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# ECOWAS 2024 MACROECONOMIC CONVERGENCE REPORT

July 2025

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## Executive Summary

- i. Global growth remained stable in 2024 despite significant shocks. This period witnessed significant shifts in Government policies around the world, especially the series of new tariff measures by the United States and counter policies from key trading partners. The unpredictability with which these measures have been unfolding and the swift escalation of trade tensions, as well as extremely high levels of policy uncertainty, are expected to significantly impact global growth. Consequently, global growth has been downgraded from 3.3 percent to 2.8 percent in 2025 and 3.0 percent in 2026. Global headline inflation is expected to decline to 4.3 percent in 2025 and 3.6 percent in 2026, reflecting notable upward revisions for advanced economies and slight downward revisions for emerging market and developing economies.
- ii. However, significant downside risks dominate the outlook, including the Middle East conflicts, heightening of the trade war, elevated trade policy uncertainty and broader financial instability, which could weaken resilience to future shocks.
- iii. In 2024, economic activity within the ECOWAS was resilient in the face of the on-going Russia-Ukraine war, tensions in the Middle East and trade disputes. Growth in the region accelerated to 4.4 percent in 2024 from 3.6 percent in 2023, generally supported by improvements in the secondary and tertiary sectors. Growth is expected to further strengthen to 5.1 percent in 2025, premised on sustained performance in the mining sub-sector, services sector and recovery in agriculture.
- iv. Inflationary pressures continue to trend downwards in most of Member States, however, the aggregate annual average inflation rose to 24.8 percent in 2024 from 22.4 percent in 2023, induced mainly by price developments in Nigeria. The decline in average inflation in Most Member States was occasioned by stability in the exchange rate, moderation in food and energy prices, supported by the generally tight monetary policy stance. The inflation trajectory is expected to continue somewhat; average inflation is expected to moderate to 19.6 percent in 2025. Despite the general downward trajectory, inflation remains high in Ghana, Nigeria and Sierra Leone. However, Ghana and Sierra Leone made significant progress in cutting average inflation by half in the review period.
- v. The on-going fiscal consolidation efforts in Member States continue to gain traction as the deficit moderated in most Member States during the review period. Significant effort was made in the area of domestic revenue mobilization, supported by expenditure rationalization in most of Member States. Consequently, the budget deficit including grants and on commitment basis narrowed to 4.8 percent of GDP from 5.3 percent in 2023.
- vi. The debt-to-GDP ratio improved to 46.7 percent of GDP at end-December 2024 from 49.8 percent of GDP at end-December 2023, mainly reflecting the base-drift effects in several Member States as well as the fiscal consolidation. With regards to the nominal figure, the debt increased in most Member States, due to the impact of currency depreciation on the domestic debt and new borrowings. Debt service payments continue to account for a significant portion of the recurrent expenditure, hence posing a drag on fiscal operations.

- vii. Member Central Banks generally pursued tight monetary policy stance in 2024 so as to sustain the downward trend in inflationary pressures. However, key rates moved in different directions during the period. Growth in money supply slowed to 30.2 percent in the 12-month period ended December 2024 from 33.2 percent in the corresponding period of 2023, reflecting developments in net domestic assets. Aggregate credit to the economy was lower at 28.2 percent at end-December 2024 compared to 37.9 percent in the same period of 2023. Growth in net foreign assets of the Community more than tripled during the review period.
- viii. ECOWAS transactions with the rest of the world improved in 2024. The current account deficit narrowed to 0.4 percent of GDP from 0.5 percent in 2023, mainly induced by the trade balance and secondary income, especially remittance inflows during the period. The current account improved and recorded a surplus in almost all Member States. Improvements in the trade balances across Member States were induced by increased exports in the face of moderation in the growth of imports during the period.
- ix. The overall Balance of Payment recorded a surplus of 2.4 percent of GDP in 2024 against a deficit of 0.9 percent of GDP in 2023. The performance was mainly supported by the current account, foreign direct investment and other investments during the period.
- x. With regard to the assessment of the macroeconomic convergence, modest progress was achieved in 2024. Two Member States met all the four primary criteria against one Member State in 2023. Similarly, the number of countries that met at least three primary criteria increased to six from three in 2023. Preliminary projections indicate that four countries would meet all the primary targets in 2025.
- xi. A higher number of Member States met all the various primary criteria in 2024 compared to the outturn in 2023, and this development is expected to be sustained in 2025.
- xii. Given the macroeconomic developments, Member States are urged to sustain investments in agriculture to better diversify the economy. Domestic revenue mobilization and expenditure rationalization should also be sustained to create the necessary fiscal space and prudent debt management policies. Central Banks in the non-UEMOA Countries should stand ready to further tighten monetary policy implementation to firmly anchor inflation and inflation expectations as well as mitigating disruptive foreign exchange volatility.

## INTRODCUTION

1. The ECOWAS Macroeconomic Convergence Report for 2024 is the first report jointly prepared by the ECOWAS Commission and the West African Monetary Agency (WAMA) within the framework of the ECOWAS Multilateral Surveillance Mechanism. The report evaluates the economic and financial performance of ECOWAS Member States for the year 2024 and the prospects for the year 2025 and the medium term, as well as their performance in terms of macroeconomic convergence.
2. This report was prepared in accordance with the provisions of Supplementary Act No. A/SA/3/06/12 amending decision A/DEC/17/12/01 establishing a Mechanism for the Multilateral Surveillance of Economic and Financial Policies of ECOWAS Member States and Supplementary Act No. A/AS.1/6/21 relating to the Macroeconomic Convergence and Stability Pact (MCSP) among ECOWAS Member States. It is also consistent with the Protocol establishing WAMA (Decision A/Dec. 4/7/92 of the Conference of Heads of State and Government) as contained in its Articles 3 and 4 and recalling the decision of the 64<sup>th</sup> Ordinary Meeting of the Committee of Governors (COG) and the 11<sup>th</sup> Session of the ECOWAS Convergence Council.
3. It should be recalled that the implementation of the new Macroeconomic Convergence and Stability Pact (MCSP) among ECOWAS Member States (MCSP) adopted at the 59th Ordinary Session of the Authority of Heads of State and Government on 19th June 2021, in Accra, Ghana, comprised two phases:
  - Convergence Phase, from 1st January 2022 to 31st December 2026; and
  - Stability Phase from 1st January 2027.
4. Thus, this report is critical because it marks the first year of the “last three years of the convergence phase,” during which a majority of Member States must meet the primary convergence criteria on a sustained basis for region to enter into the stability phase.
5. This report was prepared based on data and information collected during the Joint Multilateral Surveillance missions and country reports submitted by the National Coordination Committees/National Economic Policy Committees (CNC/CNPE) on their economic and financial situations for the year 2024. Indeed, the ECOWAS Commission, in collaboration with WAMA and the West African Monetary Institute (WAMI), carried out joint missions to all Member States, excluding Burkina Faso, Mali and Niger, between April 07 to May 21, 2025. These missions also made it possible to discuss the direction of their macroeconomic policies with the country authorities.
6. The data and information mentioned above relating to Member States were updated during the meeting of the (CNC/CNPE) with the Joint Secretariat (ECOWAS Commission, WAMA, WAMI and EBID) in Banjul, The Gambia, from July 7 to 9, 2025. The report also takes into account updated data received from the UEMOA Commission following the first half of the June 2025 Multilateral Surveillance Report.

7. The report is structured around six (6) chapters, with Chapter 1 being the introduction. Chapter 2 reviews the global economic environment, Chapter 3 analyses the economic and financial performance at the regional level, while Chapter 4 provides an overview of the status of macroeconomic convergence of ECOWAS in 2024. Chapter 5 provides details on macroeconomic and financial developments as well as the state of convergence within individual Member States in 2024 and prospects for 2025 and the medium-term. The report closes with the conclusion and the economic policy guidelines proposed to Member States for the short and medium term to strengthen their performance

## 1 GLOBAL ECONOMIC ENVIRONMENT

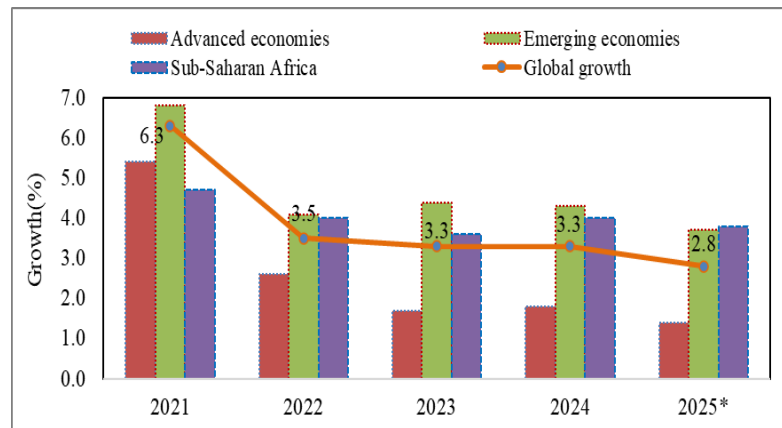
- The global economy exhibited fragile but stable growth in 2024, with output growth holding steady at 3.3 percent, relative to the previous year. However, global growth is projected to decelerate to 2.8 percent in 2025, underpinned by aggressive U.S. tariff measures, deteriorating investor confidence, and rising uncertainty. The Israeli-Palestinian conflict, which broke out in June 2025 further intensified geopolitical risks, threatening to disrupt energy markets. A broader regional escalation could trigger a sharp spike in oil prices, potentially undermining the recent progress made in curbing global inflation. Navigating this uncertain environment will demand de-escalation of tensions, coordinated and prudent policy responses, to restore stable and sustainable output growth.

### 1.1 Economic Growth and Inflation

#### 1.1.1 Output Growth

Graph 1: world output growth (IMF, April 2025)

- Global growth remained steady at 3.3 percent in 2024, compared to 3.5 percent in 2023. However, it is projected to decline to 2.8 percent in 2025 driven by the adverse effects of U.S. tariffs measures, eroding investor confidence, and heightened global uncertainty.



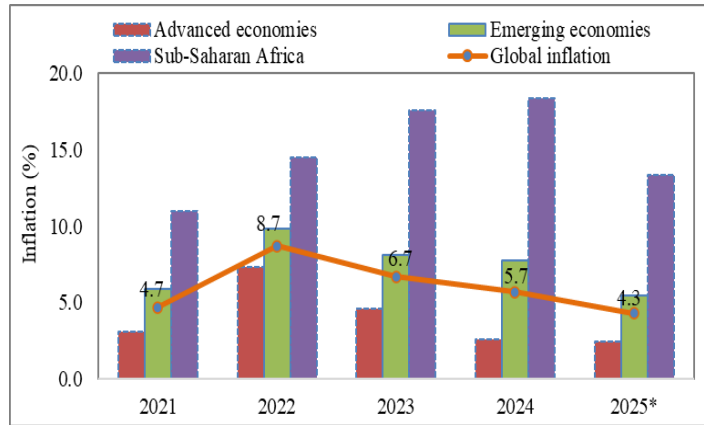
- Advanced economies grew by 1.8 percent in 2024, supported by strong labour markets and easing inflation. The U.S. economy, which grew by 2.8 percent in 2024, is expected to slow sharply to 1.8 percent in 2025, primarily due to the drastic tariff actions and subdued private demand. Europe and Japan face similar softness, with structural and demographic challenges compounding subdued domestic demand.
- Emerging Markets and Developing Economies (EMDEs) recorded strong growth of 4.3 percent in 2024, sustained by domestic resilience in major economies such as India and a temporary boost from external demand. However, growth is projected to decline to 3.7 percent in 2025 as the full impact of U.S. tariffs, slowing global investment, and disrupted trade flows begin to materialise. In China, growth is projected to slow to 4.0 percent in 2025 from 5.0 percent in 2024, due to persistent weakness in consumer confidence, a troubled real estate sector, and its central exposure to tariff-related trade shocks.
- In Sub-Saharan Africa, growth strengthened to 4.0 percent in 2024, up from 3.6 percent in 2023, underpinned by improved external trade and recovering domestic demand in most countries.

Nevertheless, growth is expected to ease slightly to 3.8 percent in 2025 before rebounding to 4.2 percent in 2026, as global challenges and domestic constraints persist.

### 1.1.2 Global Inflation

Graph 2. Global Inflation (IMF WEO, April 2025)

13. Global average inflation declined to 5.7 percent in 2024, down from 6.7 percent in 2023 and is projected to ease further to 4.3 percent in 2025. In Advanced economies, inflation fell to 2.6 percent in 2024, from 4.6 percent in 2023, reflecting the impact of tight monetary policy, easing energy prices, and adjustment of global supply chains. Notably, inflation declined to 3.0 percent in the United States and 2.4 percent in the euro.



14. Similarly, in emerging markets and developing economies (EMDEs), inflation declined to 7.7 percent in 2024, down to 8.1 percent in 2023. It is projected to further decelerate to 5.5 percent in 2025. The relatively slower pace of disinflation compared to advanced economies reflects continued currency depreciation in some countries, persistent food price pressures, and slower monetary policy transmission. However, China stands out as a notable exception, with inflation remaining very low at 0.2 percent in both 2023 and 2024, and projected to decline further to 0.0 percent in 2025. This unusually lower inflation in China is attributed to weak domestic demand, subdued consumer confidence, ongoing property market stress, and excess industrial capacity, which have collectively dampened price pressures.
15. In contrast, average inflation in Sub-Saharan Africa rose to 18.3 percent in 2024, from 17.6 percent in 2023, driven by currency depreciation in some economies and weak domestic food production linked to adverse weather conditions. Nevertheless, inflation in the region is projected to decelerate to 13.3 percent in 2025, based predicated on expected improvements in food production, greater exchange rate stability, and strengthened fiscal and monetary coordination.

### 1.2 Global Trade

16. Global merchandise trade rebounded by 2.9 percent in 2024 after a 1.0 percent contraction in 2023, driven by strong export and import growth in emerging and developing economies. Advanced economies also saw modest trade gains amid easing inflation and improved global demand. However, sweeping U.S. tariffs in 2025 have reignited trade tensions, particularly with China, leading to a projected 0.2 percent trade contraction in 2025. A moderate recovery to 2.5

percent is expected in 2026, led by emerging markets<sup>1</sup>. Yet, escalating geopolitical risks and shifting supply chains may weigh on trade prospects beyond 2026.

### 1.3 Global Commodity Prices

17. Global commodity prices showed mixed trends in 2024. Crude oil and iron ore declined by 2.5 percent and 9.3 percent respectively, reflecting weak demand and ample supply, while gold surged by 22.9 percent on safe-haven demand. Cocoa prices more than doubled due to weather-related shortages, and rubber rose sharply on tight supply. The 2025 outlook remains divergent, crude oil price is projected to drop to \$64 per barrel but may spike if Middle East tensions persist; iron ore may ease further to \$95 per metric tonne; gold could reach \$3,250 per try ounce before moderating; and rubber is expected to rise to \$2,000 per metric tonne. Commodity markets remain vulnerable to global demand shifts, supply shocks, and geopolitical risks (Table 1).

Table 1 : International Commodity prices

Commodity	2020	2021	2023	2024	2025*	2026*
Crude Oil (US\$ per barrel)	41.26	69.07	80.8	78.7	64.0	60.0
Iron Ore (US\$ per metric tonne)	108.92	161.71	120.6	109.4	95.0	88.0
Gold (US\$ per troy ounce)	1770.00	1799.63	1942.7	2388.0	3250.0	3200.0
Cocoa (US\$ per metric tonne)	2370.00	2430.00	3280.7	7330.0	8000.0	7000.0
Rubber (US\$ per metric tonne)	1730.00	2070.00	1380.0	1750.0	2000.0	1900.0
Groundnut (US\$ per metric tons)	1839.00	1555.04	1891.9	1764.8	1653.8	1638.8
Logs (US\$ per cubic meter)	399.50	414.20	378.6	379.0	390.0	395.0

Source: World Bank CMO database, April 2025; \* represents projections.

