS regional payment system;
- continue to seek international support to ease government financing constraints.

IV

Ensure Political Stability and Good Governance

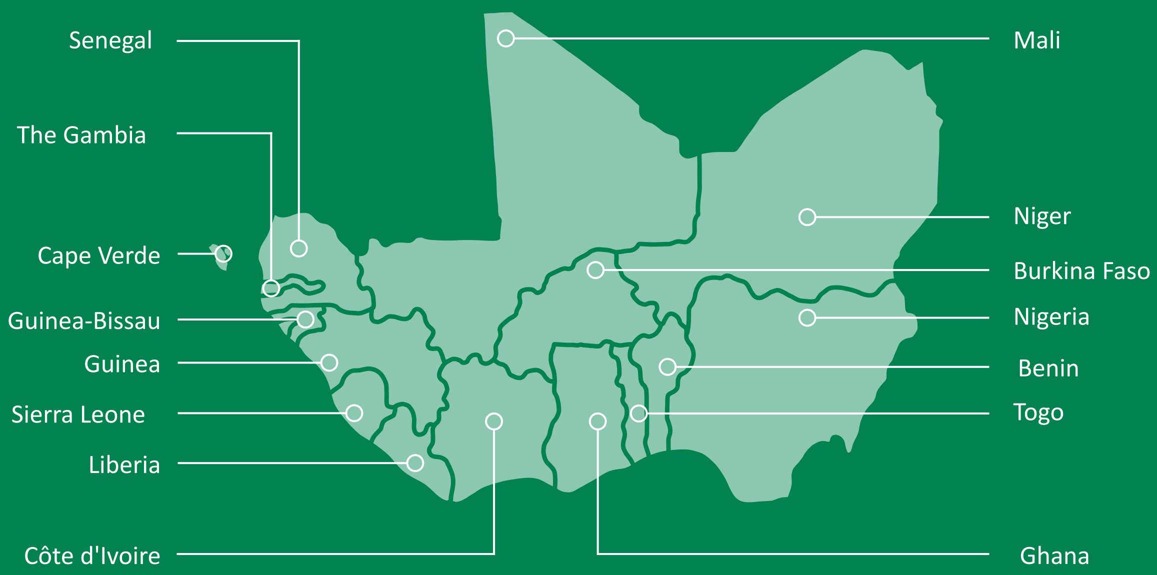
The ECOWAS Commission should:

- ensure that democratic and economic institutions work together to improve opportunity and the quality of life of the ECOWAS people.
- provide comprehensive clarification of conditions for effective implementation of the Peace and Security Mechanism by providing transnational satelite surveillance equipment, information system and appropriate response.
- strengthen the operational capacities of defense and security forces to ensure the effeciency of member states security network.
- complement the existing ECOWAS Early Warning Mechanism (ECOWARN) with Socioeconomic Development Monitoring System (SDMS). This entails development of up-to-date regional database of socioeconomic indicators and development of Observatory to monitor socioeconomic challenges in the region.

ECOWAS member states should:

- improve security and socio-political conditions to promote the development of economic activities and the pursuit of investments in growth-promoting sectors. Commit to implement more public policies that promote fairness and equality, transparency, participation and individual rights.
- strengthen their capacities with the pursuit of security and defense sector reforms and the promotion of the rule of law and;
- implement effective development policies that provide decent jobs for young people and accelerate the fight against poverty and respect the democratic aspirations of the people.

Member States Notes



Benin

Economic Performance

Benin posted a real economic growth rate of 4.6 percent in 2011 but declined to 3.3 percent in 2016 due to the Ebola epidemic. The rate increased to 6.3 percent in 2022 and marked one of the best performances in post-COVID-19 pandemic recovery in the ECOWAS region. In terms of inflation rate, the country recorded 2.7 percent in 2011 and declined to -0.8 percent in 2016. Despite the global increase in international commodity prices and Russia-Ukraine war, the country recorded the lowest inflation rate of (1.4 percent in 2022). The country put in place subsidy and price management measures to manage post COVID-19 period (Figure 1).

The country's debt-to-GDP ratio increased from 30.7 percent in 2011 to 35.9 in 2016 and further increased to 54.1 percent in 2022 (Figure 2). The increase was attributed to economic reforms, tax policies, and the absence of prudent and proactive debt management. The positive results relating to economic growth, debt, and public deficit were moderated by low public revenue (although increasing), less diversified economy, high exposure to the Nigerian economy and agricultural sector.

Since 2016, concerted efforts were made to address these socio-economic challenges, including improving public sector performance, enhancing public finance transparency, and increasing accountability.

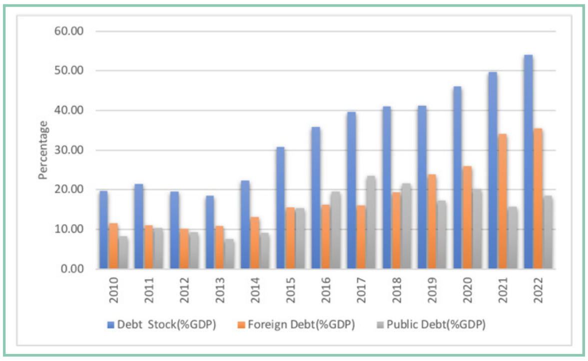
In the primary sector, an improvement in agricultural production is expected in line with good rainfall and the strengthening of actions and reforms undertaken by the Government Action Programme (GAP). Indeed, the value added of the sector increased to 5.7 percent in 2023 compared to 4.8 percent in 2022.

At the secondary sector level, the value added shows a considerable improvement, linked to the improvement of production in the sector. This dynamics was made possible with the implementation of the GAP 2021-2026. In addition, the result is the combination of strategic actions to strengthen the capacities of stakeholders in the sector.

Figure 1: Benin GDP Growth Rate: 2010 to 2022

Source: ECOWAS Commission, 2023

Figure 2: Benin Debt Structure: 2010 to 2022



Source: ECOWAS Commission, 2023

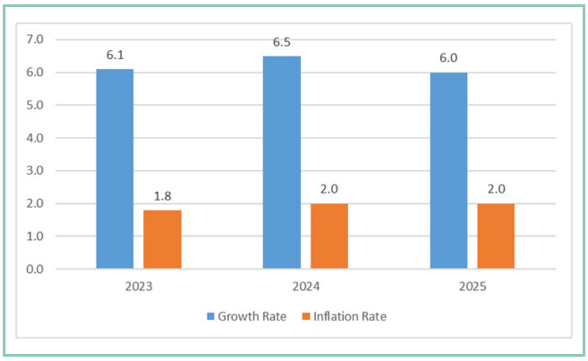
Economic Outlook

The main challenges to the economy are erratic changes in world cotton and oil prices, and the negative effects of climate change, leading to a slowdown in economic growth and prosperity. In terms of GDP growth rate, the country is expected to have an increased rate from 6.1 percent in 2023 to 6.5 percent in 2024 but decrease to 6.0 percent in 2025 (Figure 3). This forecasts is based on expected improvements in the secondary sector in line with the GAP.

Inflation will increase from 1.8 percent in 2023 to 2.0 percent in 2024 and stable at 2.0 percent in 2025. The low inflation rate is linked to the abundance of food production and the measures taken by the government, in particular the strengthening of the fight against smuggling of food products by land and the regulation of the prices of certain consumer products.

Progress is achieved in various areas, such as programme budgets, budget transparency, internal audit and control, and tax policy. However, there is room for improvement in addressing weaknesses in the legal and institutional framework for combating corruption, enhancing transparency in specific high-stakes procedures like disciplinary powers and magistrate appointments, and strengthening human capacity and financial resources.

Figure 3: Benin GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

Peace, Security, and Stability

The situation of violent extremism and terrorism become worrisome in Benin in 2022. The implementation of the GAP led to the creation of several institutions to protect lives and property. Concerted efforts are made in the fight against crime and terrorism, but this requires more resources.

Recommendations

1. Consolidate and intensify productive activities, particularly in agriculture, by adopting new practices, rehabilitating and building production infrastructure for export crops like cashew, palm oil, and pineapple.

2. Enhance the security system by extending it to smaller localities and improving the training of police personnel.

Burkina Faso

Economic Performance

Burkina Faso recorded significant economic and social progress in the period 2010 and 2022. The GDP growth rate was 6.6 percent in 2011, 6.0 percent in 2016 and further reduced to 3.0 percent in 2022 (Figure 1). Inflation was 2.8 percent in 2011, -0.2 percent in 2016 and 14.1 percent in 2022.

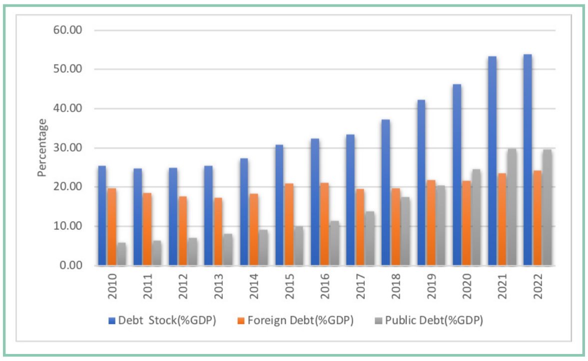
There was an increase in the budget deficit to GDP ratio from 27.9 percent in 2011 to 53.9 percent in 2022 (Figure 2). This trend is attributed to security challenges and their political and humanitarian consequences. However, the negative effects of the security crisis were aggravated by the consequences of the COVID-19 pandemic and the Russia-Ukraine war.

At the social level, the incidence of monetary poverty fell considerably from 46.7 percent in 2009 to 36.2 percent in 2018. Access to education, drinking water, electricity, and population health improved as the gross primary school enrolment rate increased from 77.6 percent in 2011 to 85.8 percent in 2022. Likewise, the rate of access to drinking water, increased from 71.9 percent in 2015 to 76.2 percent in 2021.

Figure 1: Burkina Faso GDP Growth Rate: 2010 to 2022

Source: ECOWAS Commission, 2023

Figure 2: Burkina Faso Debt Structure: 2010 to 2022

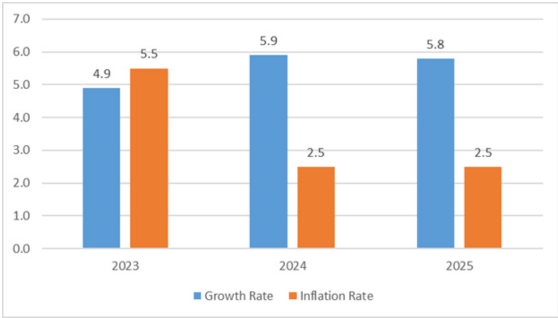


Source: ECOWAS Commission, 2023

Economic Outlook

The profile of Burkina Faso's macroeconomic framework is expected to produce mixed result. The growth rate of the economy is expected to increase to 4.9 percent in 2023, 5.9 percent in 2024 and slightly reduce to 5.8 percent in 2025. Inflation rate is also expected to reduce from 5.5 percent in 2023 to 2.5 percent in 2024 and 2025 (Figure 3). However, the persistence of terrorist attacks, and the attendant economic tensions resulting from the Russia-Ukraine war, may slow down the pace of economic progress. The decline in public development assistance from which the country benefits, due to the transition programme is another challenging situation.

Figure 3: Burkina Faso GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

Peace, Security, and Stability

Between 2010 and 2022, the security, peace, and stability situations in Burkina Faso evolved from a country of peace and security to the state of unrest. Incidences of social demonstrations, organized by trade union organizations, student organizations, and political groups and parties, were disturbing issues since 2018, as violent incidents were linked to terrorism. The instability caused by the activity of armed terrorist groups rapidly increased the scale and territorial coverage.

The deterioration of the security situation in Burkina Faso has serious consequences on the economic and social situation of the country. Apart from the security crisis, economic growth declined considerably following poor production performance of mining, agriculture, and trade sectors as well as contraction in public investment due to the inaccessibility of some investment work sites. Furthermore, due to the cessation of investment projects, socioeconomic indicators such as drinking water, education, and health show poor performance.

Recommendations

1. Strengthen the security sector: This involves reorganizing and equipping the defense and security forces and increasing the number of personnel in these forces to improve the country's security situation.

2. Counter radicalization and violent extremism: Implement policies that effectively prevent radicalization and violent extremism, and also operationalize programs to stabilize areas affected by security crises.

3. Support with public development policies: Implement effective public development policies that focus on creating decent employment opportunities for young people and accelerating efforts to reduce poverty.

Cape Verde

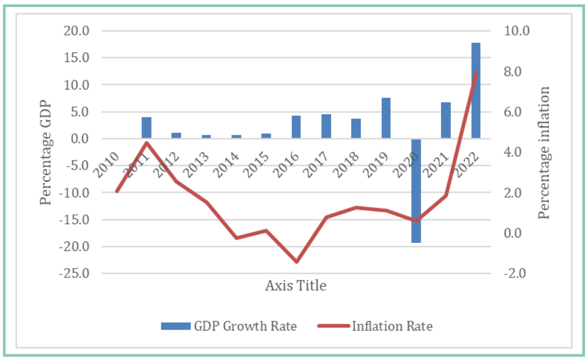
Economic Performance

The country witnessed real GDP growth rate from 3.9 percent in 2011 and increased to 4.3 percent in 2016 and increased considerably to 17.7 percent in 2022. The trend was primarily driven by the tourism, transport, and trade sectors. The increase in economic activity boosted the country's GDP and contributed to poverty reduction. The average inflation rate reduced from 4.5 percent in 2011 to -1.4 percent in 2016 and increased to 8.0 percent in 2022 (Figure 1). In 2020, the total debt stock-to-GDP ratio increased from 120.9 percent to 141 percent in 2022 (Figure 2).

Economic Outlook

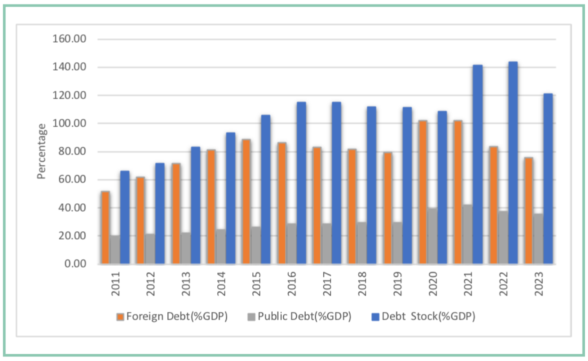
The outlook is uncertain and subject to geopolitical and climate risks. GDP growth rate is expected to decrease to 4.4 percent in 2023 with an expected positive recovery in 2024-2025 (Figure 3). These risks are associated with weakened external demand in Cape Verde's major tourism markets. A reversal of the trend in fuel and food prices can increase the number of households that require support from safety net programmes, and hereby increase public expenditure.

Figure 1: Cape Verde GDP Growth Rate: 2010 to 2022



Source: ECOWAS Commission, 2023

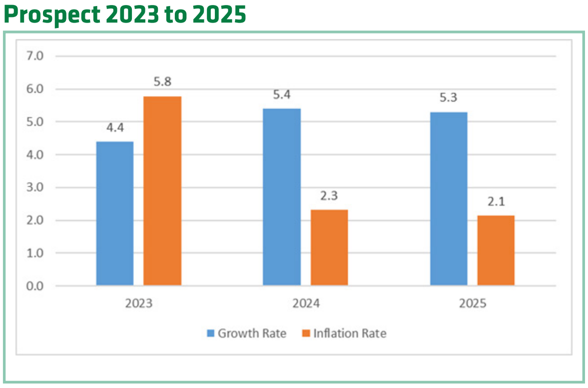
Figure 2: Cape Verde Debt Structure: 2010 to 2022



Source: ECOWAS Commission, 2023

Fiscal risks could also stem from the failure to advance State-Owned Enterprises (SOE) reforms or reduced fiscal consolidation efforts.

Figure 3: Cape Verde GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

Cape Verde is highly susceptible to the effects of climate change - a key medium-term risk- as evidenced by the years of drought. The country's high risk of overall debt distress is a source of vulnerability and thus concessional financing to limit debt servicing costs is important. On a positive note, stronger tourism growth could lead to higher overall economic activity.

Peace, Security, and Stability

Levels of security, peace, and political stability continue to be among the highest in the region. Historically, archipelagic countries have higher peace and security indices than continental countries. This is explained mostly by the fact that the possible protagonists of insecurity situations (rebellion, organized crime, coup d'État, etc.) escape routes are limited by the geographical configuration of the territory.

However, the country faces important challenges, considering its geographical location close to the three continents (African, American, and European) and therefore subject to the various phenomena (various forms of trafficking, fishing, and illegal migration, etc.) that occur in the part of the tropical North Atlantic. There is general recognition that there is a need for investments in the Coast Guard's maritime and air assets. There is a need for acquisition and maintenance of the maritime and air assets.

In the case of Public Order, there is a reduction in resources in the Police Services, considering the departure of agents, which causes serious problems of personnel limitations and serious problems in some places concerning workload, in some islands.

Long-term public policies are needed in the field of urban security, which include strong investments in education and research, to tackle the high youth unemployment. There is a need to promote economic freedom, and stop the growing emigration of youth, qualified professionals, which is leading the country to lose its demographic dividend. It should be noted that one of the fundamental requirements for quality and high-yield tourism is social peace.

Recommendations

1. Reduce dependence on tourism, remittances, and the euro zone's economy and finances.
2. Promote research, innovation, and education to foster a culture of peace and stability, addressing the low investment in research and innovation.
3. Consolidate its climate action, address food insecurity, and promote renewable energies while integrating climate considerations into economic policies.
4. Overcome historical aversions to the sea and transform the maritime territory into an engine for the country's transformation, emphasizing maritime security and economic opportunities in areas like fish exports, high-value tourism, aquaculture, innovation, and scientific exploration, while also rearranging the existing fisheries agreements with the European Union so that they are no longer bilateral, but instead regional agreements between ECOWAS and the European Union.

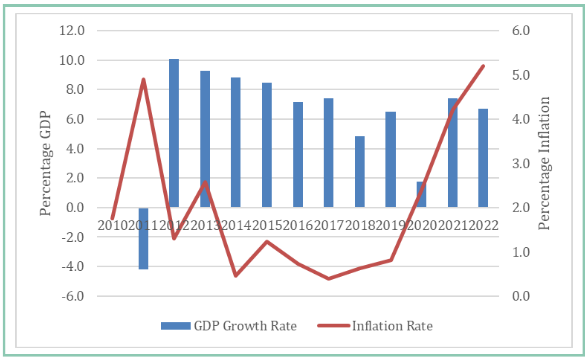
Côte d'Ivoire

Economic Performance

Côte d'Ivoire is one of the most dynamic economies in the region. The economy witnessed an increase in real GDP growth rate from -4.2 percent in 2011 to 7.2 percent in 2016 and a decrease to 6.7 percent in 2022. The economic activity contracted because of the COVID-19 pandemic (Figure 1). Inflation rate was 4.9 percent in 2011 and reduced to 0.7 percent in 2016 before increasing to 5.2 percent in 2022. This trend was the result of the impact of the COVID-19 pandemic in 2020 and the Russia-Ukraine war.

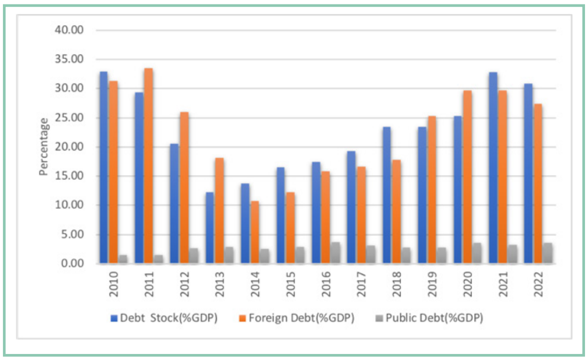
The average budget deficit was 2.9 percent of GDP over the period 2016 to 2019. From 2020, the fight against the COVID-19 pandemic resulted in widening the budget deficit to 5.4 percent of GDP in 2020 and 6.8 percent in 2022. Furthermore, Côte d'Ivoire's public debt grew rapidly as the overall debt-to-GDP ratio increased from 16.6 percent in 2015 to 30.9 percent in 2022, representing an increase of 14.3 percentage points in six years. This increase represents a doubling in the value of public debt over the period of 2015 to 2022 (Figure 2).

Figure 1: Côte d'Ivoire GDP Growth Rate: 2010 to 2022



Source: ECOWAS Commission, 2023

Figure 2: Côte d'Ivoire Debt Structure: 2010 to 2022

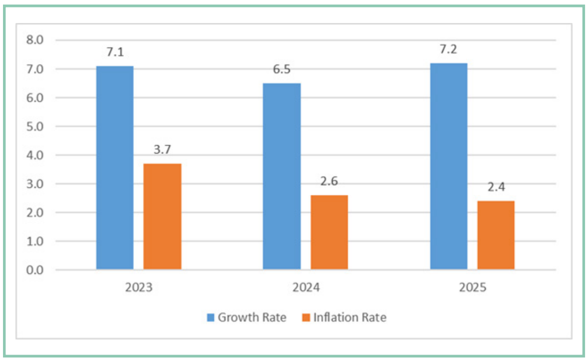


Source: ECOWAS Commission, 2023

Economic Outlook

The stability of the macroeconomic framework is expected to enable the Ivorian economy to maintain a stable growth rate in 2023 and 2025, with an average growth rate of about 6 percent (Figure 3). Economic growth is expected to remain stable, driven by public investment in strategic logistics infrastructure and the dynamic performance of the private sector. However, the unstable international environment as well as volatile internal factors, pose major risks that could hinder the projected growth prospects. These multiple risks include persistent inflationary pressures, the security crisis in neighbouring member states, the lingering Russia-Ukraine war, electoral tensions, and climate change.

Figure 3: Côte d'Ivoire GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: MEPD / Directorate General of Economy / DPPE, National Institute of Statistics (NIS)

Peace, Security, and Stability

The security and socio-political situation in Côte d'Ivoire generally improved since the end of the post-election crisis in April 2011. Significant progress was made in reorganizing and establishing discipline within the Ivorian army, while reforms to the security system was initiated. However, Côte d'Ivoire remains vulnerable to external risks linked to recurring terrorist attacks in neighboring member states and internal risks linked to land disputes and electoral violence.

The macroeconomic cost of crises of insecurity and instability has immediate impact on the sharp fall in economic growth rate. The post-election crisis led to a 6.0 percent drop in GDP growth to -1.72 percent between 2010 and 2011. Insecurity also led to increased poverty in conflict zones. To respond effectively to the external and internal risks to the economic outlook, policy measures combining sectoral, fiscal, and structural policies are recommended. Faced with imported inflation, a priority measure will be to invest in developing hydro-agricultural infrastructure to support irrigation farming. It is also important to provide technical, financial, and infrastructural supports to the private sector for processing and marketing food crops.

Recommendations

1. Maintenance of budget control is imperative to speed up the digitalization of all tax services and to extend the decentralization of the tax register to keep the property tax base up to date.

2. To prevent security crises, there should be enforcement of laws and regulations on land tenure and nationality at the national level, and the promotion of the impartiality of the judicial system is required.

3. It is necessary to mobilize, equip, and operationalize intelligence forces and special military forces capable of intervening urgently throughout the ECOWAS region to provide an effective response to transnational insecurity threats.

The Gambia

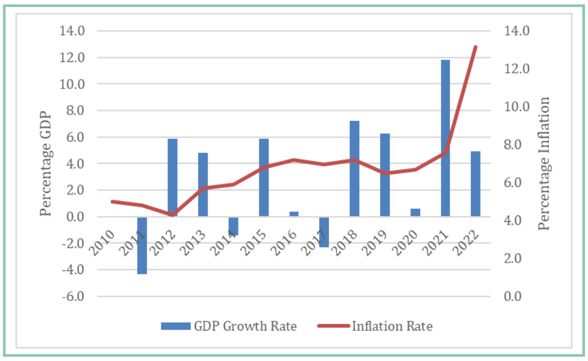
Economic Performance

The real GDP growth rate increased from -4.3 percent in 2011 to 0.4 percent in 2016 and increased to 4.9 percent in 2022 (Figure 1). The trend was the result of Ebola epidemic of 2014, political tensions in 2015 to 2016, and the COVID-19 pandemic. Inflation increased from 4.8 percent in 2011 to 6.2 percent in 2016 and increased to 13.2 percent in 2022 due to global supply constraints, domestic demand, and rising food and electricity prices.

The services sector was the main contributor to the economy, accounting for about 55 percent of the country's GDP in 2021. Agriculture accounted for approximately 21 percent of the annual GDP with an average growth of 6.3 percent annually. The industry sector expanded at a rate of 6.1 percent.