### 1.4 Monetary and Financial Markets

18. Global monetary and financial conditions were tight in 2024, reflecting high policy uncertainty, escalating geopolitical tensions, and a resurgence of adverse shocks, most notably shifting trade policies. According to the IMF's Global Financial Stability Report (April 2025), financial stability risks have increased as market volatility rises, asset valuations remained high. Central banks in advanced economies adopted a cautious stance; although inflation moderated in some regions, persistent underlying pressures and uncertainty about future inflation have limited room for easing. In contrast, there were expectations for monetary easing in emerging markets amid weakening growth, but currency depreciation and external financing constraints have constrained their policy space. The IMF's Financial Conditions Index indicated broad-based tightening across major economies, amplifying downside risks.

### 1.5 Prospects and Implications for ECOWAS

19. Global economic prospects for 2025 and beyond will be shaped by shifting U.S.-China trade dynamics, rising geopolitical tensions in the Middle East, and growing climate risks. Trade fragmentation, driven by protectionism, threatens supply chains and investor confidence.

<sup>1</sup> World Trade Organisation (WTO), Global Trade Outlook and Statistics - April 2025.

Commodity prices, especially oil and food, may remain volatile, while inflation is expected to ease but remain above historical norms, particularly in emerging markets facing currency and structural pressures. In this uncertain environment, coordinated policies and global cooperation are vital to safeguard stability and promote an inclusive recovery.

20. For the ECOWAS economies, these global events present both challenges and strategic policy considerations. Weaker global growth and trade tensions may constrain export demand and dampen foreign inflows, while potential volatility in oil prices could worsen external imbalances for oil-importing countries and add fiscal uncertainty for exporters. Potential rise in food and energy prices may further strain inflation management across the region. Moreover, tighter global financial conditions could limit access to external financing and increase debt servicing costs. In response, ECOWAS countries should intensify efforts to build economic resilience, through domestic revenue mobilization, regional trade integration, climate adaptation investments, and enhanced monetary-fiscal coordination, to mitigate external vulnerabilities and sustain progress toward macroeconomic convergence and development goals.

## 2 MACROECONOMIC DEVELOPMENTS IN ECOWAS

21. The assessment of the regional economy's performance for 2024 and its medium-term prospects takes into account the withdrawal of Burkina Faso, Mali, and Niger from ECOWAS. The analysis is based on the 12 Member States and, consequently, the change in the weightings of the remaining Member States.
22. In 2024, economic activity within the ECOWAS region was characterized by resilience in the face of a global environment marked by the continuation of the Russia-Ukraine war, tensions in the Middle East, and trade disputes. These events impacted the Member States of the Community individually and collectively. Despite this environment, the pace of growth in 2024 accelerated compared to that of 2023, with a slight decrease in inflationary pressures. At the end of 2024, the implementation of government fiscal operations indicated a reduction in the overall deficit as a percentage of the GDP compared to the year 2023. The average regional public debt-to-GDP ratio also improved compared to previous years. In terms of relations with the rest of the world, the deficits on the current account reduced significantly compared to the same period in 2023.
23. The overall regional outlook is also gradually improving, with economic activity picking up. Growth would rise from 4.4 percent in 2024 to 5.1 percent in 2025, and about three-quarters of the Member States anticipate higher growth, except for Cabo Verde, Ghana, and Togo in 2025. Economic recovery is expected to continue beyond this year, with growth projected to remain at 5.0 percent in 2026 and gradually picking up in the medium term. At the same time, average inflation is expected to decelerate to 19.7 percent in 2025, compared to 21.8 percent in 2024. About 8 countries are expected to record lower inflation rates in 2025, including Ghana, Nigeria, and Sierra Leone, the countries having double-digit inflation.
24. The funding squeeze, which started with the advent of the COVID-19 pandemic, continued, although at a lower rate in 2024. The region's governments continued to grapple with a budget deficit driven by the high debt servicing and rollover risks amid persistently low domestic resource mobilization. Significant debt repayments are expected to continue in 2025 and beyond. As a result, Member States are being forced to remove subsidy regimes and cut public spending and redirect resources to debt service, thereby fuelling the widespread high cost of living in the region.
25. At the national level, amidst these challenges, some countries remain stable and continue to enjoy robust growth during the period, driven by high levels of public investment and resilient private investment, especially in the big economies. The economies are expected to improve in 2025 and beyond due to the continued public investments, investment in ITC, and transport sectors, and the exploitation of recent oil discoveries. However, domestic consumption slowed due to a decline in purchasing power associated with persistently high inflation in some countries.
26. Overall, economic conditions remained positive across countries within the region, with no major upswings. The result would have been better had it not been for some domestic developments, including political instability and domestic strife, that negatively impact the region.

27. Inflation rates remain high in some Member States in 2024, especially in Ghana, Nigeria, and Sierra Leone. Although the curves have taken downturn in Ghana and Sierra Leone, they are still expected to remain high, above the Sub-Saharan average in 2025, driven mainly by the pass-through effects of national currency depreciation and high energy and food costs.
28. This section of the report gives an overview of the macroeconomic and financial performance of the region during the period under review. The report highlights the performance of the economies in 2024 and makes forecasts for the medium term based on the recent regional and national economic policies and programmes.

## **2.1 Impact of the International Economic Environment**

29. The key developments in the global economy that impacted the region in 2024 were aggressive global monetary policy tightening to tame inflationary pressures, the Russia-Ukraine war and its severe impact on global food and energy prices, especially in Europe, and the supply chain bottlenecks it created. Other factors included emerging trade barriers, and increased policy uncertainty and its ripple effect on growth and employment amidst high structural public sector deficits and rising government debt trajectory. Additionally, the Israel-Hamas war and its impact on energy markets, trade routes, and the risk-on effect on financial markets.
30. The impact of these shocks on the ECOWAS region is mixed. The developments that impact commodity and energy prices affect economic activities and prospects of Member States differently. However, given that Member States are mostly net importers of refined crude oil and food, the moderating energy and food prices on average benefited the region.
31. Also, with most of the Member States being in different degrees of debt sustainability, the easing of financial conditions, especially in advanced countries, moderated debt distress in the region and allowed the process of fiscal consolidation as well as funding of critical public investments.
32. The slow recovery in most of the region's trading partners, as well as the larger dependence of such economies on domestic demands, led to a lower aggregate demand in the region and, consequently, economic activities. Other developments that had negative consequences on the economy of the region are the continued depreciation of some national currencies and shrinking fiscal space.
33. Overall, the ECOWAS region continued to be well integrated into the global economy in 2024 with active participation in trade and other international engagements. The size and composition of its international trade and other transactions with the rest of the world economy remained robust.

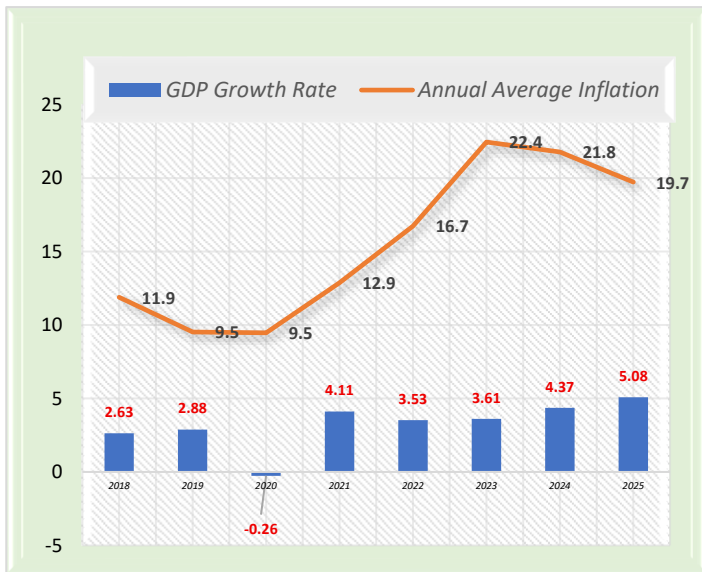
## **2.2 Real Sector**

### **2.2.1 Growth**

34. The performance of the ECOWAS regional economy has remained stagnated at around 4.0 percent growth since the end of COVID-19 pandemic, between 2021 and 2024. However, the effect of the decline in global oil and commodity prices, continued terrorism and political conflicts, and sluggish global performance continues to adversely affect Member States in 2024. The regional real GDP grew by 4.4 percent in 2024, up from the 3.6 percent growth recorded in 2023. This growth was driven mainly by the relative stability in the region, where the effect of the global

instability is waning, more stability in commodity prices and improved fiscal space resulting from implementation of various reforms.

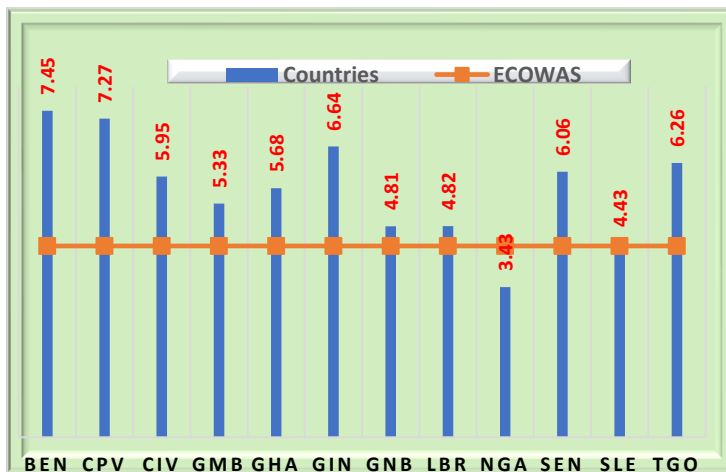
Graph 3: ECOWAS GDP Growth Rate and Inflation (2018 – 2025)



35. Across the region, growth rates varied among Member States. The highest growing economies in the region, exceeding 6 percent in 2024, were Benin Republic with a growth rate of 7.5 percent, followed by Cabo Verde (7.3%), Guinea (6.6%), Togo (6.3%), and Senegal (6.1%). Three Member States, namely, Côte d'Ivoire, The Gambia, and Ghana, grew by over 5 percent. The drivers of growth in these fast-growing Member States remained the services and extractive industries. Sierra Leone, Liberia, and Guinea-Bissau also posted a strong performance in 2024 with growth

rates above 4.0 percent. Nigeria recorded a modest growth of 3.4 percent, falling below the ECOWAS average of 4.4 percent in 2024.

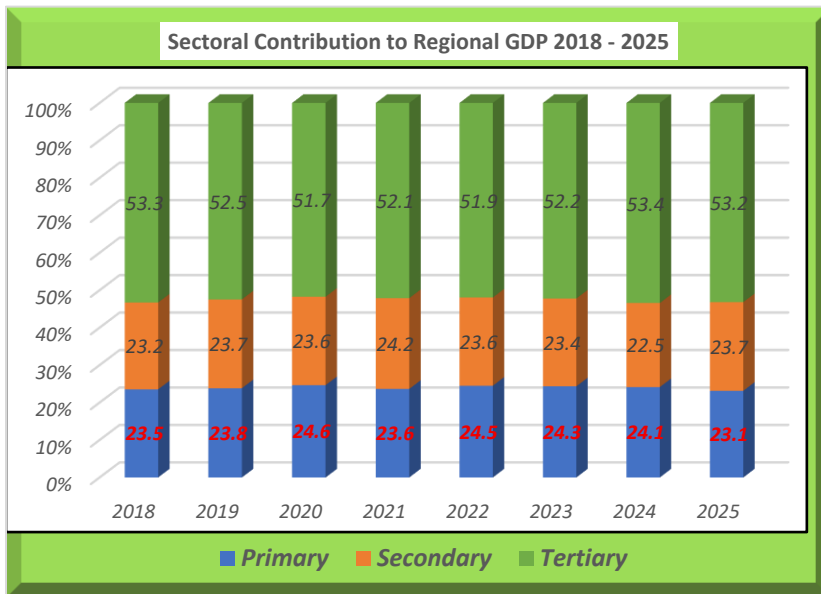
Graph 4: ECOWAS Member States Growth rate in 2024.



36. In terms of contribution to the GDP, tertiary sector activities, which consist of services, both commercial and non-commercial services, contributed the most to the regional GDP, accounting for 53.4 percent in 2024, slightly higher than the 52.2 percent recorded in 2023. The primary sector, consisting of crop production, livestock, forestry, and fishing, came a distant second as contributors to regional GDP with 24.1 percent in 2023, down slightly

from 24.3 percent in 2023. The secondary sector, which consists of mining, manufacturing, construction, electricity, and water, was the least contributor to the regional GDP, with 22.5 percent in 2024, slightly lower than the 23.4 percent contribution in 2023.

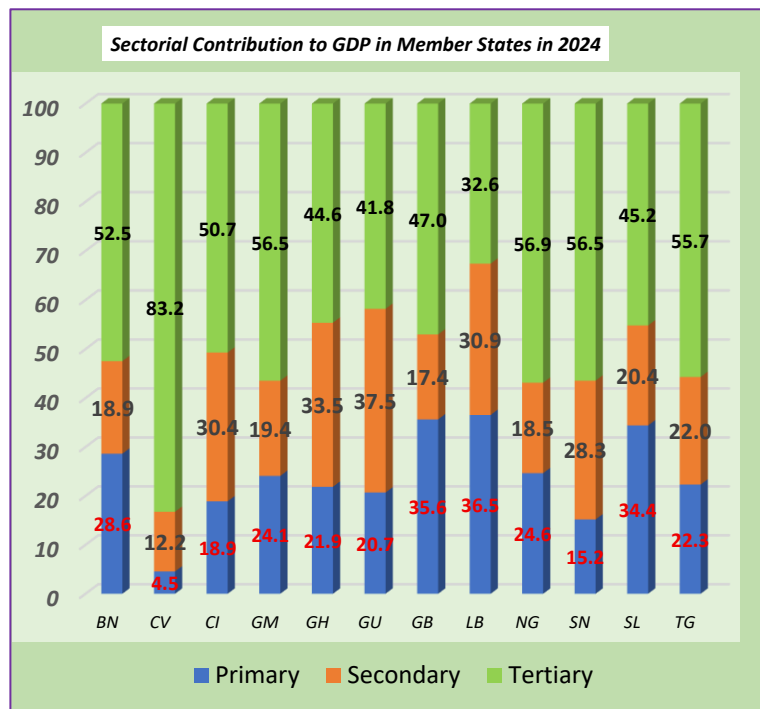
Graph 5: The Structure of Regional Economy from 2018 – 2025



37. In 2025, it is expected that both the tertiary and primary sector will lose some share of their contribution to the regional GDP due to an increase in the share of extractive industry within the regional GDP. The share of the secondary sector is projected to increase by about 1.2 percentage points from 22.5 percent in 2024 to 23.7 percent in 2025. Thus, tertiary sector’s share is expected to contract to 53.2 in 2025 from 53.4 in 2024. Meanwhile, the share of agriculture is also projected to contract to 23.1

percent in 2025, compared to 24.1 percent in 2024.

Graph 6: Sectoral Contribution to Regional GDP



38. In terms of the structure of the Member States economies, the tertiary sector is the predominant sector across all Member States, accounting for over 70 percent in some national economies. In Cabo Verde tertiary sector made the highest contribution to GDP at 83.2 percent, followed by Nigeria 56.9 percent, The Gambia and Senegal at 56.5 percent, In Togo, Benin and Cote d’Ivoire, services is contribution over 50.0 percent to national GDPs. In all Member states, service sector is the major contributor to the GDP, except in Liberia with only 32.6 percent.