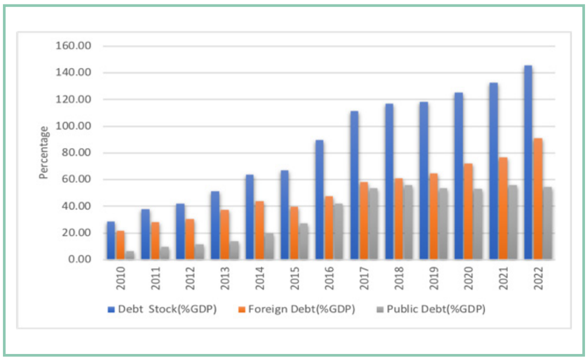
The Gambia fiscal deficits as a percentage of GDP rose from 6.0 percent in 2011 to 11.3 percent in 2018, and to 10.1 percent in 2021. The country's public debt grew from GMD 60.4 billion (USD 1.3 billion) in 2017 to GMD 99.9 billion (USD 1.8 billion) in 2022, representing a 65.4 percent increase (Figure 2).

Figure 1: The Gambia GDP Growth Rate: 2010 to 2022



Source: ECOWAS Commission, 2023

Figure 2: The Gambia Debt Structure: 2010 to 2022

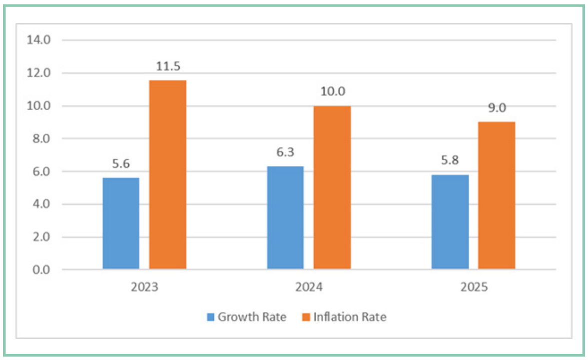


Source: ECOWAS Commission, 2023

Economic Outlook

The projected GDP growth rate will be 5.6 percent in 2023, 6.3 percent in 2024, and 5.8 percent in 2025 (Figure 3). The projected inflation rates of 11.5 percent in 2023, 10.0 percent in 2024, and 9 percent in 2025 will be above the target of the Central Bank of The Gambia. This trend will be influenced by energy market disruptions and geopolitical tensions. However, the prospect remains susceptible to significant risk associated with the volatile global environment, geopolitical factors, and domestic commodity price fluctuations.

Figure 3: The Gambia GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

Geopolitical factors have the potential to trigger supply chain disruptions that could impact the projected growth. Other factors such as a tighter fiscal policy, driven by unfavorable global financial market conditions, may also limit government development expenditure. The slow economic growth in advanced economies further poses a risk to domestic growth. This was aggravated by higher monetary policy rates in developed countries with long-standing global financial vulnerabilities, such as increased levels of debt, which potentially slows global growth.

Peace, Security, and Stability

One of The Gambia's key strengths is the political transition of 2017 in terms of democratic governance, which contribute to political stability. Regional cooperation through organizations like ECOWAS fosters collaboration on security issues, enhancing the country's stability. The Gambia faces a risk of terrorism and extremism due to its location as a Sub-Saharan country and a well-known tourist destination close to Europe, the Americas, and North Africa. Terrorist groups in neighbouring member states pose significant challenges with insurgencies and spill over effects.

High rates of youth unemployment can lead to social unrest and the potential recruitment of young individuals into criminal activities. The use of drugs among youths is also a security threat in The Gambia. In 2022, The Gambia was ranked 59th out of 163 countries regarding peace, with an overall score of 1.888 out of a perfect score of one. In the ECOWAS region, The Gambia ranked 4th in 2022 out of 15 member states in terms of peace and stability, based on available data. The economic cost of violence in The Gambia was 6 percent of GDP in 2018 and 2019, slightly increasing to 7 percent from 2020 to 2022.

Recommendations

1. Enhance revenue collection by penetrating the informal sector and reducing tax exemptions.
2. Invest in and promote the service sector, particularly tourism, where The Gambia has a comparative advantage.
3. Improve the efficiency and independence of the judiciary to deliver timely justice, promoting the rule of law and good governance.
4. Strengthen the armed forces through recruitment, training, and motivation as well as implementing community policing.

Ghana

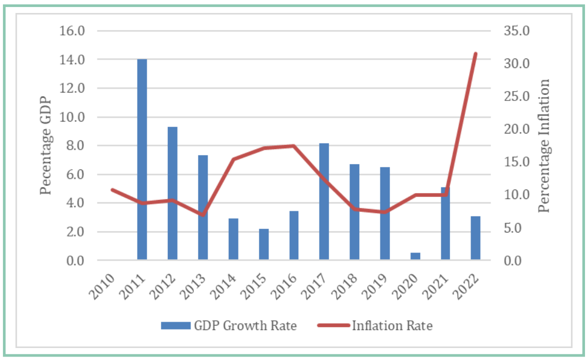
Economic Performance

The real GDP growth declined from 14 percent in 2011 to 3.4 percent in 2016 and declined further to 3.1 percent in 2022. Growth rate remained below the regional average of 3.9 percent (Figure 1). On the fiscal front, the COVID-19 pandemic and associated economic challenges substantially increased government spending, particularly on healthcare, compensations, and interest payments, amid lower revenue, considerably widening the budget deficit.

The fiscal deficit rose to 11.7 percent of GDP in 2020 from 4.7 percent in 2019. The deficit improved from 9.2 percent of GDP in 2021 to 8.3 percent in 2022, although it remained high above the legislative target of 5 percent.

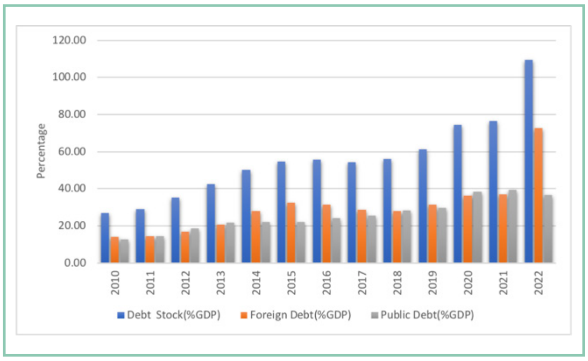
This situation led to a sharp rise in public debt and crippling debt services. Public debt has risen sharply recently from 21.8 percent of GDP in 2013 to 36.69 percent in 2022, with interest payments reaching about 45 percent (7.1 percent of GDP) of the total government revenue in 2022 (Figure 2).

Figure 1: Ghana GDP Growth Rate: 2010 to 2022



Source: ECOWAS Commission, 2023

Figure 2: Ghana Debt Structure: 2010 to 2022



Source: ECOWAS Commission, 2023

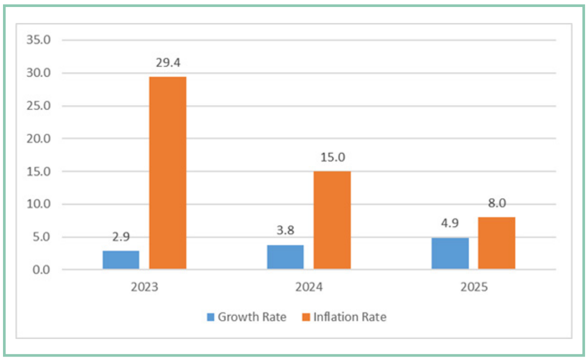
Inflation increased from 8.7 percent in 2011 to 18.2 percent in 2016 and increased to 31.5 percent in 2022. Average inflation skyrocketed with the end-year inflation peaking at 54.1 percent, the highest in over three decades. Compared to the 9.9 percent in December 2021, inflation was more than 21.5 percentage points above the upper limit of the medium-term target band of 8+/-2 percentage point. Several factors accounted for the steep rise in inflation in 2022, including the global supply chain disruptions caused by the lingering effects of the COVID-19 pandemic and the Russia-Ukraine war, the rapid depreciation of the Ghana Cedi, high ex-pump petroleum prices, increased liquidity injections, excessive government expenditure and upward adjustments in transport fares.

Economic Outlook

Government medium-term macroeconomic projections suggest that Ghana's GDP growth outlook in 2023 will be 2.9 percent and will pick up from 2024 through 2025, at 3.8 percent and 4.9 percent respectively (Figure 3). However, this remains below the average growth rate of 6.8 percent during the pre-pandemic period. The government's budget deficit is projected to narrow to 7.1 percent of GDP by the end of the 2023 fiscal year relative to the 8.3 percent recorded in 2022.

The IMF programme will cause the government to make intense efforts to ensure fiscal consolidation and debt restructuring leading to favourable debt servicing in the near to medium term. Given that inflation remains high, Bank of Ghana is expected to continue its policy tightening cycle to bring inflation closer, if not to the target range. As a result, 2023 is projected to end with an inflation rate of 29.5 percent and lower to 8.0 percent in 2025.

Figure 3: Ghana GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

On the downside, excessive tightening of global financial conditions or lack of commitment to the reforms attached to the IMF deal and delay in implementing the sovereign debt restructuring by the government could dampen the restored confidence in investors and reverse the relative gains.

Moreover, the domestic debt restructuring that has considerably weakened the balance sheet of banks, including the central bank's, poses a significant threat to financial sector stability if concrete steps are not taken to support the recapitalization of the banks and introduce measures to restore confidence in the financial sector.

Peace, Security, and Stability

Despite Ghana being touted as one of the most peaceful member states in the ECOWAS region, economic challenges, and the growing spill over of Islamist terrorist organizations from the Sahel area to the coastal ECOWAS member states threaten the member states' peace and security. Due to Ghana's porous borders and far less developed northern regions, there is a chance that terrorist activities might also spread there, which would destabilize the country. The country's peace and security are also threatened by the upsurge of coups in the ECOWAS region, and the growing youth unemployment from the economic challenges.

Recommendations

1. Restore macroeconomic stability and improve fiscal performance and sustainable debt levels.
2. Invest in infrastructure and attract Foreign Direct Investment (FDI)
3. Increase investment in the social sector.
4. Establish mechanisms for sustained Peace and Security and implement strategies to maintain long-term peace and security in the country.

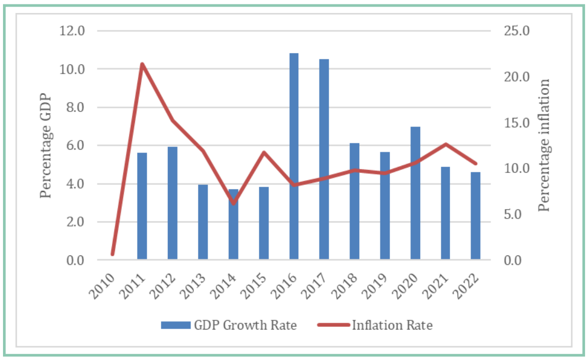
Guinea

Economic Performance

The GDP growth rate increased from 5.6 percent in 2011 to 10.8 percent in 2016 and declined to 4.6 percent in 2022 (Figure 1). In 2022, the primary sector contributed 1.0 percent of GDP growth rate, marking a slight decline due to the impacts of COVID-19 on agriculture, fishing, and livestock. While the secondary sector contributed 3.0 percent to GDP growth rate, but this contribution decreased due to the cessation of ALUFER operations. Inflation fell in 2022 compared to 2021, from 12.6 percent to 10.5 percent due to the appreciation of the Guinean franc. The debt-to-GDP ratio reduced from 89.9 percent in 2021 to 73 percent in 2022 (Figure 2).

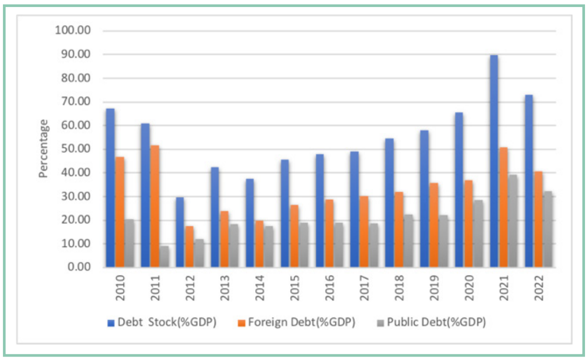
The country witnessed an increase in public revenue in 2022, as a result of the tax reform, while spending was marked by an increase in infrastructure investments.

Figure 1: Guinea GDP Growth Rate: 2010 to 2022



Source: ECOWAS Commission, 2023

Figure 2: Guinea Debt Structure: 2010 to 2022

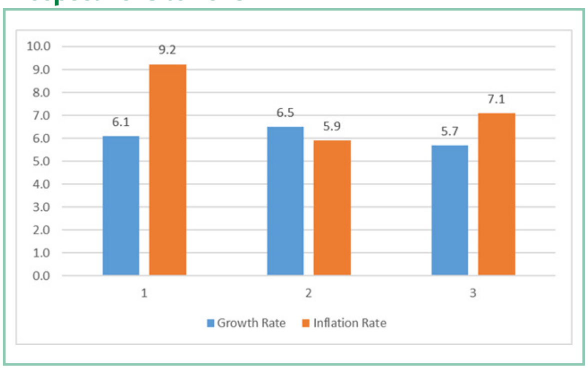


Source: ECOWAS Commission, 2023

Economic Outlook

In 2023, despite global challenges such as the COVID-19 pandemic and the Russia-Ukraine war, the Guinean economy will experience a positive macroeconomic outlook, with growth estimated at 6.1 percent. This is expected to rise to 6.5 percent in 2024 and fall to 5.7 percent in 2025 (Figure 3). This growth trend will be determined by the performance of the mining sector. To maintain the trend, the government plans to implement an Interim Reference Programme (IRP) over the next three years.

Figure 3: Guinea GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

The 2023 Initial Finance Act is developed to preserve macroeconomic stability and support economic recovery, by increasing priority spending. However, risks persist, including the slow development of road infrastructure, the exposure of expenses linked to the implementation of specific projects, and the dependence on gold in times of crisis.

Peace, Security, and Stability

The question of peace and security in Guinea is marked by the demands of political parties which are embroiled in scenes of violence characterized by significant material damage, injured and dead. These problems manifest themselves in the permanent differences between the government and political parties around the electoral process, ethnic bias in executive decisions, and the feeling of exclusion of certain categories of population in the management of public affairs.

Since Guinea acceded to national sovereignty, the country experienced foreign aggression, political demonstrations, state violence ethnic groups, and instability in neighbouring member states. These facts had impact on economic activity but make the business climate less attractive.

Recommendations

1. Diversify sources of growth by investing in agricultural infrastructure and improving the supply of fresh products like fish, meat, poultry, and vegetables. This can be achieved by enhancing production, distribution, and price control structures in the agricultural sector.

2. Enhance public finance by

- Mobilizing tax and non-tax revenue through modernization and digitization of financial authorities.

- Accelerating tax audits in the mining sector and other large companies.

- Implementing reforms related to land registration and asset declaration to increase internal resource mobilization.

3. Strengthen the monetary sector by:

- Establishing a Securities Exchange (BVM) to promote long-term financing for the Guinean economy.

- Modernizing cash circulation through the creation of the Credit Information Office and the National Swift.

- Accelerating the introduction of digital currency for the economy.

Guinea-Bissau

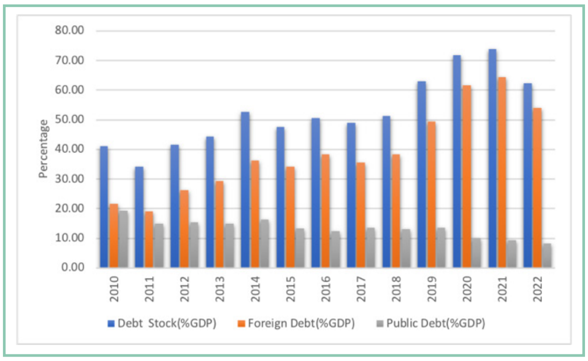
Economic Performance

Guinea-Bissau's economic growth rate decreased from 8.1 percent in 2011 to 5.4 percent in 2016 and further to 4.7 percent in 2022 (Figure 1). The primary sector contributed considerably to the national economy, accounting for 46 percent of GDP. The contribution of the tertiary sector rose to 35 percent in 2021, while the secondary sector's contribution ranged from 12 percent to 16 percent of GDP. Public revenues and grants generally improved during the decade, although tax revenues saw fluctuations. Public debt to GDP ratio reduced from 13.5 percent in 2017 to 8.4 percent in 2022 (Figure 2). Investment expenditure was mostly funded by external resources, leading to budget deficits that increased over the years.

Figure 1: Guinea-Bissau GDP Growth Rate: 2010 to 2022

Source: ECOWAS Commission, 2023

Figure 2: Guinea-Bissau Debt Structure: 2010 to 2022

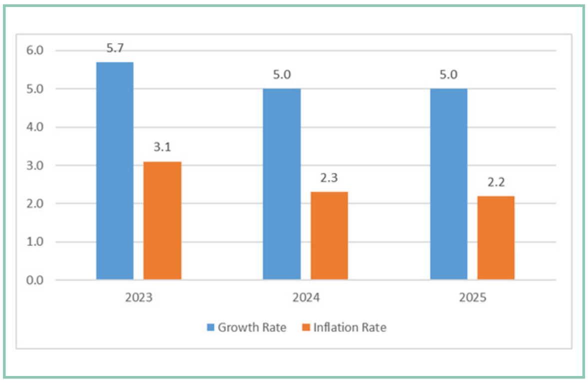


Source: ECOWAS Commission, 2023

Economic Outlook

Economic growth is expected to slow as the real GDP growth rate declined from 5.7 percent in 2023 to 5.0 percent in 2024 and 2025 (Figure 3). This will strongly depend on political stability, and the ability to mobilize external resources and carry out structural reforms in the administration, justice, defence, and security sectors without leaving beyond the business environment.

Figure 3: Guinea-Bissau GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

Peace, Security, and Stability

The successive constitutional changes had a negative impact on economic performance. The 2010 event of Military invasion of the Prime Minister's office and detention; the April 12, 2012 coup d'État; and the 2014 legislative and presidential elections. The 2020 dispute over the results of the presidential elections and the COVID-19 health crisis negatively influenced the country's economic growth.

Instability leaves a large part of the population, mainly poor and illiterate, women and children, with many difficulties in accessing public services, especially in the social sectors. The problem is compounded by strikes of professionals in the education and health sectors. The process of reforming the defence and security sector is stagnating. The momentum established at the beginning of the process, with the full support of the international community, experienced sudden interruptions due to the political instability and cyclical social crises.

Recommendations

1. Consolidate the socio-political stability of the country, through the implementation of reforms already underway (reform of the defence and security forces).

2. Proceed with the implementation of agricultural diversification programmes and development of local and sustainable agricultural production potential, through the National Agricultural Investment Programme.

3. Continue the process of restructuring the energy sector to improve the supply of electricity and water and continue the strategy of organizing the fishing sector.

Liberia

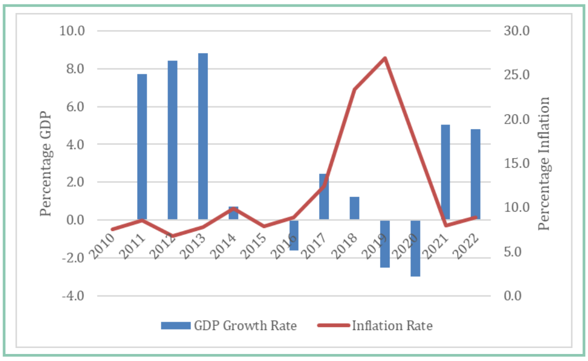
Economic Performance

Liberia's economic growth rate decreased from 7.7 percent in 2011 to -1.6 percent in 2016 as a result of negative effects of Ebola epidemic. It recovered in 2022 as the real GDP growth rate increased to 4.8 percent despite the negative effect of the Russia-Ukraine war, high global inflation, and depressed demand in advanced economies (Figure 1). The economic expansion was driven by mining and agriculture. Growth in the agricultural sector increased from 3.3 percent in 2021 to 5.9 percent in 2022 because of increased rice and cassava production. Industrial output grew by 10.4 percent in 2022 driven by increased gold production. Growth in services reduced from 3.0 percent in 2021 to 2.8 percent in 2022, reflecting a slowdown in construction services and hospitality business.

The country experienced Inflationary pressures as the inflation rate increased from 8.5 percent in 2011 to 8.9 percent in 2016 and considerably increased to 26.9 percent in 2019. This was mainly driven by the increasing use of national currency for domestic transactions. There was a significant reduction to 7.6 percent in 2022 due to the country policy of dual currencies which allow the use of the United States Dollar as a legal tender.

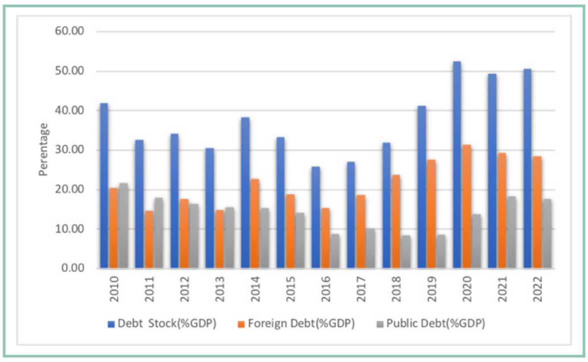
The government's fiscal position worsened in 2022 due to revenue underperformance, resulting in an estimated fiscal deficit of 6.9 percent of GDP, up from 2.4 percent in 2021. This was influenced by changes in International Development Agencies (IDA) lending policy, lower royalties from iron ore, expenditure overruns, and subsidies payment. Liberia is assessed to be at moderate risk of external debt distress and high risk of overall debt distress, with the increase in public debt-to-GDP ratio from 42 percent in 2010 to 50.8 percent in 2022 (Figure 2).

Figure 1: Liberia GDP Growth Rate: 2010 to 2022



Source: ECOWAS Commission, 2023

Figure 2: Liberia Debt Structure: 2010 to 2022



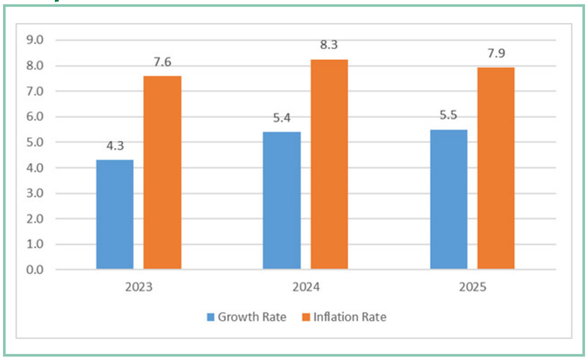
Source: ECOWAS Commission, 2023

Economic Outlook

The medium-term outlook shows that the real GDP growth is projected to reduce to 4.3 percent in 2023 but will increase to 5.4 and 5.5 percent in 2024 and 2025 respectively.

The projection is based on expansions in agriculture and fishery, mining and planning, manufacturing, and services-related activities (Figure 3).

Figure 3: Liberia GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

Average CPI inflation is projected to increase to 8.7 with +/- 2 percent bandwidth in the medium term of 2023 to 2025. The moderate increase in the rate of inflation is expected to reflect relative stability in the exchange rate, commodity price moderation (mainly fuel), fading global inflationary pressure, and government policy. Furthermore, the Russia-Ukraine war created more shocks to the domestic economy which has not fully recovered from the lingering effects of the COVID-19 pandemic.

Peace, Security, and Stability

Liberia enjoys peace and stability since the second civil war ended in 2003. The country is considered as a typical case study of post-conflict member states that went through a Security Sector Reform process and developed a National Security Strategy to consolidate peace, security, and development. Even though Liberia makes remarkable peace gains over the past years, many of the root causes of Liberia's conflict remain unaddressed.

An imbalance in the provision of public services persists as the source of discontent in the country. Land disputes, corruption, and concession-related tensions continue to be the main triggers of violence.

Violent crime, such as armed robbery, is common, particularly in urban areas and on public beaches. Local police lack the resources to respond effectively to serious crimes. Demonstrations occurred and resulted to violence or use of tear gas by authorities. Other key security risk factors are the increase in disadvantaged youth, high youth unemployment, and an increase in the importation of illicit drugs due to poor cross-border protection.

Recommendations

1. Support agriculture through low-interest loans to reduce reliance on imported food.
2. Address socio-economic disparities, especially in rural areas, through the Poverty Reduction Strategy.
3. Develop the domestic capital market by issuing bonds for infrastructure funding.
4. Implement a credible debt management strategy to ensure public debt sustainability.
5. Strengthen and professionalize the security sector, particularly the Liberian National Police.