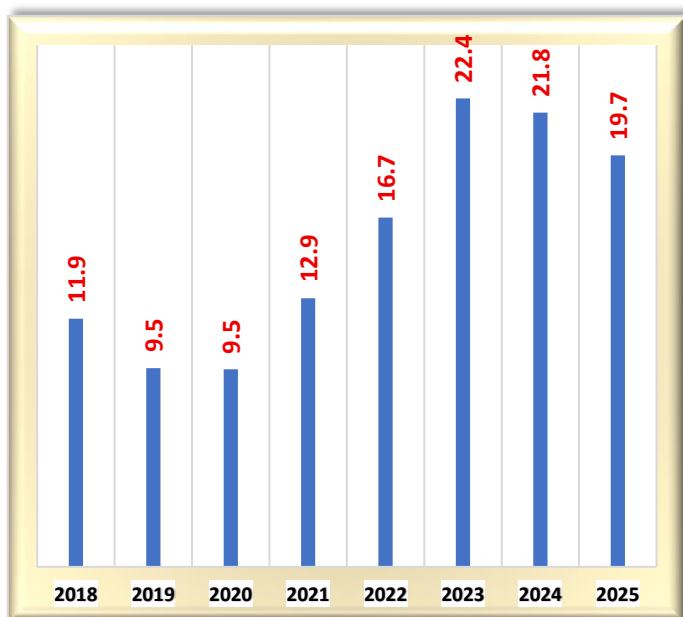
The tertiary sector is followed by the Primary sector as the second most important contributor to the GDP with 24.1 percent at the regional level. However, the sector’s contribution is higher in some countries than others - 36.5 percent in Guinea Bissau, 36.5 percent in Liberia and 34.4 percent in Sierra Leone, and as low as less than 4.5 percent in Cabo Verde. The secondary sector

is the least contributing sector to the regional GDP contributed the most in Guinea at 37.5 percent, followed by Ghana at 33.5 percent and as little as 17.4 percent in Guinea Bissau and 12.2 percent in Cabo Verde.

39. At regional level, the tertiary sector has been the most volatile in responding to shocks. From 2019 to date, the sector performance has fluctuated significantly. The sector grew by 6.8 percent in 2019, just to contract by 2.8 percent the following year in 2020 due to the COVID-19 pandemic. Although, the effect of the COVID 19 began to ease in 2021, the outbreak of the Russian– Ukraine war in 2022 led to another contraction of 1.1 percent. In 2023, the sector rebounded with 2.9 percent growth, surpassing agriculture, driven mainly by the relative ease in the global economic condition. This growth was supported by increased profitability in the banking sector and expansions in the telecommunication and ITC across the region.

### 2.2.2 Inflation

40. In 2024, Inflationary pressures in ECOWAS remained elevated, although the trend has begun to decline. Inflation is still in double digits and remain above the ECOWAS threshold of 5.0 percent, particularly in countries with floating exchange rate regimes. While inflation is expected to decline further on average in 2025, some Member states are projected to continue experiencing high inflation levels.



*Graph 7: ECOWAS Annual Average Inflation rate (2018 – 2025)*

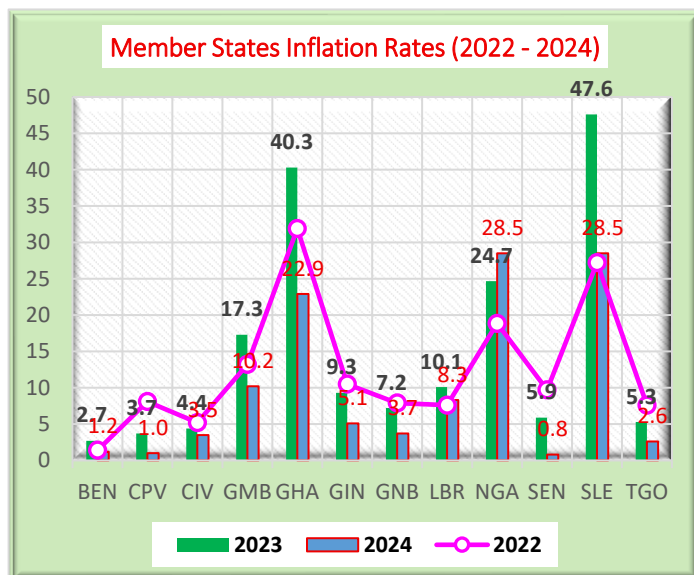
41. The annual average inflation rate in the region declined to 24.8 percent in 2024, down from 22.4 percent in 2023. All Member States recorded lower inflation in 2024, compared to 2023, except Nigeria. However, the regional average remained elevated due to the persistently high inflation in a few Member States, particularly in Nigeria at 33.2 percent, Sierra Leone at 28.5 percent, and Ghana at 22.9 percent.

42. The high inflation in Nigeria, Sierra Leone, and Ghana was driven mainly by the pass-through effects of national currency depreciation and energy price increase due to the deregulation of the downstream petroleum sector. Other contributing factors include the increasing cost of imported food products. In contrast, the relative stability of some national currencies, combined with discontinuation of budget deficit financing by all Central Banks in ECOWAS, and with the fiscal discipline, contributed to the gradual slowdown in inflation toward the end of 2024.

43. The annual average inflation rates varied significantly across the region. The UEMOA block along with Cabo Verde recorded low inflation rates, while most non-UEMOA countries experienced high

levels inflation. In 2024, Senegal recorded the lowest inflation of 0.8 percent, followed by Cabo Verde at 1.0 percent and Benin at 1.2 percent. Generally, inflation in the UEMOA zone is below the ECOWAS threshold of 5.0 percent. Meanwhile, most non-UEMOA Countries recorded double-digit inflation, except Guinea, which recorded 5.1 percent, and Liberia, 8.3 percent inflation in 2024.

Graph 8: ECOWAS Annual Average Inflation rate (2022 – 2024)



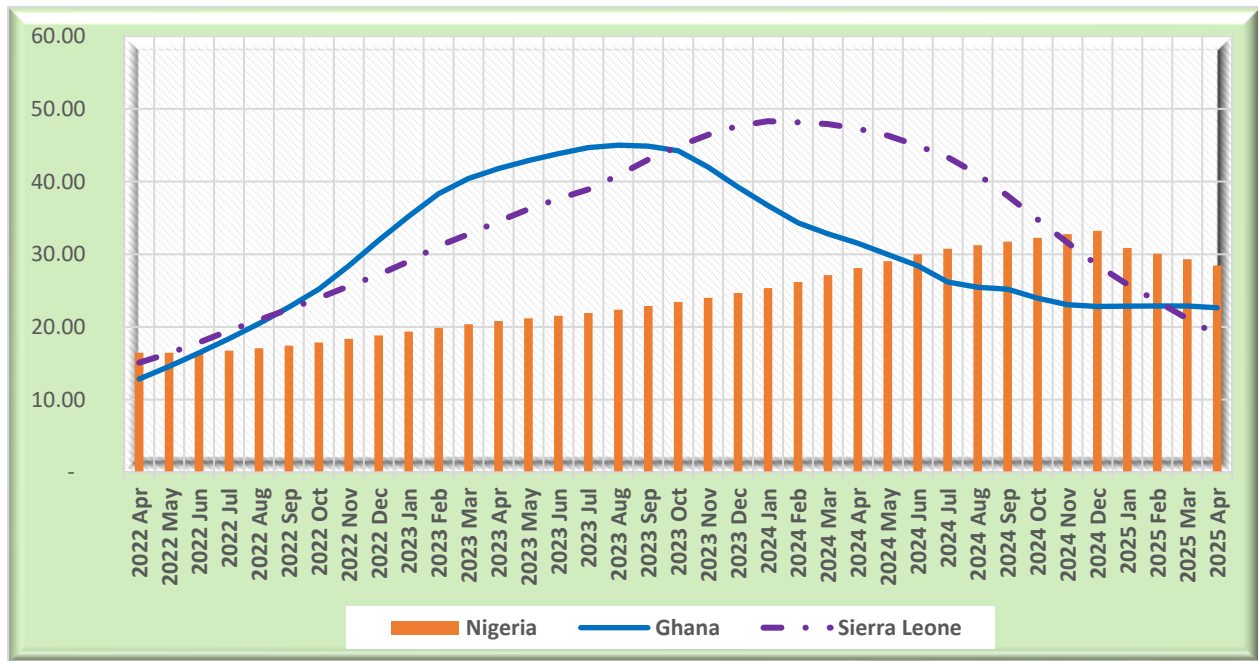
44. In 2025, inflation in the region is expected to decline to 19.7 percent, compared to 24.8 percent recorded in 2024, driven by continued price moderation in most of the countries, particularly in Sierra Leone and Ghana. However, due to the persistent price increases in Nigeria, and considering its weight, the regional average inflation is expected to remain elevated in double digits.

to 28.4 percent in June 2024, and finally settled at 22.9 percent by December 2024. This decline is attributed to moderating food and non-food prices, supported by relative exchange rate stability, tight monetary policy, and improved fiscal discipline.

45. In Ghana, the inflation trend downwards from 39.2 percent in December 2023 to 36.7 percent in January 2024, and further decelerated

46. In Sierra Leone, the average inflation rate stood at 47.6 percent in December 2023 and declined to 28.5 percent by December 2024. After peaking at 48.3 percent in January 2024, inflation declined to 44.9 percent in June 2024. In April 2025, the average annual inflation rate in Sierra Leone has further declined to 18.9 percent. This consistent monthly decline from December 2023 to April 2025 was driven by a combination of relative exchange rate stability, continued monetary policy tightening by the Bank of Sierra Leone (BSL), and moderation in the prices of fuel and food.

Graph 9: Annual Average Inflation rate for Sierra Leone, Ghana and Nigeria (Jan 2023 – Jun 2024)

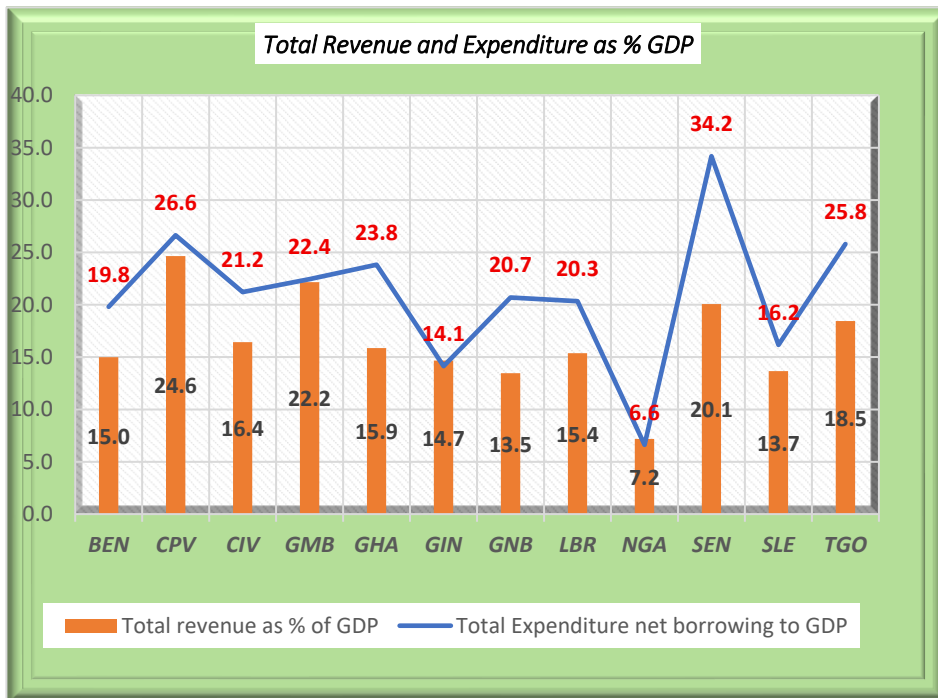


47. In Nigeria, inflation is expected to average 26.5 percent in 2025, down from to 33.2 percent in 2024. The inflationary pressures remain elevated, driven by currency depreciation, reflected in the official exchange rate averaging N1471/US\$ in June 2024 compared to N769/US\$ in June 2023 and rising imported food inflation. Average inflation remains dominantly driven by food inflation, which have been on the increase since December 2023. Although inflation is expected to remain high in the coming months, a slowdown is expected in the near-term likely due to the base effect, the removal of the Central Bank of Nigeria's Price Verification system, and the 150-day suspension of import duties on staple foods. The monetary policy stance is expected to remain restrictive unless annualized inflation rates show a clear downward trend.

### 2.3 Fiscal Sector

48. Public expenditure and net lending as a percentage of GDP in the Community slightly declined to 12.1 percent in 2024, down from 12.5 percent in 2023, reflecting the more than proportional increase in nominal GDP compared to that of total expenditure and net lending during the period under review. This ratio decreased in seven Member States compared to 2023. The overall decline in regional expenditure was driven by a sharp reduction in Nigeria's public spending as a percentage of GDP, which fell significantly from 7.7 percent in 2023 to 6.2 percent in 2024. The highest public expenditure-to-GDP ratio in 2024 were recorded in Senegal (30.0 %), followed by The Gambia (25.8%), and Cabo Verde (25.7%).

Graph 10: Member States Total Revenue and Expenditure as Percentage of GDP

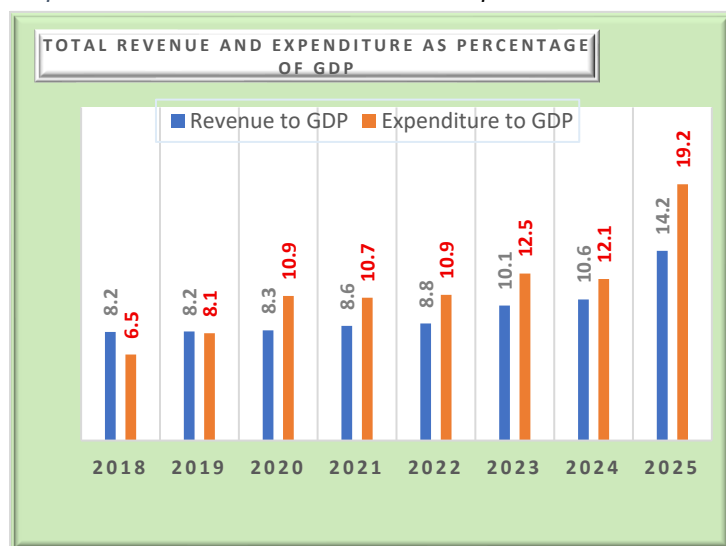


49. The ECOWAS total revenue, including grants as a percentage of GDP, improved slightly in 2024 rising to 10.6 percent of GDP from 10.1 percent of GDP in 2023. The increase in revenue was largely attributed to the higher tax revenue across the Member States, driven by improved tax administration and collection efficiency. In total, seven (7) Member States recorded higher revenue in 2024

compared to 2023. Cabo Verde collected the highest revenue-to-GDP at 24.7 percent, followed by the Gambia, Senegal, and Togo each with average revenue collection of about 20.2 percent of GDP in 2024. Nigeria recorded the lowest revenue-to-GDP ratio, at 7.2 percent of GDP in 2024.

50. At the regional level, expenditure as a percentage of GDP has consistently exceeded revenue, rising from 8.05 percent in 2019 to 12.1 percent of GDP in 2024. The increases were driven by multiple factors across Member States, including national security spending, large-scale infrastructure investments, and hefty public wages. Other contributing factors include currency depreciation, high public debt servicing, and huge government subsidies.
51. The region’s budget deficit as a percentage of GDP improved slightly, narrowing to 4.7 percent of GDP in 2024 from 5.3 percent of GDP in 2023, mainly attributed to more prudent fiscal operation across Member States.