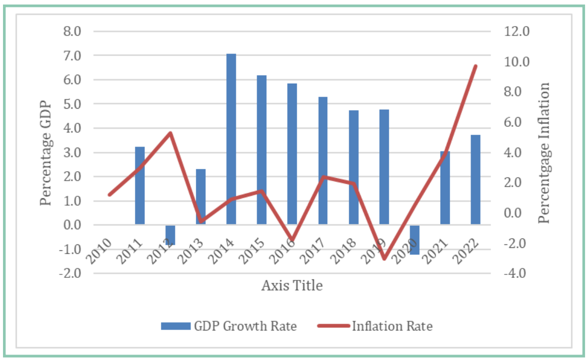
Mali

Economic Performance

Mali's economic growth rate was 3.2 percent in 2011 and increased to 5.9 percent in 2016 and decreased to 3.7 percent in 2022. During the same period, inflation rate declined from 3.0 percent in 2011 to -1.8 percent in 2016 and increased to 9.7 percent in 2022. However, efforts to reduce taxes on necessities and provide subsidies could not prevent the doubling of the inflation rate, and made it to exceed 5 percent standard set by ECOWAS (Figure 1).

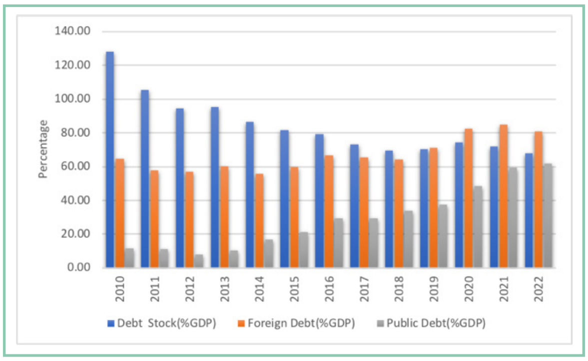
The budget deficit increased to 4.9 percent of GDP in 2022, exceeding the ECOWAS standard of 3 percent. This increase led to an increase in the public debt, which reached 22.5 percent of GDP in 2022. The tax pressure decreased to 14.5 percent of GDP in 2022, down from 16 percent in 2021, but was remaining below the 20 percent convergence pact rate (Figure 2).

Figure 1: Mali GDP Growth Rate: 2010 to 2022



Source: ECOWAS Commission, 2023

Figure 2: Mali Debt Structure: 2010 to 2022

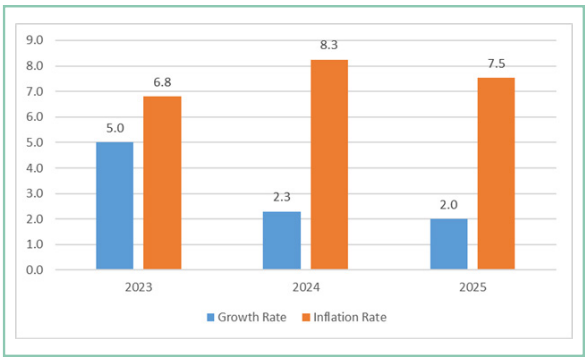


Source: ECOWAS Commission, 2023

Economic Outlook

Economic growth rate is expected to be 5 percent in 2023, but risks related to the presidential election scheduled for February 2024 and insecurity could hinder this progress and cause a fall in economic growth rate to 2.3 percent in 2024 (Figure 3). The agricultural sector, particularly cotton and cereal production, is expected to drive growth, but uncertainties about rainfall, fertilizer supplies, and the Russia-Ukraine conflict could pose challenges.

Figure 3: Mali GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

Export revenues from gold, cotton, and livestock are anticipated to boost economic activities in 2023, potentially reducing the trade balance deficit. The increase in global prices for gold and cotton is likely to contribute to increased export earnings and tax revenues. Falling oil prices and reduced food prices are expected to have a positive impact on domestic prices, potentially lowering inflation to below 6.8 percent in 2023. This could result in reduced poverty, decreased inequality, and improvements in human development.

However, the budget deficit is projected to increase in 2023, driven by rising payroll and security spending. The outstanding public debt relative to GDP is also expected to rise, raising concerns of over-indebtedness and potential financial crisis risks. Financing needs are growing due to increasing expenditures, which could lead to liquidity and solvency crises if the subscription of issues on the WAEMU bond market remains insufficient. Beyond concerns about the election schedule, the Ukraine conflict, financing costs, and insecurity can trigger a financing crisis, potentially causing social instability and negative economic effects.

Peace, Security, and Stability

The state of peace, security, and stability in Mali is characterized by a history of rebellions, military coups, and agreements, resulting in a complex and recurring crisis. The security and institutional crisis led to negative GDP growth rate. Additionally, the crisis resulted in a high number of conflict-related displacements, and school closures, affecting children and teachers. External financial flows were negatively affected by the crisis and the COVID-19 pandemic, with reductions in aid to development and disruptions to livestock exports.

Despite these challenges, Mali possesses mineral resources and agricultural potential. However, there are weaknesses in the country's defence and security forces, with insufficient specialized training, limited coverage of the territory, and other factors. Addressing these weaknesses could create opportunities for economic growth, poverty reduction, and employment.

Recommendations

1. Prioritize the prevention of insecurity through the exploitation of the agro-pastoral and forestry potential. This will increase opportunities for wealth and job creation, and to fight against poverty, inequality, and youth unemployment, while paying particular attention to conflict zones.
2. Accelerate the establishment of the gold refinery plant and increase the local processing rate of seed cotton.
3. Improve resource mobilization and management of internal and external financial resources as part of the implementation of the peace and reconciliation agreement.
4. Promote subregional cooperation through the establishment of a common force whose financing would be ensured exclusively by the individual resources of the member states.

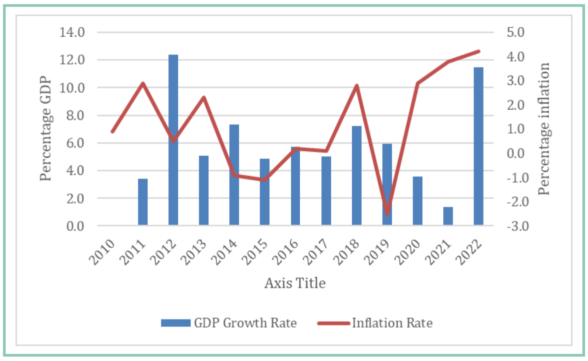
Niger

Economic Performance

The real GDP growth rate increased from 3.4 percent in 2011 to 5.7 percent in 2016 and increased to 11.5 percent in 2022. The economy showed resilience after a slowdown of 1.4 percent in 2021 (Figure 1). The pattern was mainly due to good performance in the primary sector and increased global demand from investments and final consumption. Inflation rate was 3.0 percent in 2011, 0.2 in 2016 and 4.2 in 2022.

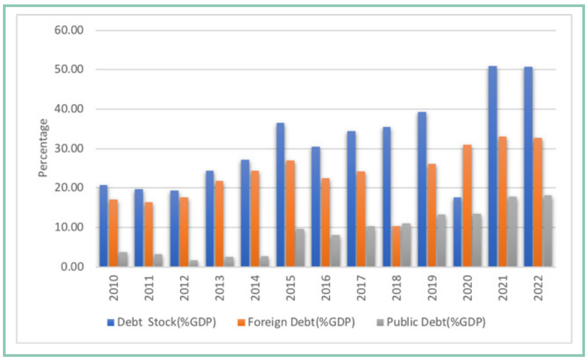
However, the deteriorating foreign trade leads to additional foreign financing. This led to an overall budget deficit of 6.6 percent of GDP in 2022. This deficit is being managed through concessional borrowing, increasing the public debt rate to GDP ratio from 13.4 percent in 2020 to 18.1 percent in 2022. Inflation increased from 2.9 percent in 2020 to 4.2 percent in 2022 (Figure 2), surpassing the maximum standard set by the West African Economic and Monetary Union (WAEMU) of 3 percent.

Figure 1: Niger GDP Growth Rate: 2010 to 2022



Source: ECOWAS Commission, 2023

Figure 2: Niger Debt Structure: 2010 to 2022



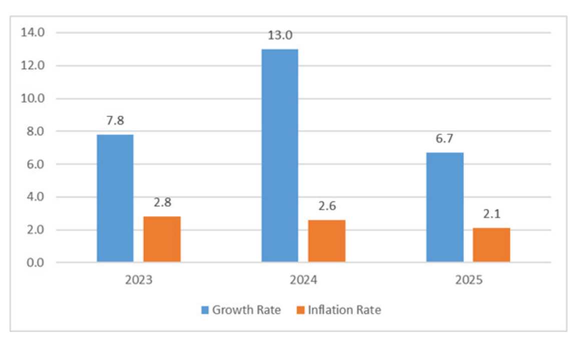
Source: ECOWAS Commission, 2023

Economic Outlook

Niger faces multiple challenges, including insecurity, unfavourable climate, and geopolitical tension. The Niger economy is expected to fall to 7.8 percent in 2023, increase to 13.0 percent in 2024 and decline to 6.7 percent in 2025. This projection may be unrealistic given ECOWAS sanctions against the country because of the coup d'État of 2023. Despite these, the economy has shown resilience with manageable debt, a controlled budget deficit, and a low inflation rate (Figure 3). Basic social services improved, leading to the return of internally displaced people to their communities. However, slight increases in inequalities is observed.

The socio-economic development prospect remains positive given increased economic growth,investment, and human capital development. However, the prospect can be challenged by poor rainfall, terrorism, political instability, falling commodity prices, prolonged economic sanctions, and the Russia-Ukraine war.

Figure 3: Niger GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

Peace, Security, and Stability

Despite the reduction in the number of incidences and losses of material and human lives attributable to the efforts made by the government in terms of strengthening the capacities of the defense and security forces (FDS) and military cooperation; however, the security situation of Niger remains worrisome. It affects the economy through its effects on key sectors hindering peace, production, supply systems and access to basic social services.

Insecurity had a negative effect on economic growth due to its reduced growth rate observed in 2014 to 2015. However, it is not conclusive due to fluctuation of the growth rate under different shocks over the period of 2016 to 2022.

Recommendations

1. Increase the level of investment in productive sectors, particularly agriculture, infrastructure, health, education, and security.
2. Ensure the continuity of concessional debts while controlling the public deficit through the prioritization and rationalization of public spending.
3. Accelerate reforms of the national security system by strengthening military cooperation and the security architecture.
4. Establish a monitoring and evaluation committee for major development projects including the Kandadji dam project, the construction project of the North backbone (high voltage 330KV), the Haské project, and the pipeline construction project for the export of oil.

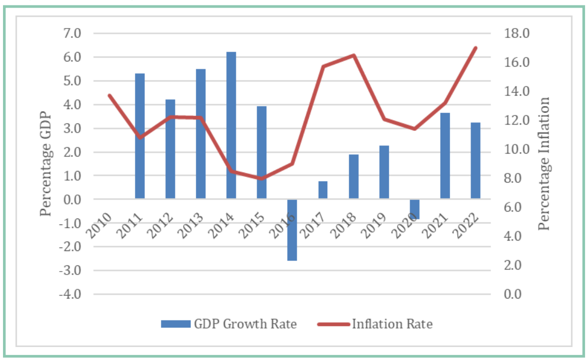
Nigeria

Economic Performance

Nigeria's real GDP growth rate was 5.3 percent in 2011, before falling to -2.6 percent in 2016 and increased to 3.3 percent in 2022, as the economy recovered from the COVID-19 pandemic (Figure 1). The sectoral growth rate of the real sector of the economy experienced significant fluctuations. The real growth rate of agriculture and industry fell considerably from 6.7 percent and 2.9 percent in 2012 to 2.4 percent and 2.1 percent in 2013. The economic recovery began in 2021 with increased growth in the services sector but both agriculture and industry sector had negative growth rate.

Inflation rate stood at 12.4 percent in 2011, declined to 9.0 percent in 2016 and rose to 18.8 percent in 2022. Also, public debt to GDP ratio was 8.9 percent in 2011, increased to 14.1 percent in 2016 and further increased to 22.9 percent in 2022 (Figure 2). In 2019, the debt-to-GDP ratio increased from 29.2 percent to 34.5 percent in 2020 and increased to 36.5 percent and 38.5 percent in 2021 and 2022 respectively.