Graph 11: ECOWAS Total Revenue and Expenditure as Percentage of GDP



52. The main drivers of high budget deficit in Member States include the rising recurrent expenditure, such as interest payment on public debt, which have outpaced the revenue growth. Over the past seven years, public spending has grown by about 70 percent, driven by responses to the COVID-19 pandemic, government interventions to support households and businesses against rising cost of food and energy and the large public sector wage. In contrast, government revenue has remained

stagnante, mainly because of the inability of the authorities to mobilize sufficient tax income.

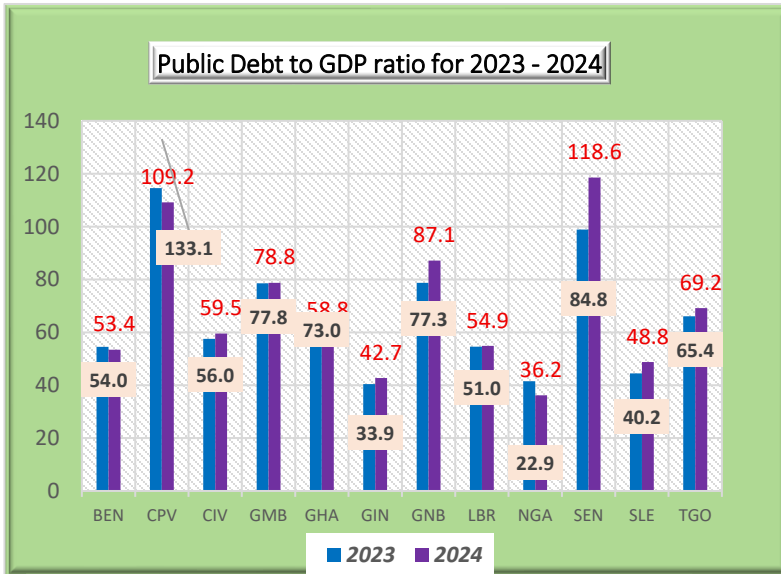
Table 2: Budget Deficit including grants as a percentage of GDP from 2018 – 2025.

Member States	2018	2019	2020	2021	2022	2023	2024	2025*
Benin	2.9	0.5	4.7	5.7	5.5	4.1	3.0	2.9
Cabo Verde	2.3	2.6	9.3	7.6	4.3	0.3	1.0	0.5
Côte d'Ivoire	2.9	2.2	5.4	4.9	6.8	5.2	4.0	3.0
Gambia	11.8	8.3	3.7	5.8	5.3	3.7	4.2	1.5
Ghana	3.8	4.5	11.5	8.5	8.1	3.5	7.9	3.1
Guinea	1.1	0.5	2.1	1.7	0.4	2.9	1.9	3.5
Guinea Bissau	4.2	3.4	8.8	7.2	6.4	8.6	8.5	5.3
Liberia	0.3	0.9	-2.2	0.9	0.0	-0.8	-0.3	0.0
Nigeria	0.7	2.3	3.9	4.1	4.2	5.2	4.1	2.8
Sénégal	3.7	18.6	10.7	11.3	14.6	15.1	11.2	7.8
Sierra Leone	3.3	1.7	3.5	3.8	5.3	4.8	5.2	3.7
Togo	0.6	0.9	7.1	4.7	8.3	6.7	5.5	3.0
<b>ECOWAS</b>	<b>1.2</b>	<b>2.7</b>	<b>4.8</b>	<b>4.6</b>	<b>4.9</b>	<b>5.3</b>	<b>4.7</b>	<b>3.1</b>

53. The fiscal balance across the region varied significantly in 2024, ranging from a surplus of 0.3 percent of GDP in Liberia to a deficit of 11.2 percent in Senegal. In 2025, the regional deficit is

expected to narrow further to a deficit of 3.1 percent of GDP, down from 4.7 percent in 2024, mainly due to the moderating effect of the reduced spending on Social Security.

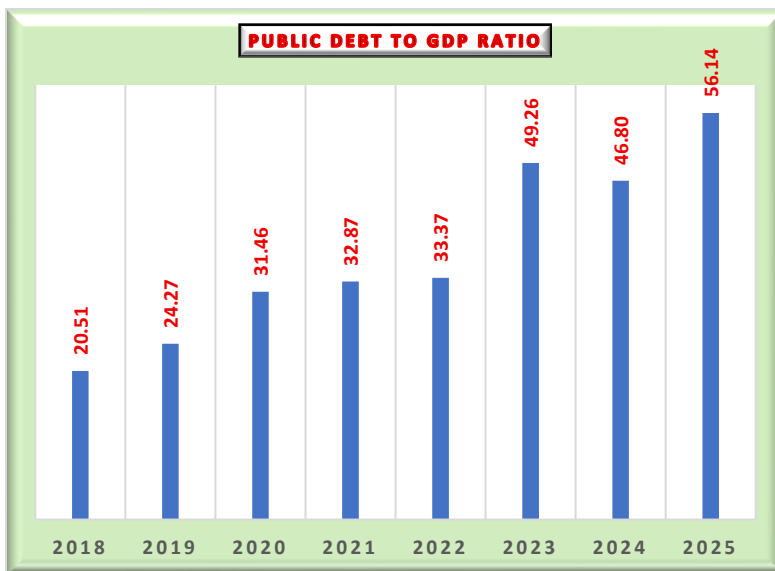
Graph 12: Public Debt as Percentage of GDP in 2022 and 2024



intended to finance infrastructure.

54. In 2024, the public debt to GDP ratio declined to 46.7 percent down from 49.8 percent of GDP in 2023. Despite, the improvement in the regional average, public debt to GDP ratios deteriorated further in eight (8) Member States in 2024 compared to their 2023 levels. The debt-to-GDP ratios vary from 117.0 percent of GDP in Senegal, the most indebted country in the region, to 36.2 percent of GDP in Nigeria, being the lowest in the region. The high level of debt ratio to GDP in some countries is largely explained by new borrowings

Graph 13: ECOWAS' Public Debt as Percentage of GDP from 2012 - 2025



raised concerns over debt sustainability of the Member States, especially amid dwindling revenue to meeting debt obligations in some Member States.

55. ECOWAS' public debt has been on the rising trajectory since before the COVID-19 pandemic. Since the advent of COVID-19 pandemic. In response to the pandemic's economic fallout, several governments in the region have raised their borrowing bar to alleviate people's suffering and revive economic activity. In 2018, the public debt to GDP ratio stood at 20.5 percent, and within seven years, this ratio has more than double, exceeding 46.0 percent of regional GDP by 2024. The rapid increase has

56. According to the IMF World Economic Outlook, (April 2025) public debt in the ECOWAS region will surge to levels not seen before now. Confronted with sharp currency depreciation, surging food

costs, and the lingering effect of recent global shocks, Member States are expected to intensify borrowing both for the mitigating the socio-economic impacts and to finance infrastructure as a stimulus to revamp the economy. On average, the regional public debt to GDP ratio is expected to reach 57.3 percent in 2025.

## **2.4 Monetary Sector**

57. This section highlights the monetary policy stance of ECOWAS Central Banks and the resulting developments in monetary aggregates in 2024.

### **2.4.1 Monetary Policy Stance and Developments in Banking Sector**

58. In 2024, most ECOWAS Central Banks shifted away from the accommodative monetary policies adopted in the previous years to mitigate the effects of COVID-19. In line with the global level, a tightening of monetary policies was observed across the region aimed at curbing the rising inflationary pressures and countering the depreciation trends of some national currencies.

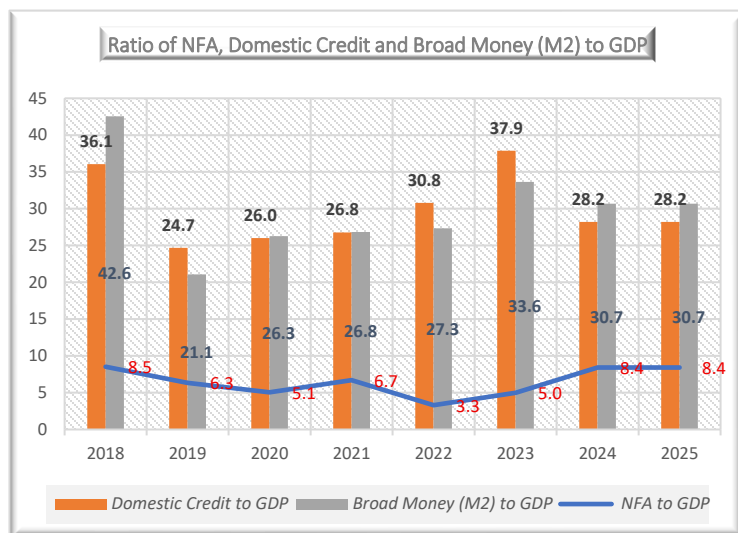
59. The evolution of key policy at the end of 2024 showed divergent trends. Five central banks (BCEAO, Central Bank of the Gambia, Bank of Ghana, Central Bank of Nigeria and Bank of Sierra Leone) raised key rates above their pre-pandemic levels; in contrast, the Banco de Cabo Verde, Central Bank of the Republic of Guinea and Central Bank of Liberia maintained rates below their pre-covid 19 levels.

60. Compared to the situation in 2023, the monetary policy stance in 2024 was restrictive in all central banks except for the Central Bank of the Republic of Guinea, which adopted an easing stance. In most Member States, monetary policy tightening was generally aimed at combating inflation and supporting the national currency from depreciation. In countries with a fixed exchange rate regime, the change in the monetary policy stance was aimed at aligning their monetary policy with that of the anchor monetary zone to avoid capital flight.

### **2.4.2 Developments in Monetary Aggregates**

61. In response to the tight monetary policy stance in 2024, the broad money supply as a percentage of GDP decline at the regional level to 30.2 percent of GDP, down from 33.2 percent of GDP in 2023. However, eight (8) Member States experienced increases in broad money supply in 2024. While a decline was observed in four (4) Member States. In 2024, the ratio of money supply to GDP varies from 89.9percent of GDP in Cabo verde, being the highest, to 9.9 percent of GDP, in Liberia, the lowest in the region.

Graph 14: Growth in Money Supply – Member States



62. In terms of net foreign assets, five countries (Cabo Verde, Cote d’Ivoire, The Gambia, Ghana, Guinea Bissau, Liberia, and Nigeria) recorded increases in 2024 compared to their levels in 2023, while in the other Member States’ net foreign assets fell. Cabo Verde had the highest net foreign assets relative to GDP, at 37.7 percent; while Sierra Leone, with 3.4 percent of GDP, is the country with the lowest net foreign assets.

63. An analysis of domestic credit indicates that at the regional level, credit to the economy declined to 28.2 percent

of GDP in 2024, compared to 37.9 percent in 2023, influenced by the tighter monetary policy stance during the review period. Despite the contraction of domestic credit in Cabo Verde, the country still recorded the highest with 59.7 percent domestic credit to the economy, while Liberia recorded the lowest with 12.2 percent credit to the economy. Domestic credit decreases in only three Member States (Cabo Verde, Ghana, and Nigeria). while in it increased in the other Member States.

## 2.5 External Sector

### 2.5.1 The current account balance.

64. ECOWAS transactions with the rest of the world in 2024 resulted in a current account deficit of 0.6 percent of GDP, compared to a deficit of 1.2 percent in 2023. This reduction was mainly driven by the trade surpluses recorded in the trade accounts of some Member States, particularly Nigeria and Ghana. In Nigeria, it was attributable to surpluses in the trade balance and the secondary income account, while in Ghana, the increase in the current account surplus was linked to a trade surplus and larger net capital inflows.

65. All Member States either reduced their current account deficits or improved their current account surpluses in 2024, except Guinea. Four Member States, namely Cabo Verde, Ghana, Liberia, and Nigeria, recorded a current account surplus in 2024. The accounts balances range from a surplus of 14.2 percent of GDP recorded in Liberia to a deficit of 12.5 percent of GDP recorded in Senegal.

66. In 2024, ECOWAS's external trade with the rest of the world resulted in a surplus of 9.1% of GDP. Since 2017, the region's current account balance had been in deficit. The surplus was attributed to positive balances recorded in Nigeria at 9.1 percent of GDP, compared to -0.2 percent of GDP in 2023, and in Ghana at 4.3 percent of GDP in 2024, compared to 1.8 percent in 2023.

### 2.5.2 Overall balance of Payments

67. The development in the balance of payments varies among Member States in 2024. The overall balance has improved significantly to a surplus of 2.4 percent of GDP, from a deficit of 0.9 percent

of GDP in 2023. Thus, eight Member States (Cabo Verde, Cote d'Ivoire, The Gambia, Guinea, Nigeria, Senegal and Togo) recorded surpluses in their overall balance of payments, while the other member states posted deficits. Similarly, the overall balance of payments deficit declined in three countries (Benin, Liberia, and Sierra Leone). Guinea is the only country that experienced a worsening balance of payment position in 2024 in the ECOWAS Region.

### 3 STATUS OF MACROECONOMIC CONVERGENCE IN ECOWAS

68. This chapter analyses recent developments in macroeconomic convergence indicators within the ECOWAS region, highlighting the progress made, persistent challenges, and disparities among Member States. The analysis is based on updated data and assesses Member States' performance against the Convergence criteria defined in the Macroeconomic Convergence and Stability Pact among ECOWAS Member States.
69. According to this Pact, Member States must implement macroeconomic policies that ensure compliance with the convergence criteria during the convergence phase, which runs from January 2022 to December 2026. To enter into the stability phase starting in January 2027, the Pact requires that a majority of Member States shall meet in a sustainable basis all the primary convergence criteria over the last three years of the convergence phase.
70. It is important to note that the primary convergence criteria relate to maintaining moderate inflation, keeping the fiscal deficit under control, complying with the limits on central bank financing of the fiscal deficit, and preserving an adequate level of gross external reserves. The secondary criteria, for their part, focus on controlling public debt and ensuring that the nominal exchange rate fluctuates within a predefined margin.