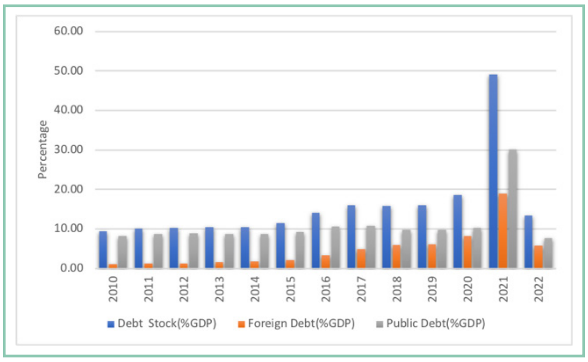
Figure 1: Nigeria GDP Growth Rate: 20102022



Source: ECOWAS Commission, 2023

This showed that Nigeria is facing challenges of increasing debt-to-GDP ratio, inflation and low GDP growth rate.

Figure 2: Nigeria Debt Structure: 2010 to 2022



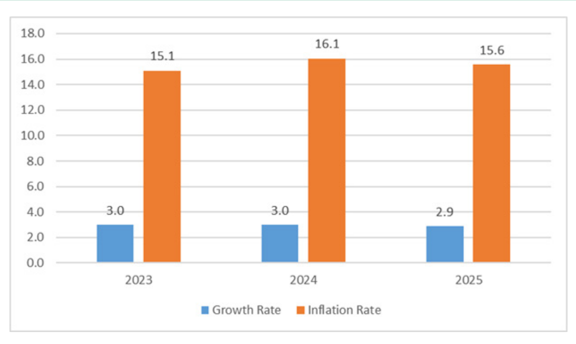
Source: ECOWAS Commission, 2023

Economic Outlook

The real GDP growth rate will be 3.0 percent in 2023, remain at 3.0 percent in 2024, but will reduce to 2.9 percent in 2025. Also, the expected inflation rate will be 15.1 percent in 2023 and will increase to 16.1 percent in 2024 (Figure 3). This pattern reflects concerted efforts to increase domestic food supply and the effects of contractionary monetary policy. Though, the removal of the subsidy on Premium Motor Spirit (PMS) will increased government revenue, but the measure can be inflationary.

The possibility that the fiscal deficit will be financed by borrowing, biased toward concessional debt and longer maturities, may have consequences on public debt and fiscal balance. Higher oil exports may not offset capital inflows but may lead to favourable current account balance. Headwinds include insecurity and potential social resistance to removing the subsidy removal.

Figure 3: Nigeria GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

Peace, Security, and Stability

Nigeria is a diverse country with various ethnic groups, religions, cultures, and political stands. This diversity can be harnessed for political interests and financial gains through appropriate policies and institutions. Nigeria's peace and security issues are rooted in factors like illiteracy, political interests, and a bad governance. These issues persist and include risks of terrorism, militancy, corruption, lawlessness, unemployment, illiteracy, unstructured systems, illegal exploitation of natural resources, and cybercrime.

Achieving peace and security is a vital development goal, given the multidimensional security threats facing the nation. The current insecurity reflects deep-seated development challenges leading to conditions of poverty, unemployment, and inequality, which can fuel frustration, alienation, and social discontent, ultimately threatening national unity. Though Nigeria is facing challenging times, it is suggested that with proactive and sustained measures, by the government and the international community, the trend can be reversed.

Recommendations

1. Government at all levels should intensify the expansionary fiscal stimulus policy in a measured and systematic fashion. The expenditure should target specific infrastructure projects to reduce the cost of doing business.

2. Governments should ensure good governance, provision of a safe and secure environment for human capital development and businesses, and improved access to social and economic services.

3. The Federal and State Governments should intensify effort towards inland and frontier policing. Such policing should deal with the country's peculiarities of diverse borders, forest lands, and hinterlands. This requires a tactical synergy between the vigilantes and the state security operatives.

Senegal

Economic Performance

Senegal experienced mixed economic performace as real GDP growth rate increased from 1.5 percent in 2011 to 6.4 percent in 2016 and declined to 4.2 percent in 2022. The growth rate can be attributed to the implementation of the Country Development Plan (PSE) (Figure 1).

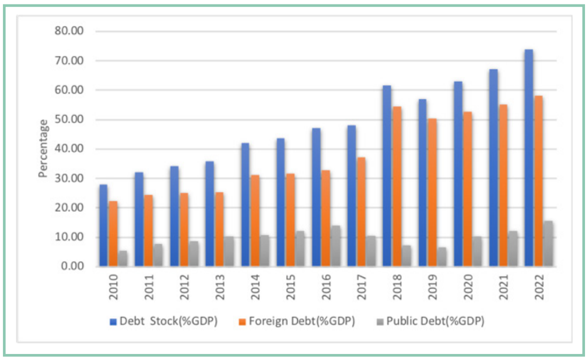
In Senegal, the tertiary sector is the largest contributor to GDP, accounting for about 58 percent of the production. This sector is relatively resilient to external shocks, such as the COVID-19 pandemic, due to the increased use of digital tools allowing teleworking. The secondary sector is the second-largest contributor with 26 percent of GDP and is experiencing growth, driven by agro-industry, energy production, and extractive industries. The primary sector has lowest contribution of 16 percent but employs about 35 percent of the workforce, with the majority in rural areas.

Inflation declined from 3.4 percent in 2011 to 0.8 percent in 2016 and increased to 9.7 percent in 2022. The trend reflects geopolitical tensions, COVID-19 and the Russia-Ukraine war. The public debt to GDP ratio increased from 32.1 percent in 2011 to 47.1 percent in 2016 and increased to 68.2 percent in 2022 (Figure 2). This trend reflects the quest and massive borrowing of government to restructure the economy through the National Development Plan (PSE).

Figure 1: Senegal GDP Growth Rate: 2010 to 2022

Source: ECOWAS Commission, 2023

Figure 2: Senegal Debt Structure: 2010 to 2022



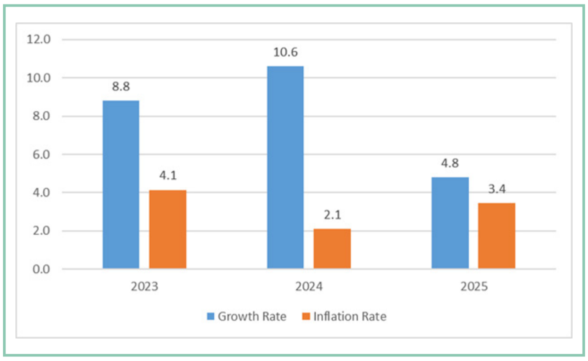
Source: ECOWAS Commission, 2023

Economic Outlook

Senegal's economic growth is expected to consolidate, driven by measures to support the national economy, structuring priority projects, and future gas and oil deposits. The growth forecast for the country is 8.8 percent in 2023, 10.6 percent in 2024 and 4.8 percent in 2025 (Figure 3). This trend will be determined by the expected increase in the performance of the secondary sector, particularly in the extractives sub-sector.

However, considerable risks relate to uncertainties of rainfall, that may negatively impact agricultural production, geopolitical tensions in neighbouring member states and the global situation.

Figure 3: Senegal GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

For example, the security situation in Mali and Burkina Faso, along with the crisis in Guinea and Niger, could affect exports like cement. Additionally, the Russia-Ukraine war may disrupt the supply of wheat, refined petroleum products, and construction materials, which could have an impact on economic activity.

Peace, Security, and Stability

Senegal enjoys a long period of political and social stability since gaining independence, the country does face potential threats, risks, and vulnerabilities that could impact its security. At the national level, the Casamance crisis, driven by a southern independence movement, posed challenges to the unity of Senegal. Moreover, while the country remains stable, the increasing regional security concerns contribute to rising uncertainty.

Despite its status as a "good student" in terms of democracy, shortcomings in the electoral system can potentially compromise social peace. The dissolution of political parties can endanger democracy, judicial independence, and the absence of political dialogue.

Although Senegal is not a direct target, terrorist threats and the deterioration of regional security conditions increase uncertainty. The high-profile trial in 2018 against dozens of suspected terrorists demonstrate the relevance of the threat. This situation may have repercussions on investments and tourism.

Recommendations

1. Promote investments that support inclusive growth and foster partnerships with the private sector to create productive employment opportunities.

2. Direct investments towards enhancing access to basic infrastructure.

3. Focus on budgetary consolidation to facilitate sustainable medium-term growth, thereby enhancing Senegal's resilience to external shocks.

4. Enhance the design and scope of the existing family grant programme to ensure that cash transfers better reach the most vulnerable households, offering them financial security and improving their ability to withstand shocks.

Sierra Leone

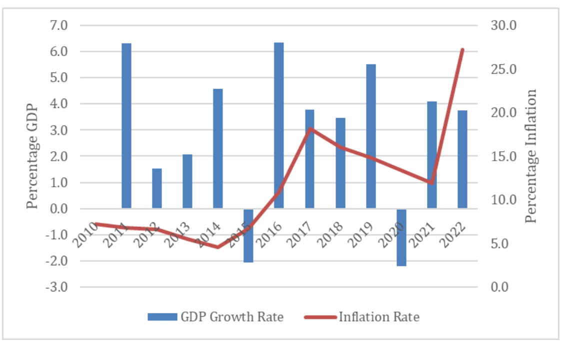
Economic Performance

Sierra Leone's real GDP growth rate remained stable at 6.3 percent in 2011 and 2016 but declined to 3.8 percent in 2022 (Figure 1). The country experienced a negative growth of 2.0 in 2015 because of the negative effect of the Ebola pandemic. Agriculture contributed considerably to the country's GDP, varying from 50 percent in 2010 to 3.7 percent in 2021. The industrial sector also experienced fluctuations, particularly in mining, construction, and manufacturing.

With respect to inflation, the rate was 16 percent in 2011 and then declined to 10.9 percent in 2016, before increasing to 26.9 percent in 2022. This trend was due to internal and external factors such as a drop in the world market price of iron ore, and the outbreak of Ebola disease. Inflation reached a peak of 27.2 percent in 2022, when the country redenominated its currency, leading to an increase in general price levels.

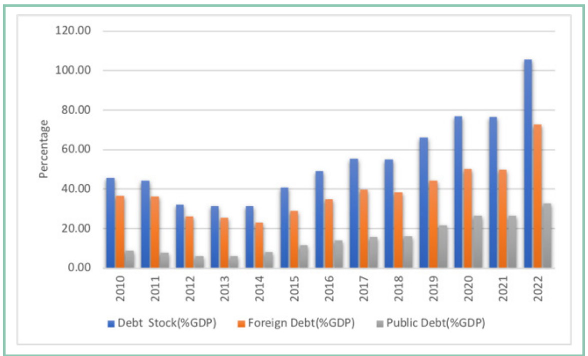
Sierra Leone's total debt stock stood at Leone 4.5 billion (USD 1.1 million) as of 2010, as the country's debt fluctuated due to external and internal factors. The public debt to GDP ratio increased from 38.0 percent in 2011 to 54.3 percent in 2016 and further increased to 82.3 percent in 2022 (Figure 2).

Figure 1: Sierra Leone GDP Growth Rate: 2010 to 2022



Source: ECOWAS Commission, 2023

Figure 2: Sierra Leone Debt Structure: 2010 to 2022

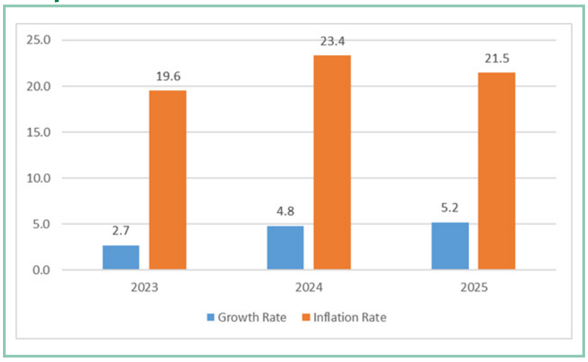


Source: ECOWAS Commission, 2023

Economic Outlook

Sierra Leone's economic prospect is a combination of challenges and opportunities. There is a slight expected increase from 2.7 percent in 2023 to 4.8 percent in 2024 and 5.2 percent in 2025. The country's natural resources, youthful population, and untapped sectors offer a path toward sustainable development. By focusing on economic diversification, infrastructure development, investor-responsive policies, and human capital investments, Sierra Leone can navigate its challenges and unlock its true economic potential (Figure 3).

Figure 3: Sierra Leone GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

Peace, Security, and Stability

Sierra Leone makes considerable progress in achieving peace, security, and stability since the end of civil war in 2002. This progress can be attributed to key developments in democratic governance and political stability, peacebuilding efforts, economic growth, and international support. The country established a stable democratic system with peaceful transitions of power and has created institutions to promote reconciliation and consolidate peace. Economic growth, particularly since 2012, driven by various sectors, played a crucial role in maintaining stability. International supports are instrumental in security sector reform and socio-economic development. However, the country still faces challenges, including poverty, youth unemployment, corruption, and ethnic tensions, which must be addressed for sustainable development.

The stable democratic system and peacebuilding initiatives develop trust in the political process and strengthened democratic institutions. Economic development is essential for stability and poverty reduction. Nevertheless, persistent challenges such as poverty, youth unemployment, corruption, and ethnic tensions need attention to ensure long-term peace and stability.

Recommendations

1. Enhance the ease of doing business to attract more foreign direct investment, potentially through tax waivers and exemptions.
2. The Central Bank of Sierra Leone should continue implementing policies aimed at reducing inflation to address mounting inflationary pressures.
3. Foster peaceful coexistence among citizens and engage in continuous political dialogue among political stakeholders to maintain a viable and functional democracy.
4. Promote good governance by ensuring transparency and accountability in public institutions.

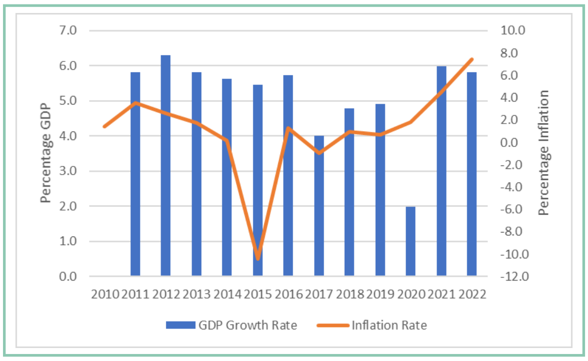
Togo

Economic Performance

Togo experienced a stable real GDP growth rate of 5.8 percent in 2011, 5.7 percent in 2016, and 5.8 percent in 2022.(Figure 1). Inflation rate was 3.6 percent in 2011, reduced to 0.9 percent in 2016 and increased to 7.6 percent in 2022. This trend was mainly driven by food prices (+11.2 percent) and transport services (+12.7 percent).

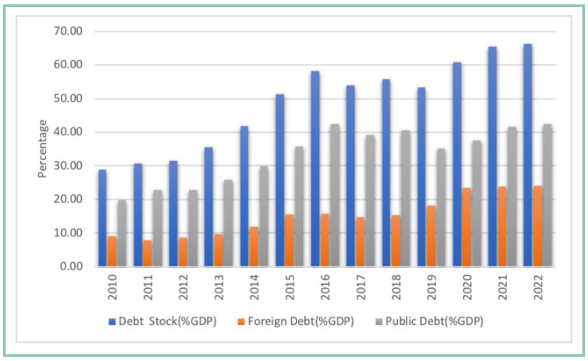
Following the COVID-19 pandemic, the budget deficit widened, and public debt increased considerably. The public debt-to-GDP ratio was 30.2 percent in 2011, increased to 56.9 percent in 2016, and to 65.8 percent in 2022. Consequently, debt servicing is a major burden to Togo's public finance (Figure 2).

Figure 1: Togo GDP Growth Rate: 2010 to 2022



Source: ECOWAS Commission, 2023

Figure 2: Togo Debt Structure: 2010 to 2022

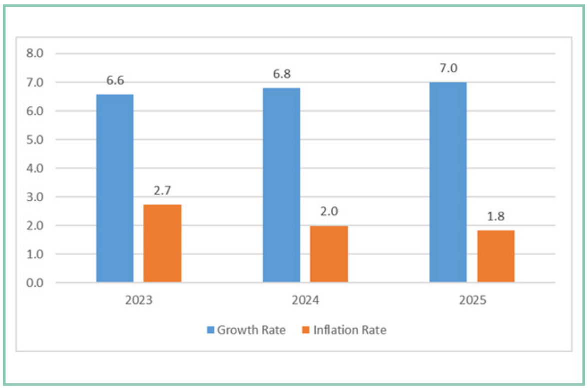


Source: ECOWAS Commission, 2023

Economic Outlook

The growth of the Togolese economy is driven mainly by revival of private investments, increase in agricultural production and increase in domestic demand. Official forecasts estimate GDP growth rate to be 6.6 percent in 2023, 6.8 percent in 2024 and 7.0 percent in 2025 (Figure 3). This will be made possible by government's budgetary consolidation programme which provide for a reduction in public investment expenditure. The 2023 value will reduce to 4.5 percent in 2025 and the outstanding debt will be stable at 64.9 percent of GDP over the period 2023 to 2025.

Figure 3: Togo GDP Growth and Inflation Rate Prospect 2023 to 2025



Source: International Monetary Fund, 2023

The socioeconomic risks reflect the deterioration of the global economy, negative effect of climate change on agricultural production, constraints in financing public investments, debt refinancing, price fluctuations of raw materials and decline in exports, and terrorist threat.

Peace, Security, and Stability

The terrorist activities in the Sahel and the desire for expansion of Jihadist groups are exposing Togo to insecurity. Terrorist groups are exploiting the socio-economic difficulties encountered by populations in the Savanna region.

In response to this situation, the country took operational measures of an offensive nature integrating the sharing of information and intelligence with neighbouring member states. The strengthening of operation capacities of security and intelligence personnel as well as the conduct of joint cross-border military operations. On the legislative level, Togo adopted a set of laws to adapt its legal arsenal to new security challenges. The predictability of military spending improved by the introduction of a military programming law in 2021.

Considering the community and economic dimension of the security threat, the authorities set up an Inter-ministerial Committee on Prevention and Fight Against Violent Extremism (CIRLEV) with local branches and launched the Emergency Programme for the Savannas Region (PURS). This programme is intended to improve basic infrastructure in the region and reduce the economic vulnerability of the population.

Recommendations

1. Improve the macroeconomic framework, Togo would benefit from carrying out a new reprofiling of the debt, exploiting the fiscal potential of the digital economy and luxury goods to finance public investments.

2. Improve social inclusion, there is the need to accelerate the implementation of a public insurance scheme adapted to low-income and informal workers and extending the coverage of social safety net programme intended for the most vulnerable.

3. Accelerate the establishment of clusters to support agricultural mechanization and stimulate economic activities.

4. Ensure peace, security, and stability at the national level, the authorities should accelerate the biometric identification of residents for better control of population movements and work on the availability of basic infrastructure in all localities likely to be affected, being prey to the jihadist surge.

Annex

Annex 1: Nominal Exchange Rates of National Currencies to US$

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
BEN	495.80	471.80	510.89	494.06	494.34	591.15	592.93	581.94	555.78	585.89	575.64	554.44	623.44	623.44	623.44	623.44
BFA	495.80	471.80	510.89	494.06	494.34	591.15	592.93	581.94	555.78	585.89	575.64	554.44	623.44	623.44	623.44	623.44
CPV	83.28	79.28	85.84	83.07	81.92	99.40	99.69	97.89	93.43	98.53	96.77	93.24	104.84	104.84	104.84	104.84
CIV	495.80	471.80	510.89	494.06	494.34	591.15	592.93	581.94	555.78	585.89	575.64	554.44	623.44	623.44	623.44	623.44
GMB	27.99	30.10	34.07	35.96	41.53	42.51	43.82	47.88	48.02	50.10	50.91	51.09	55.40	55.40	55.40	55.40
GHA	1.43	1.51	1.81	1.98	2.90	3.71	3.91	4.35	4.59	5.21	5.60	5.81	8.31	8.31	8.31	8.31
GIN	5730.71	6669.94	6985.86	6908.21	7014.76	7487.67	8634.24	9180.92	9010.69	9178.99	9565.47	9766.18	8695.71	8695.71	8695.71	8695.71
GNB	495.80	471.80	510.89	494.06	494.34	591.15	592.93	581.94	555.78	585.89	575.64	554.44	623.44	623.44	623.44	623.44
LBR	71.50	72.50	72.46	82.50	84.87	88.50	94.46	112.63	144.04	186.30	191.45	166.22	152.91	152.91	152.91	152.91
MLI	495.80	471.80	510.89	494.06	494.34	591.15	592.93	581.94	555.78	585.89	575.64	554.44	623.44	623.44	623.44	623.44
NER	495.80	471.80	510.89	494.06	494.34	591.15	592.93	581.94	555.78	585.89	575.64	554.44	623.44	623.44	623.44	623.44
NGA	150.30	159.70	157.25	157.31	158.55	196.49	253.49	305.79	305.58	306.42	358.81	397.92	423.25	423.25	423.25	423.25
SEN	495.80	471.80	510.89	494.06	494.34	591.15	592.93	581.94	555.78	585.89	575.64	554.44	623.44	623.44	623.44	623.44
SLE	4182.67	4375.79	4331.31	4357.37	4520.82	5077.41	6289.94	7384.43	7934.88	9000.92	9829.03	10361.96	14022.44	14022.44	14022.44	14022.44
TGO	495.80	471.80	510.89	494.06	494.34	591.15	592.93	581.94	555.78	585.89	575.64	554.44	623.44	623.44	623.44	623.44

Annex 2: Member States' Weight

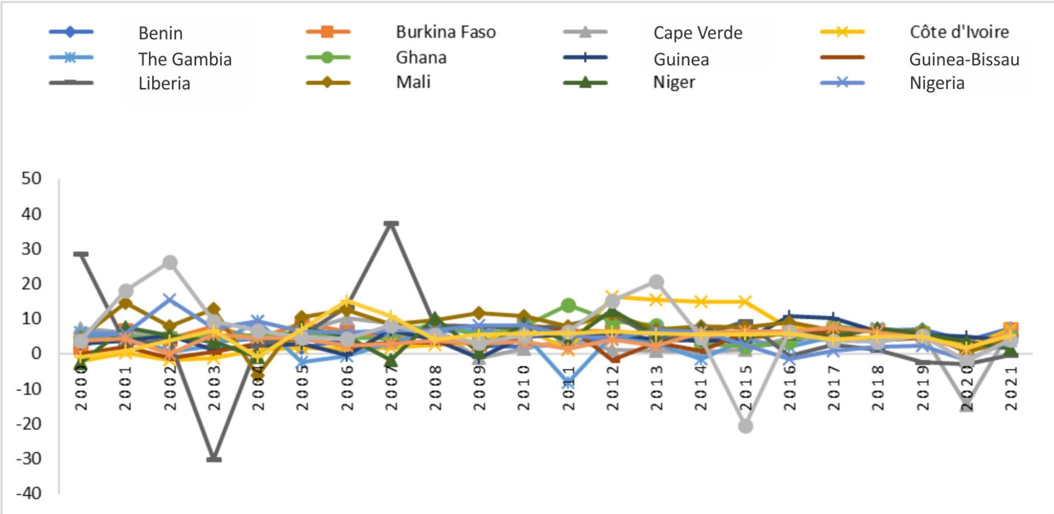
Member State	Weight : 2020-2022	Weight : 2010-2019
BEN	2.10	1.38
BFA	2.09	1.80
CPV	0.29	0.20
CIV	8.54	5.12
GMB	0.25	0.14
GHA	9.83	6.49
GIN	1.61	1.33
GNB	0.23	0.17
LBR	0.49	0.31
MLI	2.52	2.11
NER	1.87	1.18
NGA	65.07	75.60
SEN	3.44	2.82
SLE	0.61	0.69
TGO	1.05	0.66

Annex 3: Fiscal Balance Including Grant to GDP of ECOWAS Member States: 2016 to 2022

Year	2016	2017	2018	2019	2020	2021	2022
BEN	-4.37	-4.29	-2.91	-0.49	-4.72	-5.74	-5.49
BFA	-3.32	-6.87	-4.28	-3.15	-5.09	-5.72	-8.52
CPV	-3.10	-3.10	-2.34	-2.54	-9.04	-7.72	-3.96
CIV	-2.92	-3.28	-2.90	-2.24	-5.42	-4.93	-6.86
GMB	-6.40	-5.37	-6.00	-2.94	-2.20	-5.81	-5.25
GHA	-2.77	-3.75	-3.88	-4.57	-11.46	-8.49	-11.20
GIN	0.02	-2.22	-1.12	-0.46	-2.03	-1.77	-0.76
GNB	-4.09	-1.36	-4.29	-3.58	-9.32	-7.68	-6.84
LBR	2.26	-1.47	-0.32	-1.16	2.21	-0.89	-2.12
MLI	-3.93	-1.96	-4.74	-1.69	-5.50	-4.86	-4.50
NER	-4.44	-4.11	-3.01	-3.56	-5.34	-5.91	-6.81
NGA	-2.14	-0.97	-0.74	-2.31	-3.88	-4.15	-4.16
SEN	-3.27	-2.97	-3.72	-3.92	-6.40	-6.31	-6.10
SLE	-7.51	-8.46	-5.22	-2.74	-5.71	-6.36	-10.85
TGO	-6.05	-0.21	-0.59	-0.90	-7.15	-4.67	-8.33
ECOWAS	**-2.40**	**-1.61**	**-1.40**	**-2.46**	**-4.96**	**-4.82**	**-5.36**
WAMZ	-2.19	-1.28	-1.03	-2.45	-4.77	-4.65	-5.02
UEMOA	-3.57	-3.47	-3.40	-2.48	-5.60	-5.39	-6.56

Source: ECOWAS Commission, 2023.