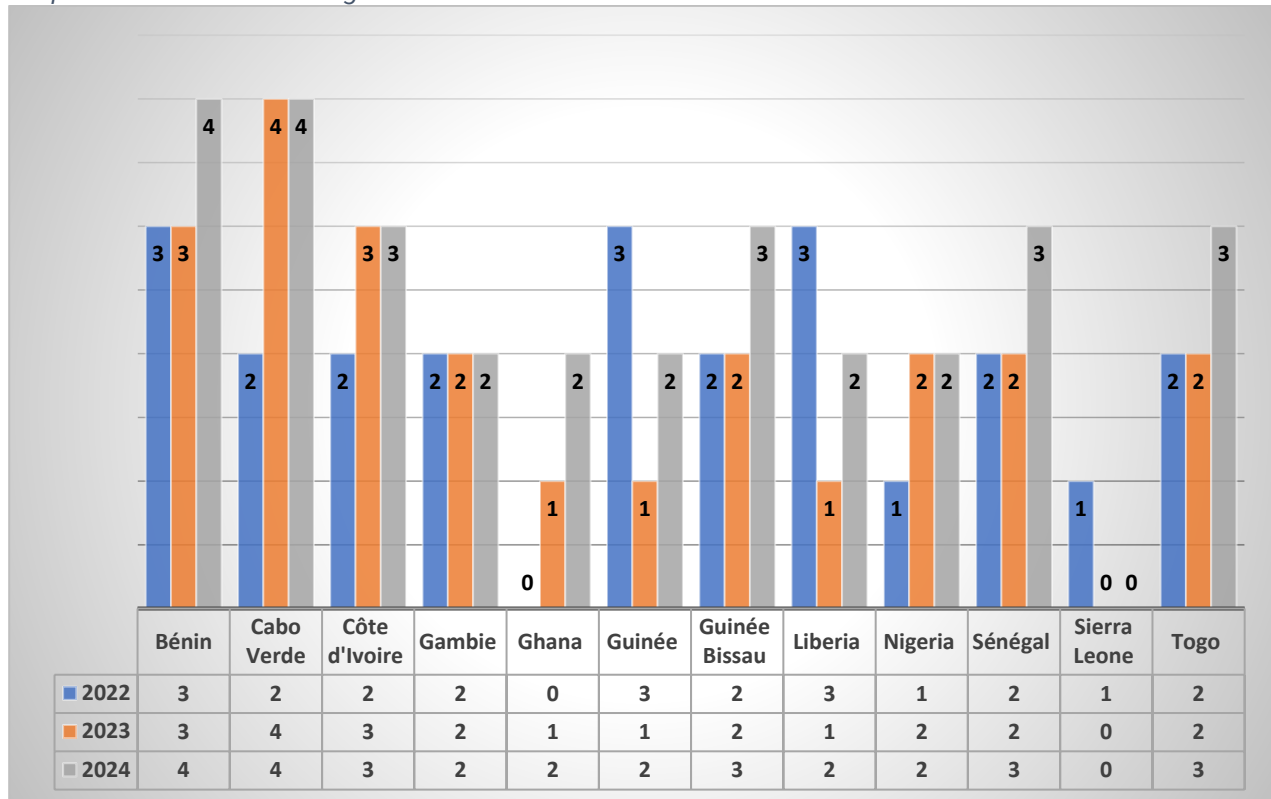
Table 3: Primary and Secondary Criteria

<b>Primary Criteria</b>	<b>Target</b>
Ratio of Budget deficit (Commitment basis, including grants) to GDP	≤ 3%
Annual average inflation Rate	≤ 5%
Central bank financing of budget deficit	≤ 10% of previous year's tax revenue
Gross external reserves	≥ 3 months of imports
<b>Secondary Criteria</b>	<b>Target</b>
Total Public Debt	≤ 70% of nominal GDP
Nominal exchange rate variation	±10%

#### 3.1 Summary of the Macroeconomic Convergence

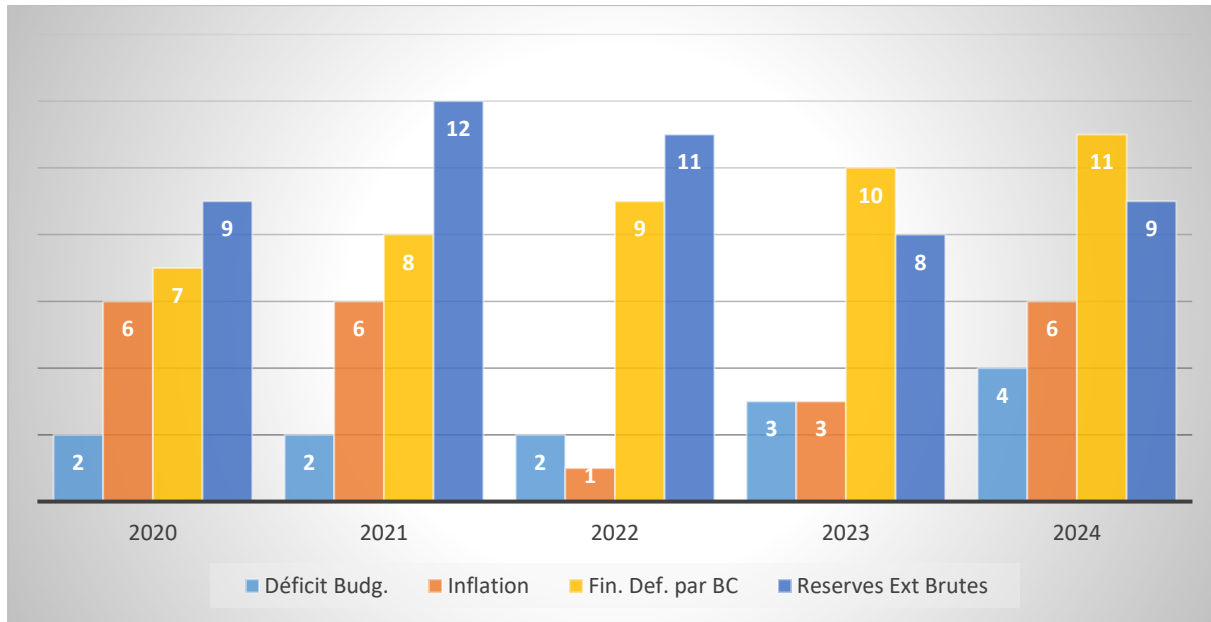
71. Assessment of Member States' compliance with the primary macroeconomic convergence criteria improved as two countries (Benin and Cabo Verde) met all four targets in 2024 compared to the situation in 2023 when only Cabo Verde met same. The number of countries that met at least three (03) primary convergence targets increased to six (06) from three (03) in 2023. However, one country missed all four primary criteria in 2024, same as the outturn in 2023. Despite these marginal improvements, persistent inflationary and fiscal pressures as well as foreign exchange demands for necessary imports and external shocks continue to impede compliance with the convergence targets over the years. Initial projections indicate that the number of countries expected to meet all the four primary criteria would further increase to four (04) and eight (08) Member States would meet at least three (03) primary criteria in 2025.

Graph 15: Number of Convergence criteria met



72. In the area of the secondary criteria, performance improved as the number of Member States that met both criteria increased to six (06) in 2024 from five (04) in 2023. This outcome is expected to improve further, as seven countries would meet both targets in 2025.
73. With regards to the specific targets, the number of Member States that met the budget deficit and average inflation increased to three (04) and six (06) from three (03) each, respectively, in 2023.
74. Performance regarding the criteria related to central bank financing of the budget deficit and gross external reserves is also encouraging. The number of countries that met the gross external reserves criterion increased from eight (08) in 2023 to nine (09) in 2024. Similarly, eleven (11) Member States complied with the central bank financing criterion in 2024, compared to ten (10) in 2023.

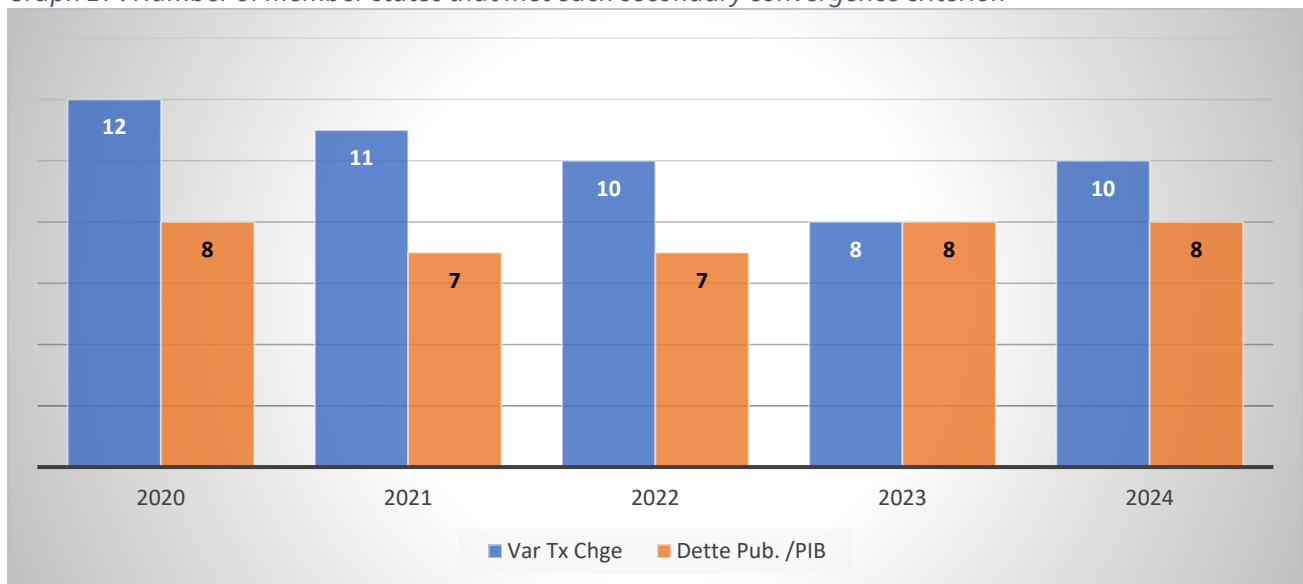
Graph 16: Number of member states that met each primary convergence criterion



75.

On the secondary convergence criteria, performance remains strong as the number of member States that met the criterion on nominal exchange variation increased to ten (10) from eight (08) in 2023. However, performance with regards to the public debt was sustained as eight (08) met the target in 2024, same as the situation in 2023.

Graph 17: Number of member states that met each secondary convergence criterion



76. Overall, one Member State (Benin) complied with all six macroeconomic convergence criteria in 2024, compared to none in 2023. However, the number of Member States that satisfied at least five criteria increased to four (04) in 2024 (Benin, Cabo Verde, Côte d'Ivoire and Togo) against three (03) (Benin, Cabo Verde and Côte d'Ivoire) in 2023.

Table 4: Total Number of Criteria Met by Member States

Pays	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Bénin	5	5	5	6	6	5	5	5	5	6
Cabo Verde	4	4	4	5	5	4	4	3	5	5
Côte d'Ivoire	6	5	5	6	6	5	5	4	5	5
Gambie	3	3	3	4	3	3	2	3	3	3
Ghana	3	4	4	5	4	2	2	0	2	3
Guinée	3	5	5	5	5	3	5	4	3	4
Guinée Bissau	5	5	6	5	5	5	4	3	3	4
Liberia	5	6	3	3	2	4	4	4	2	4
Nigeria	4	4	5	4	5	3	2	3	3	3
Sénégal	5	5	6	5	4	4	4	3	3	4
Sierra Leone	5	2	2	3	4	3	3	2	1	2
Togo	4	4	5	5	6	5	5	4	4	5
<i>Nbre pays respectant tous les critères</i>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

Source: ECOWAS Commissions and WAMA

Table 5: Number of Countries that Met the Convergence Criteria

Critères	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Critères de premier rang</b>										
<i>Déficit Budg.</i>	6	5	6	7	8	2	2	2	3	4
<i>Inflation</i>	6	6	6	6	6	6	6	1	3	6
<i>Fin. Def. par BC</i>	9	11	9	10	11	7	8	9	10	11
<i>Reserves Ext Brutes</i>	9	10	11	9	11	9	12	11	8	9
<b>Critères de second rang</b>										
<i>variation Tx change Nominal</i>	10	9	10	11	10	12	11	10	8	10
<i>Ratio dette publique sur PIB</i>	11	10	10	10	9	8	7	7	8	8

Sources: ECOWAS Commissions and WAMA

### 3.2 Analysis of Performance on the Primary Criteria

- **Budget Deficit (Including Grants and on Commitment basis) / GDP ≤ 3 percent**

77. The number of Member States that met the criterion on the budget deficit increased to four (Benin, Cabo Verde, Guinea and Liberia) in 2024 from three (Cabo Verde, Guinée and Liberia) in 2023. These developments mainly reflect the combined effects of moderation in government expenditures and sustained performance in domestic revenue generation during the period. The on-going fiscal consolidation measures continue to gradually gain traction in the region as the deficit moderated in nine Member States during the review period. Liberia continues to be the only Member State that has met this criterion on a sustained basis over the years, reflecting the long-term fiscal policy of attaining a balanced budget. In addition, fiscal performance in Cabo Verde and Guinea continues to be impressive, keeping the average budget deficit in recent years close to the regional target. Liberia recorded a surplus of 0.3 percent in 2024 of GDP while Senegal had the highest ratio of 11.2 percent of GDP in 2024.

Table 6: Budget Deficit to GDP

Countries	2018	2019	2020	2021	2022	2023	2024	2025
Benin	2.9	0.5	4.7	5.7	5.5	4.1	3.0	2.9
Cabo Verde	2.3	2.6	9.3	7.6	4.3	0.3	1.0	0.5
Côte d'Ivoire	2.9	2.2	5.4	4.9	6.8	5.2	4.0	3.0
Gambia	11.8	8.3	3.7	5.8	5.3	3.7	4.2	1.5
Ghana	3.8	4.5	11.5	8.5	8.1	3.5	7.9	3.1
Guinea	1.1	0.5	2.1	1.7	0.4	2.9	1.9	3.5
Guinea Bissau	4.2	3.4	8.8	7.2	6.4	8.6	8.5	5.3
Liberia	0.3	0.9	-2.2	0.9	0.0	-0.8	-0.3	0.0
Nigeria	0.7	2.3	3.9	4.1	4.2	5.2	4.1	2.8
Senegal	3.7	18.6	10.7	11.3	14.6	15.1	11.2	7.8
Sierra Leone	3.3	1.7	3.5	3.8	5.3	4.8	5.2	3.7
Togo	0.6	0.9	7.1	4.7	8.3	6.7	5.5	3.0
<b>Number of countries that met this criteria</b>	<b>7</b>	<b>8</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>6</b>

Source: Member States

- **Average Inflation Rate  $\leq$  5 percent**

78. Inflationary pressures continue to moderate across the region in 2024, especially in the WAMZ. The number of Member States that met the criterion in 2024 increased to six (06) from three (03) in 2023. This target was met by all Member States of the WAEMU and Cabo Verde in 2024, hence, no WAMZ Member State met this target during the review period. In the WAEMU, the moderation in inflationary pressures mainly reflected increased food production and moderation in energy and fuel prices, supported by the tight monetary policy stance. In the WAMZ, despite the general downward trend, prices continue to be impacted by the pass-through effects of the domestic currency depreciations during the review period. Ghana and Sierra Leone recorded the highest decline in headline inflation during the period from the highs of 40.3 percent and 47.6 percent in 2023 to 22.9 percent and 28.5 percent, respectively, in 2024.

Table 7: Average Inflation Rate

Pays	2018	2019	2020	2021	2022	2023	2024	2025*
Bénin	0.8	-0.9	3.0	1.7	1.4	2.7	1.2	1.3
Cabo Verde	1.3	1.1	0.6	1.9	8.1	3.7	1.0	1.3
Côte d'Ivoire	0.6	0.8	2.4	4.2	5.2	4.4	3.5	3.0
Gambie	6.4	7.7	7.7	5.6	13.2	17.3	10.2	9.4
Ghana	9.8	9.3	10.0	10.0	31.9	40.3	22.9	17.2
Guinea	9.8	9.5	10.6	12.6	10.5	5.3	5.1	5.3
Guinea Bissau	0.4	0.2	1.5	3.3	7.9	7.2	3.7	2.8
Liberia	23.4	26.9	17.2	7.9	7.6	10.1	8.3	9.4

<i>Nigeria</i>	14.4	11.3	11.9	17.0	18.8	24.7	33.2	26.5
<i>Senegal</i>	0.5	1.0	2.5	2.2	9.7	5.9	0.8	1.0
<i>Sierra Leone</i>	16.0	14.8	13.4	11.9	27.2	47.6	28.5	8.8
<i>Togo</i>	0.9	0.7	1.8	4.5	7.6	5.3	2.9	3.0
<i>No of countries that met the criterion</i>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>1</b>	<b>3</b>	<b>6</b>	

Sources: Member States

- **Central Bank Financing of the Budget Deficit: ( $\leq 10$  percent)**

79. Central Bank financing of the budget deficit continues to be the best-performing target; the number of Member States that met this target increased to eleven (11) in 2024 from ten (10) in 2023. Only Sierra Leone missed that target in 2024 compared to the situation in 2023, when both Liberia and Sierra Leone missed this criterion. During the review period, significant net repayments were observed in The Gambia, Ghana and Nigeria, reflecting significant improvements on this criterion. Sierra Leone has missed that target consistently in the recent years.