Annex 4: Evolution of Economic Growth Rates in ECOWAS Member States, 2005 to 2021



Source: UNCTAD, 2023.

Annex 5: Indicators

Index	Benin	Burkina Faso	Cape Verde	Côte d'Ivoire	The Gambia	Ghana	Guinea
Fragility Index	72.5.	90.5	61.4	89.6	78.6	63	99.6
Terrorism Index	3.1614.	8.27	N / A	4.31.	N / A	N / A	N / A
Global Peace Index	2.125.	2.786	N / A	2.144.	1.792	1.759	2.332
HDI	0.525.	0.449	0.662	0.55	0.5	0.632	0.465
Population (million inhabitants)	12.8.	22.1	0.6	22.7	2.6	32.4	13.9
Innovation Index	124	120	N / A	109	N / A	95	132

Index	Guinea -Bissau	Liberia	Mali	Niger	Nigeria	Senegal	Sierra Leone	Togo
Fragility Index	91.3.	88.2	98.6	95.2	97.2	72.1	82.4	83.6
Terrorism Index	N / A	N / A	8.152.	7.856	8.233	1.58	N / A	N / A
Global Peace Index	2.156.	1.973	2.911	2.655	2.725	1.916	1.803	2.094
HDI	0.483.	N / A	0.428.	0.4	0.535	0.511	0.477	0.539
Population (million inhabi-tants)	2.1.	5.3	21.5	26.1	216.7	17.7	8.3	8.7
Innovation Index	N / A	N / A	126	125	114	99	N / A	122

Source: UNDP WACA, Annual Report 2022 *.* N/A reads not applicable*

Annex 6: Description of SDG 16 Targets

	Target description		Indicators
16.1	Considerably reduce, everywhere in the world, all forms of violence and associated mortality rates	16.1.1	Number of victims of intentional homicide per 100,000 inhabitants, by sex and age
		16.1.2	Number of conflict- related deaths per 100,000 inhabitants, by sex, age and cause
		16.1.3	Proportion of the population victim of physical, psychological or sexual violence during the previous 12 months
		16.1.4	Number of people considering that there is no danger in traveling alone on foot in their area of residence, as a proportion of the total population
16.2	End child abuse, exploitation and trafficking, and all forms of violence and torture	16.2.1	Proportion of children aged 1 to 17 who experienced corporal punishment or psychological abuse by a caregiver in the past month
		16.2.2	Number of victims of human trafficking per 100,000 inhabitants, by sex, age and form of exploitation
		16.2.3	Proportion of young women and men aged 18 to 29 who were victims of sexual violence before the age of 18
16.3	Promote the rule of law in the internal and international order and guarantee equal access to justice for all	16.3.1	Proportion of people who experienced violence in the previous 12 months who reported the facts to the competent authorities or used other officially recognized dispute resolution mechanisms
		16.3.2	Proportion of the prison population awaiting trial
16.4	By 2030, considerably reduce illicit financial flows and arms trafficking, strengthen recovery and return of stolen property activities and combat all forms of organized crime	16.4.1	Total value of illicit financial flows in and out (in current US dollars)
		16.4.2	Proportion of weapons seized, found or voluntarily returned whose origin or illicit use has been traced or established by competent authorities, in accordance with international instruments
16.5	Considerably reduce corruption and the practice of bribery in all their forms	16.5.1	Proportion of people who have dealt, at least once, with a public official to whom they paid a bribe or who asked them for a bribe during the previous 12 months
		16.5.2	Proportion of businesses having dealt at least once with a public official to whom they paid a bribe or who asked for a bribe during the previous 12 months
16.6	Establish effective, accountable and transparent institutions at all levels	16.6.1	Primary public expenditure as a proportion of the initial approved budget, by sector (or by budget code or other similar criterion)
		16.6.2	Proportion of the population whose last experience with public services was satisfactory
16.7	Ensure that dynamism, openness, participation and representation at all levels characterize decision-making	16.7.1	Distribution of positions (by gender, age, disability status and population group) in public institutions (legislative bodies, public services and judicial bodies at local and national levels), compared to national distribution
		16.7.2	Proportion of the population who believe that decision-making is open and responsive, by sex, age, disability status and population group
16.8	Expand and strengthen the participation of developing member states in institutions responsible for global governance	16.8.1	Proportion of developing member states that are members of international organizations and have the right to vote
16.9	By 2030, guarantee legal identity for all, in particular through birth registration	16.9.1	Proportion of children under 5 years old who have been registered by a civil status authority, by age

16:10	Guarantee public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements	16.10.1	Number of proven cases of murders, kidnappings, enforced disappearances, arbitrary detentions and torture of journalists, media workers, trade unionists and human rights defenders in during the previous 12 months
		16.10.2	Number of member states that adopt and implement constitutional, regulatory and policy provisions to ensure public access to information
16.a	Support, particularly within the framework of international cooperation, national institutions responsible for strengthening, at all levels, the means of preventing violence and fighting terrorism and crime, particularly in developing member states	16.a.1	Existence of independent national human rights institutions consistent with the Paris Principles
16.b	Promote and enforce non-discriminatory laws and policies for sustainable development	16.b.1	Proportion of the population who reported having personally experienced discrimination or harassment in the previous 12 months for reasons prohibited by international human rights law

Annex 7: Public Debt to GDP Ratio of the Ecowas Member States (Percentage)

PUBLIC DEBT TO GDP RATIO OF ECOWAS MEMBER STATES (PERCENTAGE)													
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
BEN	30.7	26.8	25.5	30.9	30.9	35.9	39.6	41.1	41.3	46.1	49.8	54.0	51.7
BFA	27.9	24.9	25.4	27.4	30.9	32.3	33.4	37.3	42.2	46.2	53.3	53.9	58.0
CPV	69.0	82.9	93.5	105.6	121.6	120.7	118.1	117.1	108.5	141.2	143.8	120.9	120.2
CIV	57.8	34.2	34.0	36.9	29.2	31.5	32.9	35.7	37.9	46.3	50.9	56.7	63.3
GMB	46.6	49.0	55.9	68.7	69.1	77.1	80.2	82.4	80.3	85.0	81.7	82.0	73.0
GHA	39.7	47.8	42.9	51.2	55.6	54.6	55.4	57.6	62.1	74.4	76.2	71.2	98.7
GIN	56.5	42.2	44.5	31.7	39.7	36.5	34.4	30.7	29.5	46.4	41.7	36.5	47.7
GNB	24.3	31.4	26.5	31.3	24.4	30.1	31.4	34.6	58.2	71.4	76.4	81.4	76.5
LBR	32.4	34.1	30.5	37.9	33.3	40.2	24.6	28.8	51.8	53.5	47.4	50.8	57.1
MLI	23.9	24.3	26.0	27.2	30.7	35.9	35.5	36.9	40.6	47.3	51.6	49.9	54.1
NER	13.9	16.1	17.5	19.4	29.8	29.1	30.6	35.5	41.7	44.4	50.8	50.8	50.6
NGA	8.9	9.1	8.9	10.7	11.5	14.1	14.6	15.0	18.8	21.3	22.5	22.9	38.8
SEN	32.1	33.8	35.7	42.1	43.8	47.1	48.0	54.8	60.0	63.1	67.4	68.2	61.5
SLE	38.0	33.2	28.4	35.2	45.1	54.3	56.4	57.4	71.6	71.0	79.8	82.3	92.2
TGO	30.2	31.0	38.6	45.7	51.3	56.9	54.5	56.1	53.6	60.1	63.0	65.8	68.5
ECOWAS	15.3	16.9	15.6	15.3	17.7	18.7	21	21.6	22.6	26.4	34.2	36.2	36.3

Annex 8: Inflation Rate

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
INFLATION RATE													
BEN	2.1	2.7	6.8	1.0	-1.1	0.3	-0.8	1.7	0.8	-0.9	3.0	1.7	1.4
BFA	-0.6	2.8	3.8	0.5	-0.3	0.9	-0.2	2.9	1.9	-3.2	1.9	3.9	14.1
CPV	2.1	4.5	2.5	1.5	-0.2	0.1	-1.4	0.8	1.3	1.1	0.6	1.9	8.0
CIV	1.8	4.9	1.3	2.6	0.4	1.2	0.7	0.4	0.6	0.8	2.4	4.2	5.2
GMB	5.0	4.8	4.3	5.7	6.9	6.8	6.2	8.1	6.4	7.7	7.7	5.6	13.2
GHA	10.7	8.7	9.2	11.7	15.5	17.2	18.2	14.5	9.8	9.3	10.0	10.0	31.5
GIN	15.5	21.4	15.2	11.9	9.7	8.2	7.8	8.5	9.8	9.5	10.6	12.6	10.5
GNB	1.9	5.3	2.1	0.7	-1.0	1.5	1.4	1.0	1.4	0.1	1.5	3.3	7.9
LBR	7.5	8.5	6.9	7.6	9.8	7.8	8.9	12.5	23.4	26.9	17.4	7.9	7.6
MLI	1.2	3.0	5.3	-0.6	0.9	1.4	-1.8	2.9	1.8	-3.0	-1.9	3.9	9.7
NER	1.2	3.0	5.3	-0.6	0.9	1.4	0.2	0.2	2.7	-2.5	2.9	3.8	4.2
NGA	12.4	12.4	10.8	12.2	8.5	8.0	9.0	15.7	14.4	11.3	11.9	17.0	18.8
SEN	1.3	3.4	1.4	0.7	-1.1	0.1	0.8	1.7	0.5	1.0	2.5	2.1	9.7
SLE	17.8	16.0	12.9	10.4	7.2	8.1	10.9	16.3	16.0	14.8	13.5	11.9	27.0
TGO	1.4	3.6	2.6	1.8	0.2	1.8	0.9	-0.2	0.9	0.7	1.8	4.5	7.6

Annex 9: Real GDP Growth Rate

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REAL GDP GROWTH RATE													
BEN		4.6	4.8	6.9	6.5	7.5	3.3	5.7	6.7	6.9	3.8	7.2	6.3
BFA		6.6	6.5	5.8	4.3	1.6	6.0	6.2	6.7	5.7	1.9	6.5	3.0
CPV		3.9	1.1	0.6	0.7	0.9	4.3	4.6	3.7	7.6	-19.3	6.8	17.7
CIV		-4.2	10.1	9.3	8.8	8.5	7.2	7.4	4.8	6.5	1.7	7.4	6.7
GMB		-4.3	5.9	4.8	-1.4	5.9	0.4	-2.3	7.2	6.3	0.6	11.8	4.9
GHA		14.0	9.3	7.3	2.9	2.2	3.4	8.1	6.7	6.5	0.5	5.1	3.1
GIN		5.6	5.9	3.9	3.7	3.8	10.8	10.5	6.1	5.6	7.0	4.9	4.6
GNB		8.1	-1.7	3.3	6.0	6.1	5.4	4.7	3.4	4.5	1.5	6.4	4.7
LBR		7.7	8.4	8.8	0.7	0.0	-1.6	2.4	1.2	-2.5	-3.0	5.0	4.8
MLI		3.2	-0.8	2.3	7.1	6.2	5.9	5.3	4.7	4.8	-1.2	3.1	3.7
NER		3.4	12.4	5.1	7.3	4.8	5.7	5.0	7.2	5.9	3.6	1.4	11.5
NGA		5.3	4.2	5.5	6.2	3.9	-2.6	0.8	1.9	2.3	-0.8	3.6	3.3
SEN		1.5	5.1	2.8	6.6	6.4	6.4	7.4	6.2	4.6	1.3	6.5	4.2
SLE		6.3	1.5	2.1	4.6	-2.0	6.3	3.8	3.5	5.5	-2.2	4.1	3.8
TGO		5.8	6.3	5.8	5.6	5.5	5.7	4.0	4.8	4.9	2.0	6.0	5.8

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