Table 8: **Central Bank Financing of The Budget Deficit**

<b>Member States</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<i>Bénin</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Cabo Verde</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Côte d'Ivoire</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Gambia</i>	0.0	0.0	46.7	13.3	2.8	9.8	0.0	0.0
<i>Ghana</i>	0.0	3.0	10.6	54.2	87.5	0.0	0.0	0.0
<i>Guinea</i>	0.0	3.0	10.6	2.2	0.0	6.3	0.3	6.0
<i>Guinea Bissau</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Liberia</i>	12.8	27.9	0.0	0.0	0.0	64.2	0.0	0.0
<i>Nigeria</i>	0.0	0.0	34.0	28.4	94.4	0.0	0.0	0.0
<i>Senegal</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Sierra Leone</i>	22.7	0.7	21.9	20.0	55.5	50.3	15.0	9.8
<i>Togo</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Number of countries that met this criterion</i>	<b>10</b>	<b>11</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	11	12

Source: Member States Central Bank.

- **Gross External Reserves**

80. Performance with regard to the number of Member States that met the gross external reserves criterion improved to nine (09) in 2024 from eight (08) in 2023. This out-turn reflects on-going efforts of Member Central Banks to augment external reserves to cushion potential external stocks. Gross external reserves remain above 4.0 months of import cover in the majority of member States during the review period. In 2024, Guinea, Liberia and Sierra Leone missed this criterion compared to the situation in 2023 when Ghana, Guinea, Liberia and Sierra Leone

missed this target. Of concern is the declining trend in the ratio in both Guinea and Sierra Leone in recent years. These developments were affected by the excess foreign exchange demand for imports and debt service obligations.

Table 9: Gross External Reserves

Member States	2018	2019	2020	2021	2022	2023	2024	2025
Benin	4.6	5.7	5.4	5.0	4.1	3.5	4.6	4.7
Cabo Verde	5.6	6.9	7.9	7.9	6.8	6.2	6.5	0.0
Côte d'Ivoire	4.6	5.7	5.4	5.0	4.1	3.5	4.6	4.7
Gambia	2.7	3.9	6.1	8.8	7.1	4.2	4.1	4.3
Ghana	3.6	4.0	4.1	4.5	2.8	2.7	4.0	0.0
Guinea	2.6	3.1	2.9	4.7	4.7	2.8	1.7	2.2
Guinea Bissau	4.6	5.7	5.4	5.0	4.1	3.5	4.6	4.7
Liberia	2.4	2.3	-2.7	4.5	3.6	2.4	2.9	3.3
Nigeria	11.2	6.6	8.4	9.6	6.9	7.6	12.0	0.0
Senegal	4.6	5.7	5.4	5.0	4.1	3.5	4.6	4.7
Sierra Leone	3.1	3.2	5.1	5.4	3.2	2.5	2.1	2.7
Togo	4.6	5.7	5.4	5.0	4.1	3.5	4.6	4.7
<b>No. of Countries that met the criterion</b>	<b>9</b>	<b>11</b>	<b>9</b>	<b>12</b>	<b>11</b>	<b>8</b>	<b>9</b>	<b>7</b>

Source: Central Banks

### 3.3 Analysis of Performance on Secondary Criteria

- **Nominal Exchange Rate Variation**

81. The foreign exchange market remained generally stable across the majority of member States during the review period. With regards to the number of countries meeting the target on nominal exchange variation, performance as six (06) currencies met this criterion compared to four (04) in 2023. The severe exchange rate pressures that affected WAMZ Member States in 2023 moderated, reflecting some policy measures adopted to minimise the effects of bottlenecks in the foreign exchange markets. However, the Ghana Cedi was the most volatile currency in the region over the last three years, while the Naira was the most volatile currency in 2024, same as the situation in 2023.

Table 10: Nominal Exchange Rate Variation

Member States	2018	2019	2020	2021	2022	2023	2024
Benin	2.6	-2.8	1.0	1.5	-5.3	3.0	0.6
Cabo Verde	2.6	-2.8	1.0	1.5	-5.3	3.0	0.6
Côte d'Ivoire	2.6	-2.8	1.0	1.5	-5.3	3.0	0.6
Gambia	-5.4	-1.8	-1.6	-2.1	-3.0	-8.4	-9.9
Ghana	-7.0	-9.9	-7.7	-5.7	-24.6	-25.2	-22.0
Guinea	-3.2	0.6	-4.8	-4.2	19.5	2.6	0.2
Guinea Bissau	2.6	-2.8	1.0	1.5	-5.3	3.0	0.6
Liberia	-22.6	-20.8	-3.5	12.6	15.8	-12.3	-8.2
Nigeria	-2.0	2.2	-9.7	-19.5	2.9	-34.3	-60.9

Senegall	2.6	-2.8	1.0	1.5	-5.3	3.0	0.6
Sierra Leone	-8.7	-12.5	-8.4	-5.1	-20.9	-33.9	-5.1
Togo	2.6	-2.8	1.0	1.5	-5.3	3.0	0.6

Source: Member States Central Banks; \*Provisional \*\*Projections

- **Public Debt/GDP ( $\leq 70\%$ )**

82. The number of Member States that satisfied the public debt criterion was eight (08) in 2024, same as the out-turn in 2023. Guinea Bissau, Senegal and The Gambia missed this target both in 2023 and 2024. Despite this performance, the public debt in percentage of nominal GDP rose in six countries while it moderated in the rest. The increase is largely due to the base-drift effects (more than proportionate increase in the GDP) during the review period. Senegal recorded in 2024 a debt ratio to GDP of 117.0 percent of GDP, the highest in the region. Historically, Cabo Verde has had the highest debt ratios. However, recent downward trends continue to gain traction as the debt stands at 109.2 percent at end-December 2024

Table 11: Public Debt-to-GDP Ratio

Member States	2018	2019	2020	2021	2022	2023	2024
Benin	41.0	41.2	46.1	49.8	54.0	54.5	53.4
Cabo Verde	117.1	109.3	152.9	153.8	133.1	114.5	109.2
Côte d'Ivoire	35.7	37.9	46.3	50.2	56.0	57.5	59.5
Gambia	85.7	81.5	84.4	82.2	83.9	79.8	81.1
Ghana	56.1	61.1	74.4	76.2	73.0	66.1	58.8
Guinea	30.7	30.8	47.4	35.5	33.9	40.4	42.7
Guinea Bissau	51.3	58.1	66.3	77.2	77.3	79.1	86.6
Liberia	31.9	41.2	52.6	49.4	51.0	54.6	54.9
Nigeria	15.0	18.8	21.3	22.5	22.9	41.5	36.2
Senegal	54.8	75.5	83.8	90.8	97.0	111.4	117.0
Sierra Leone	36.7	44.8	43.1	47.3	40.2	44.5	48.8
Togo	56.1	53.6	60.0	63.0	65.4	66.6	69.2
<b>No. of Countries that met the criterion</b>	<b>10</b>	<b>9</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>8</b>

Sources: Ecowas Commission.WAMA

### 3.4 Prospects

83. Initial projections indicate that compliance with the primary macroeconomic convergence criteria would improve in 2025. Four (04) Member States; Benin, Côte d'Ivoire, Togo and Cabo Verde are expected to meet all the four primary criteria in 2025, against the two (02) in 2024. Given the above improvement, eight (08) Member States are expected to satisfy at least three of the four primary criteria in 2025.

84. Performance with regard to the number of countries that would meet the budget deficit and average inflation criterion would increase to five (05) and seven (07), respectively, in 2025. These developments are premised on sustained fiscal consolidation efforts and a tight monetary policy stance. Benin, Cote d'Ivoire, Togo, The Gambia and Liberia are expected to meet the target in 2025, while Benin, Cote d'Ivoire, Guinea-Bissau, Senegal, Togo, Guinea and

Cabo Verde would meet the target on the average inflation target. All the Member States (12) are expected to meet the central bank financing of the budget deficit in 2025, hence indicating an improvement. However, initial projections indicate that improvements are expected with regard to the gross external reserves as the number of Member States meeting the target would increase to ten (10) in 2025, anchored on the efforts of Member Central Banks to increase their reserve buffers.

85. Performance in the area of nominal exchange rate variation is expected to be sustained with six (6) national currencies expected to meet this criterion in 2025. With regards to the criterion on public debt, performance is expected to improve as nine (09) countries would meet the target in 2025. During this period, Guinea-Bissau, Senegal and Cabo Verde would miss this criterion.

## 4 ECONOMIC AND FINANCIAL SITUATION IN ECOWAS MEMBER STATES

### 4.1 Economic and Financial Situation in Benin

86. The economy of Benin continued to grow in 2024 in an unstable international context marked by the negative impact of the Russia-Ukraine crisis and the closure of the borders with Niger. Growth was stronger than anticipated in the 2024 Finance Act. Growth rate stood at 7.5%, well above the 6.7% forecast made at the start of the year, compared to the 6.4% achieved in 2023. Growth momentum is being driven by a good agricultural campaign, a booming secondary sector driven by industry and construction, and a recovery in commercial activities after the slowdown in 2023.
87. In terms of prices, inflation continues to be controlled, supported by the good performance of the agricultural sector. Inflation rate was 1.2% in 2024, compared to 2.7% in 2023. In 2024, the "food and non-alcoholic beverages" sub-sector of the price index rose by a mere 0.7%, keeping inflation down. This puts Benin among the countries with the lowest inflation rates in the ECOWAS region.

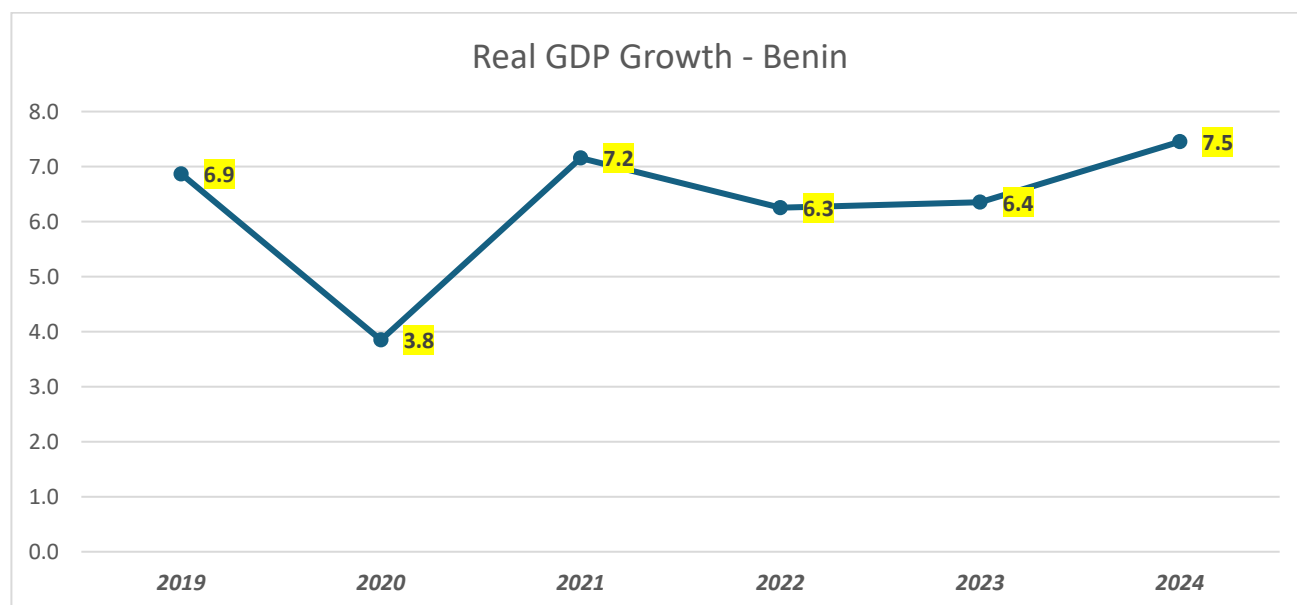
#### 4.1.1 Real Sector

##### 4.1.1.1 Growth

88. Despite regional and international risks, economic activity continued to consolidate in 2024, posting a growth rate of 7.5% in 2024 after 6.4% in 2023, an increase of 1.1 percentage points. This performance is credited to the strength of the services, industry and agriculture sectors.
89. The primary sector, driven by agriculture, showed strong growth, with value addition rising by 5.9% in 2024 after 5.1% a year earlier, accounting for 24.2% of GDP in 2024, compared to 25.4% a year earlier. Its contribution to economic growth is estimated at 1.6% in 2024, compared to 1.4% in 2023. In this sector, agriculture recorded a 5.6% increase in value addition in 2024, after 4.8% a year earlier. Cottonseed, the largest export crop, stood out, reaching 670,000 tonnes in 2024, an increase of 11.5% compared to 2023. The 'livestock and game hunting' category grew by 8.6% in value addition in 2024, after 7.6% a year earlier. Value addition in the 'forestry and logging' sub-sector increased by 3.8% in 2024, compared to 3.7% in 2023. The 'fishing, aquaculture and fish farming' sub-sector recorded a 3.9% increase in value addition in 2024, compared to 3.7% in 2023.
90. The secondary sector continues to consolidate its economic performance, with value addition up by 9.7%, compared to 7.3% in 2023. This performance is mainly due to the strength of the agro-industry and the acceleration of major construction projects across the country. The secondary sector contributed 1.6 percentage points to economic growth over the year. Value addition in the agri-food industry grew by 7.5% in 2024, after 6.7% in 2023, an indication that processing activities are picking up. This activity has been significantly impacted by the operations in the Glo-Djigbé Industrial Area (GDIZ), which is pursuing Benin's economic transformation strategy by focusing on attracting investors and promoting small-scale processing of agricultural products, which is supported by favourable developments in the agricultural sector.

91. Furthermore, the ‘Construction’ sub-sector showed strong growth, with a 12.4% increase in value addition in 2024, compared to 7.8% in the previous year. This development is due to the government's major road rehabilitation and development programme (Phase B of the Asphalting Projects and the Secondary Towns Rainwater Drainage Programme (PAPVS)).
92. The tertiary sector accounts for nearly half of Benin's economic activity in 2024, with value addition up by 7.5% compared to 6.6% in 2023, taking its contribution to growth to 3.6%, after 3.1% the previous year. This momentum is mainly driven by the performance of trade on the one hand, and public administration services on the other. The trade sector recorded growth of 6.1% in 2024, after 4.8% in 2023, reflecting strong trading activity. The public administration and social security sector continued to grow, with growth of 10.5%, after 9.2% a year earlier.
93. Taxes and duties collected as a result of the government's comprehensive dematerialisation policy performed relatively better in 2024 than in 2023, due, among other things, to improved payment systems and measures to combat tax evasion. The value addition of taxes and duties rose by 7.4% in 2024, after 6.9% a year earlier. Its share of current GDP remained stable (9.5% in 2024 compared to 9.6% in 2023). The same applies to its contribution to real GDP growth (0.7 percentage points in 2024 as in 2023).

Graph 18: Real GDP Growth



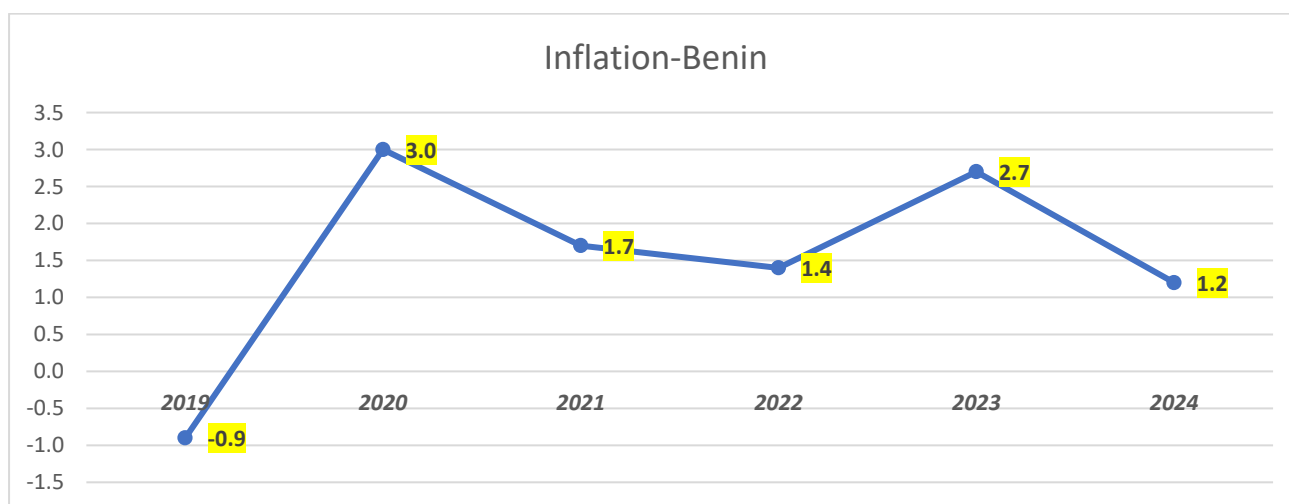
94. On the demand side, economic growth has been driven mainly by final consumption and private investment. As part of its drive to make Benin a prosperous and attractive economy, the government is continuing its efforts towards the country's structural transformation, in particular by promoting private investment. Initiatives such as the Glo-Djigbé Special Economic Area (GDIZ) are aimed, in the long term, at reducing the trade deficit and boosting national economic competitiveness. It should be noted that the industries in GDIZ are set to be more operational by 2024.

95. Investment at constant prices rose by 10.5% in 2024, following an increase of 15.7% in 2023. They will contribute 2.9 percentage points to real GDP growth in 2024, compared to 3.9% a year earlier. This momentum is mainly underpinned by private investment, which contributes 3.0% to real GDP growth. Conversely, there has been a slight deceleration in public investment, with a slight fall of 0.2% in its contribution to real GDP.
96. With regard to foreign trade, total exports of goods and services will rise by 4.4% in 2024, compared to 4.3% a year earlier. Imports of goods and services fell by 0.8% in 2024, compared to an increase of 10.4% in 2023. This development resulted in a reduction in the net exports deficit, which stood at 278.7 billion FCFA in 2024, compared to 401.2 billion FCFA in 2023. These developments have strengthened the contribution of net exports to economic growth, which has risen from -1.6% in 2023 to +1.2% in 2024, reflecting an improvement in trade in 2024 compared to 2023.
97. Furthermore, final consumption expenditure at constant prices has maintained an upward trend, growing by 4.5% in 2024, following an increase of 5.2% in 2023. It thus contributed 4.0 percentage points to real GDP growth in 2024, compared to 3.4 percentage points the previous year.

#### 4.1.1.2 Inflation

98. In terms of prices, inflation continues to be controlled, supported by the good performance of the agricultural sector. The inflation rate was 1.2% in 2024, compared to 2.7% in 2023. In 2024, the "food and non-alcoholic beverages" sub-sector of the price index rose by a mere 0.7%, keeping inflation down. This puts Benin among the countries with the lowest inflation rates in the ECOWAS region.

Graph 19: Inflation in Benin: 2019 - 2024



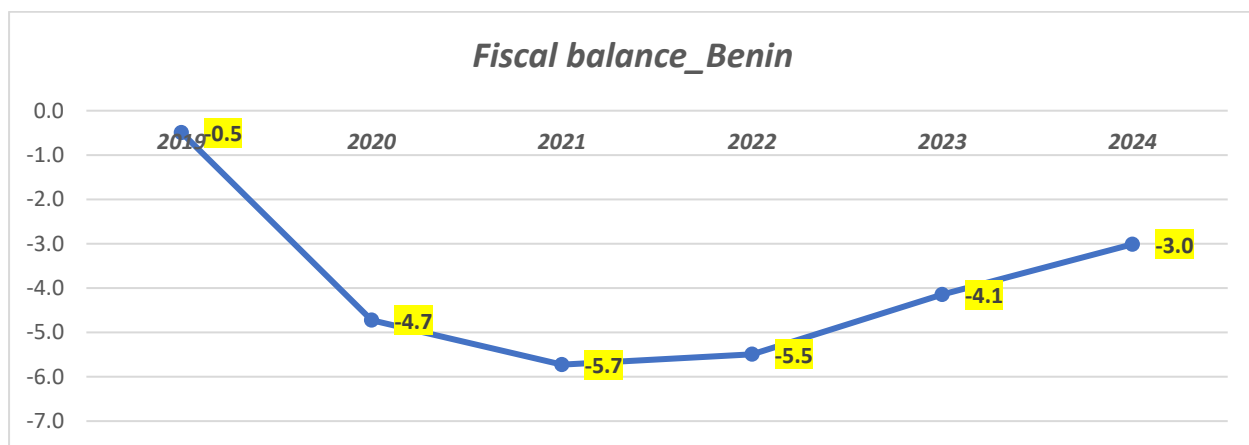
#### 4.1.2 Fiscal Sector Developments

99. In 2024, Benin's public finance continued to consolidate in a regional context still marked by geopolitical and economic tensions, but also by a gradual improvement in the macroeconomic situation. Total revenue amounted to 1,895.6 billion FCFA, up by 11.42% compared to 2023. This

performance is mainly attributable to ongoing reforms to modernise the financial administrations, in particular the digitisation of tax collection and tighter tax audit. Domestic tax revenue (direct and indirect taxation) reached 1,140.04 billion FCFA, an increase of 11.67% compared to 2023, an indication of ongoing effects to broaden the tax base and improve tax compliance.

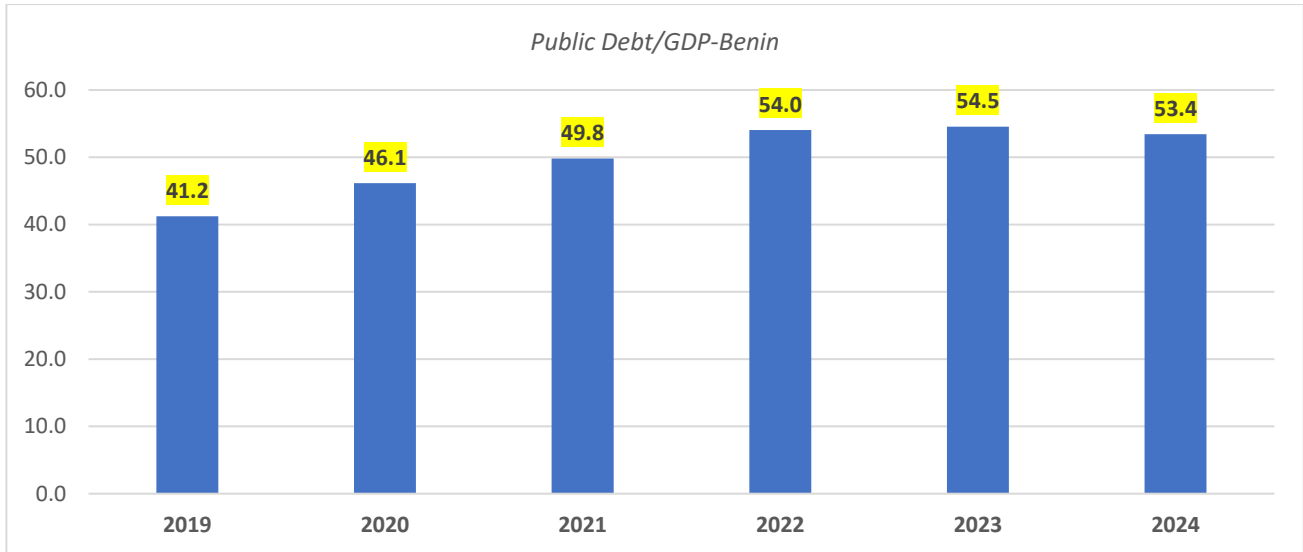
- 100. Taxes on foreign trade rose significantly by 12.51% to 581.62 billion FCFA from 561.0 billion FCFA in 2023. This performance is attributed to tax reforms, such as the digitalisation of procedures, introduction of a standardised invoice, as well as the increase in import volumes and the creation of special motor vehicle revenue. Tax revenue rose by 11.95% from 1,537.9 billion FCFA to 1,721.66 billion FCFA in 2024, representing 13.22% of GDP.
- 101. Total expenditure and net loans increased by 2.4% compared to 2023, to reach 2,344.8 billion FCFA, mainly due to the rise in current expenditure. This increased by 8.92% from 1,275.98 billion FCFA in 2023 to 1,389.79 billion FCFA in 2024. However, capital expenditure fell by 5.12% compared to 2023. The wage bill continued to rise by 2.6% to 523.19 billion FCFA.
- 102. Interest on public debt (domestic and foreign) paid in 2024 amounted to 232.2 billion FCFA, representing 13.49% of tax revenue. By type of debt, interest on domestic debt will amount to 111.4 billion FCFA compared to 87.5 billion FCFA in 2023, an increase of 27.26%, while interest on foreign debt will amount to 120.8 billion FCFA compared to 102.68 billion FCFA in 2023, representing an increase of 17.65%.
- 103. The overall budget deficit, on a scheduled basis, is estimated at 3% of GDP in 2024, down from 4.1% of GDP in 2023, confirming the government's commitment to meet the Community target of 3% of GDP, in accordance with the ECOWAS convergence criteria.

*Graph 20: Fiscal balance to GDP of Benin: 2019 -2024*



- 104. As at 31 December 2024, Benin's public debt ratio (outstanding debt as a percentage of GDP) stood at 53.43%, compared to 54.5% in 2023, still below the Community threshold of 70% set by ECOWAS. The total outstanding public debt of the central government is 6,960.34 billion FCFA, comprising 5,054.85 billion FCFA of foreign debt (72.62% of the portfolio) and 1,905.49 billion FCFA of domestic debt (27.38% of the portfolio). This slight increase is due to borrowing to finance structural projects, particularly in the energy, education and health sectors.

Graph 21: Public Debt to GDP of Benin 2019-2024



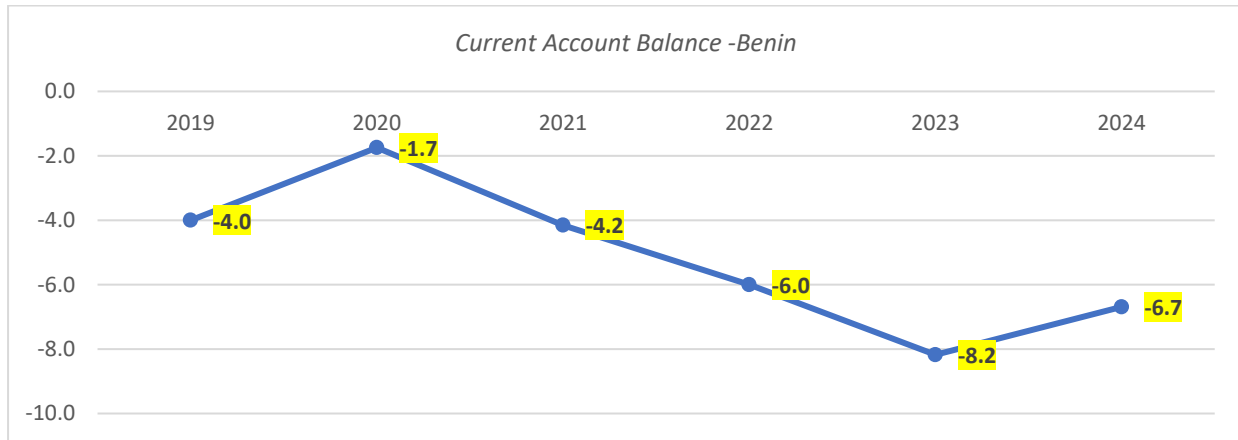
105. For the coming years, the government's public finance strategy will be based on stepping up tax collection and prudent management of public spending. The budget deficit is expected to continue to fall, reaching 2.9% of GDP in 2025, in line with the commitments made in the context of regional multilateral surveillance and commitments with technical and financial partners.

#### 4.1.3 External Sector

106. In 2024, provisional estimates for the balance of payments indicate that the current account deficit will fall by 11.6% to 862.3 billion FCFA in 2024, compared to 975.87 billion FCFA in 2023, mainly as a result of a 14.7% reduction in the trade deficit (-309.9 billion FCFA compared to -363.30 billion FCFA in 2023) and a 10.5% reduction in the services deficit, combined with a 6.2% increase in the surplus on secondary income (+166.8 billion FCFA compared to +157.035 billion FCFA in 2023). However, the primary income deficit increased by 15.7% due to the 17.6% rise in interest on debt (120.8 billion FCFA compared to 102.682 billion FCFA in 2023).

107. Current account deficit will be 6.7% of GDP in 2024, compared to 8.2% in 2023 and 6.0% in 2022, due to the increase in exports of cotton (+10.9%), finished products from the Glo-Djigbe Industrial Area (GDIZ) and other products (+4.3). On the other hand, the import bill for goods fell, particularly imports of food products (-11.4%), energy products (-13.1%), intermediate goods (-10.1%) and capital goods (-28.2%).

Graph 22: Current Account to GDP of Benin: 2019 - 2024

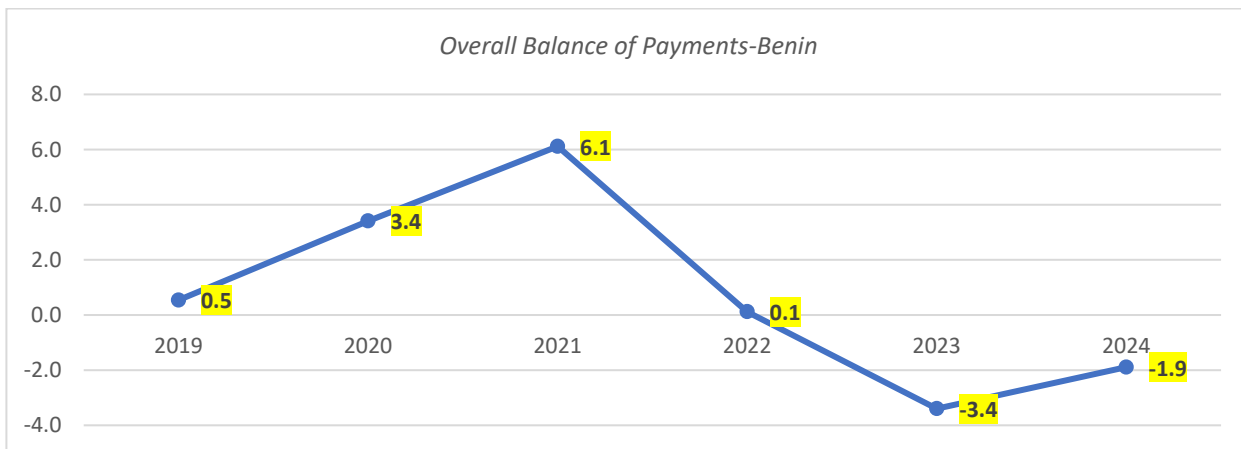


108. The significant deficit in 2023 is due to a marked increase in imports of services related to activities in GDIZ. The decline in imports and the increase in exports are expected to mitigate this deficit in 2024. However, as in 2023, foreign capital inflows will be insufficient to cover this deficit. Thus, the overall balance will show a deficit of 1.9% of GDP in 2024, compared to -3.4% of GDP in 2023 and 0.1% of GDP in 2022. However, the overall deficit is set to fall significantly, from -405.3 billion FCFA in 2023 to -253.4 billion FCFA in 2024.

109. FDI rose by 1.6% in 2024 compared to 27.1% in 2023, reaching 2.0% of GDP compared to 2.2% in 2023. The Union's foreign exchange reserves were consolidated in 2024 to stand at 5.4 months of imports for the entire Union, due to the repatriation of export earnings and the mobilisation of external resources.

110. Continued efforts to promote the country's structural transformation, in particular the promotion of private investment and initiatives such as the Glo-Djigbé Special Economic Area (GDIZ) aim, in the long term, to reduce the trade deficit and boost the country's economic competitiveness.

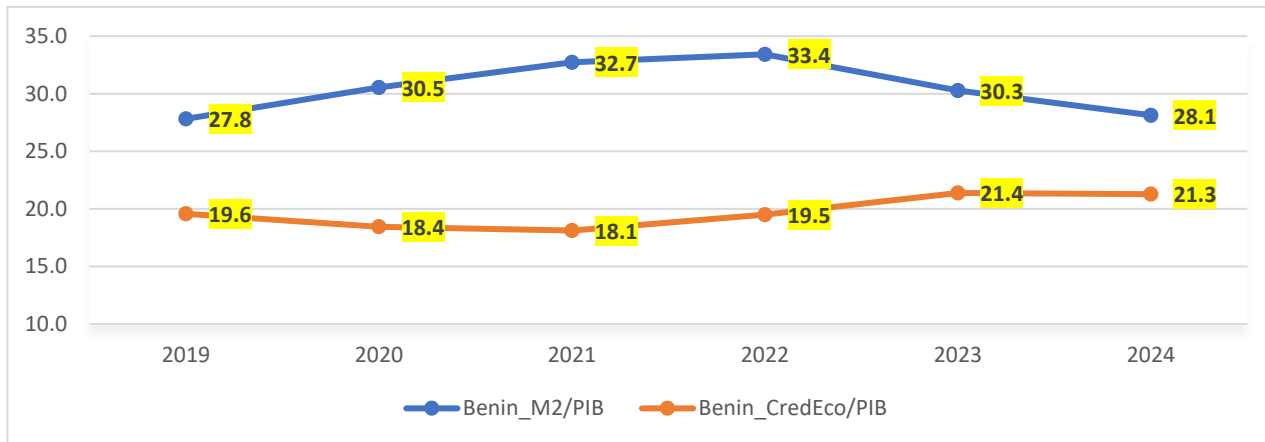
Graph 23: Overall Balance to GDP of Benin: 2019 - 2024



#### **4.1.4 Monetary Sector**

111. As part of its monetary policy, the Central Bank of West African States (BCEAO) maintained its main monetary policy rate at 3.5% in 2024, in line with the economic recovery, with a view to supporting growth while keeping inflation under control. The marginal lending rate (pension) also remained at 5.50% and the reserve requirement ratio at 3% (in force since March 2017)..
112. Against this backdrop, the monetary situation at end-December 2024 shows a 1.4% increase in money supply compared to end-December 2023. This increase stems from a fall in net foreign assets of 14.6% compared to 19.4% at the end of 2023, an increase in domestic claims of 16.1% compared to 19.3% in 2023 and an increase of 8.6% in claims on the economy compared to 20.6% in 2023. These counterparts of money supply contributed to growth in money supply as follows: contribution of domestic claims stood at 11.3 percentage points, of which 5.2 points for claims on central government and 6.1 percentage points for claims on the economy. Net foreign assets contributed -7.0 percentage points, while non-monetary liabilities contributed 2.6 percentage points and other net items 0.3 percentage points.
113. The components of money supply saw a 2.6% increase in currency in circulation, compared to a 5.9% decrease in 2023. This change is linked to the increase in bank deposits (8.3% compared to -6.6% in 2023) and banknotes and coins in circulation, which rose by 2.9% compared to a decline of 5.9% in 2023. There was no change in treasury cash. Transferable deposits fell by 0.7% compared to an increase of 6.4% in 2023. As at 31 December 2024, Benin's banking landscape comprises 15 licensed credit institutions (14 banks and one financial institution) in operation with a total balance sheet of 6,966.8 billion, compared to 6,418.9 billion at the end of December 2023, and an 8.54% increase in banking assets at the end of 2024, compared to 8.34% in 2023. The overall liquidity position of the banking system shows that employment rose by 7.50% at the end of December 2024 compared to December 2023 (6,483.2 billion at the end of December 2024 against 6,031.0 billion at the end of December 2023), and outstanding customer loans grew by 10.66% (3,408.2 billion at the end of December 2023 against 3,079.9 billion at the end of December 2023).
114. In terms of portfolio quality, the consolidation trend continued in 2024, with a significant decline in the gross portfolio deterioration rate from 22.42% in March 2019 to 4.00% in December 2024. The liquidity of the national banking sector, measured by the two liquidity risk ratios (short-term and medium-term), shows that at the end of December 2024, all institutions complied with the liquidity ratio and the transformation ratio. However, 12 institutions are resorting to refinancing from the Central Bank due to the growing demand for liquidity resulting from robust economic activity. These institutions are urged to make greater efforts to mobilise both internal and external resources.

Graph 24: Monetary Aggregates of Benin: 2019 - 2024



#### 4.1.5 Status of Macroeconomic Convergence

115. In terms of macroeconomic convergence, in 2024, Benin continued its efforts to comply with the ECOWAS macroeconomic convergence criteria. The criterion relating to the overall budget deficit has been met in accordance with the Community target and is expected to stand at 3% of GDP compared to 4.1% in 2023.

##### Primary criteria

- **Budget deficit (including grants) to gross domestic product ratio ( $\leq 3\%$  of GDP):** this would be 3% of GDP, compared to 4.1% in 2024.
- **Average annual inflation rate ( $\leq 5\%$ ):** the average annual inflation rate stood at 1.2% compared to 2.7% in 2023.
- **Gross reserves ( $\geq 3$  months of imports):** BCEAO's foreign exchange reserves would amount to 5.4 months of imports; in line with the convergence target.
- **Central bank financing of budget deficit ( $\leq 10\%$  of the previous year's tax revenue):** UEMOA Member States no longer use central bank financing of budget deficit.

##### Secondary criteria

- **Public debt to nominal GDP ratio ( $\leq 70\%$ ):** the ratio stood at 53.4% in 2024 compared to 54.5% in 2023;
- **Nominal exchange rate variation ( $\pm 10\%$ ): the nominal exchange rate variation of CFA franc vis-a-vis the WAUA at end-2024 stood at 0.6% compared to 3.0% in 2023.**

Table 12: Benin's convergence performance

CRITERIA	TARGET	2020	2021	2022	2023	2024
<b>Primary Criteria</b>						
Budget deficit (commitment basis, including grants)	≤3%	4.7	5.7	5.5	4.1	3.0
Average annual inflation rate	≤5%	3.0	1.7	1.4	2.7	1.2
Central Bank financing of Budget Deficit	≥10%	0.0	0.0	0.0	0.0	0.0
Gross external reserves	≥3	5.4	5.0	4.1	3.5	4.6
<b>No. of Primary Criteria met</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>
<b>Secondary Criteria</b>						
Nominal exchange rate variation	±10%	1.0	1.5	-5.3	3.0	0.6
Public debt to GDP ratio	≤70%	46.1	49.8	54.0	54.5	53.4
<b>No. of Secondary Criteria met</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Convergence Criteria Met</b>		<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>

#### 4.1.6 Prospects 2025

116. On the whole, Benin's economic outlook for 2026-2027 is positive, driven by structural reforms, strategic investments and a strong commitment to industrial transformation. However, challenges remain, particularly in terms of security, climate and geopolitics.
117. Benin is expected to record average GDP growth of 7.5% between 2025 and 2027. This momentum is underpinned by the expansion of the Glo-Djigbé Industrial Area (GDIZ), modernization of agriculture, development of energy infrastructure and diversification of exports.
118. In terms of public finance, the Benin government's goal is to bring the budget deficit below the Community target (3% of GDP) by 2025, through increased tax revenue mobilisation and control of public spending. The debt ratio is expected to stabilise at around 50% of GDP, while inflation is projected to be below 3%, reflective of prudent public finance management.

#### 4.1.7 Conclusion and recommendations

119. In 2024, Benin's economy remained resilient through sustained growth. Growth rate rose from 6.4% in 2023 to 7.5% in 2024 due to the strong performance of various sectors of the economy. The short- and medium-term outlook remains positive, with growth forecast at 7.05% in 2025 and 2026. Inflationary pressure remains moderate and within the Community target.
120. Stronger fiscal consolidation, driven mainly by better-than-expected revenue mobilisation in 2024, helped the country to reduce its budget deficit and meet the regional convergence criterion of 3% of GDP by the end of 2024. The public debt-to-GDP ratio began to decline, reaching 53.4% of GDP in 2024, compared to 54.5% in 2023.
121. The monetary authorities have maintained the main policy rate at which the Central Bank lends to banks at 3.50%, as well as the interest rate on the marginal lending facility at 5.50%, which has been in force since 16 December 2023.
122. In view of the above, the following recommendations are made to the Benin authorities:

- step up fiscal and budgetary reforms conducive to expenditure control and revenue growth;
- consolidate the gains made in tax reform with a view to further improving the tax burden;
- pursue a prudent debt policy to improve capital inflows.
- Increase the supply of affordable electricity in the Glo-Djigbé Special Economic Area to attract more industries and make existing industries more competitive; and
- promote inclusive growth by investing in rural infrastructure.

## **4.2 Economic and Financial Situation in Cabo Verde**

123. Cabo Verde's economic and financial situation in 2024 was characterised by accelerated economic growth, price stability, fiscal consolidation, a balance of payments surplus and tighter monetary policy. The sharp acceleration in economic growth in 2024 was driven by higher private consumption, supported by rising real household income, and net exports boosted by higher tourism demand and lower imports. On the supply side, the revamp of the accommodation and catering sector and the increase in net taxes and subsidies were decisive factors. Inflation continued its downward trend, with an average annual rate of 1.0%, due to lower international energy and food prices. The current account showed a surplus, supported by tourism revenue, re-exports and remittances from emigrants, as well as lower imports. Despite the decline in external financial flows, due to lower foreign direct investment and private debt, the country strengthened its international reserves.
124. Forecasts for 2025 point to a slowdown in economic growth, linked to reduced net foreign demand due to the expected decline in tourism exports and higher imports. As a result, growth will mainly be driven by domestic demand, particularly private consumption, while investment, although recovering slightly, will continue to contribute minimally to GDP growth.

### **4.2.1 Real Sector**

#### **4.2.1.1 Growth**

125. According to the National Institute of Statistics of Cabo Verde, economic activity in 2024 was marked by real GDP growth of 7.3% compared to 5.4% in 2023, driven by all sectors of the economy.
126. The primary sector grew by 7.4% in 2024 after a 7.1% decline the previous year. This change was due to the 11.7% increase in value addition of the 'Agriculture, livestock and forestry' sub-sector, to a 12.6% decline. On the other hand, the value addition of 'fishing and aquaculture' declined by 3.2% in 2024, compared to an increase of 9.5% in 2023.
127. The secondary sector posted growth of 4.4% compared to 3.0% in 2023, driven mainly by (i) an 8.0% increase in value addition of manufacturing, following an 11.2% rise in 2023; (ii) a 2.1% increase in value addition of the 'water and electricity' sub-sector, compared to a 6.3% increase a year earlier; (iii) a 0.8% increase in value addition of the 'extractive industries' sub-sector, following a decline of 11.2% in 2023, and a 0.2% increase in value addition of the 'construction' sub-sector, against a decline of 11.2% in 2023.
128. The tertiary sector recorded growth of 6.8% in 2024, compared to 6.6% the previous year. This growth is linked in particular to the strength of 'housing and catering' services (+30.6%), 'business services' (+12.9%), 'public administration' (+8.6%), "trade" (+3.9%), 'transport and storage' (+6.0%) and 'financial activities' (+5.4%). On the other hand, the value addition of the 'education' sub-sector declined by 2.7% in 2024.

Graph 25: Real GDP Growth of Cabo Verde: 2019 - 2024



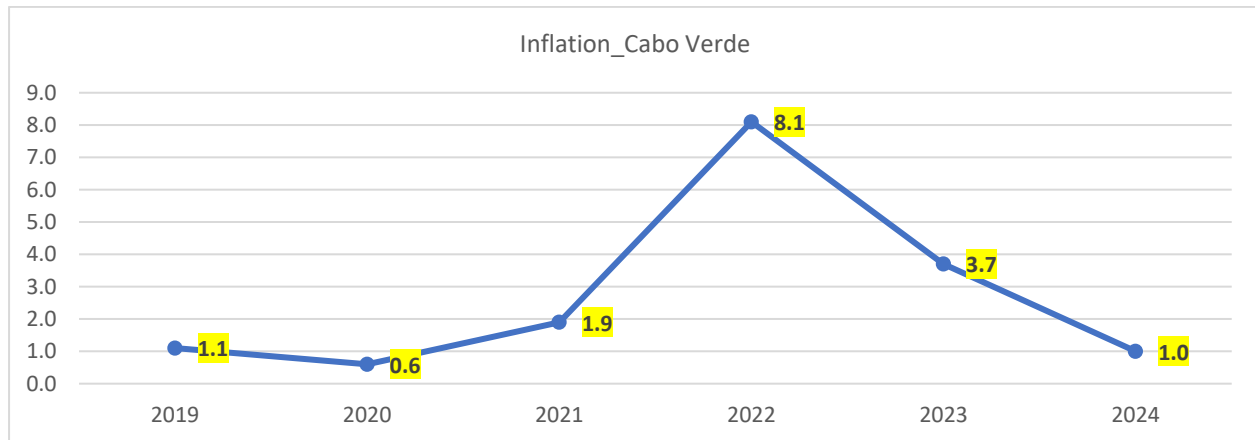
129. On the demand side, economic growth was driven mainly by strong final consumption, which contributed 4.4 percentage points (pp) to GDP growth, including 3.9 percentage points from private consumption. The rise in household consumption was supported by higher real household incomes, resulting from lower inflation and increases in pensions and other transfers. Public consumption grew by 2.6% in 2024 (as compared to 2.5% in 2023), due to higher central government spending on public servants, goods and services, and non-contributory pension payments. This trend in final consumption was supported by higher net exports, which contributed 2.5 percentage points to GDP, in line with higher exports of services (+12.4%) and goods (+6.4%), as well as a slowdown in imports. Investment grew at a very moderate pace (+1.2% in 2024 compared to 2.8% in 2023), contributing 0.3 percentage points to real GDP growth. This development in investment is linked to labour shortages, particularly in the construction sector, and high uncertainty related to geopolitical tensions.

#### 4.2.1.2 Inflation

130. Economic activity took place in an environment characterised by stable consumer prices, driving average annual inflation to 1.0% at the end of 2024, compared to 3.7% in 2023, in line with the fall in energy and food prices on international markets.

131. This favourable inflation trend is tied to the slowdown in price increases in the ‘Food and non-alcoholic beverages’ sub-sector, from 8.9% in 2023 to 1.0% in 2024, and the 1.1% decline in prices in the ‘Clothing and footwear’ sub-sector.

Graph 26: Inflation in Cabo Verde: 2019 - 2024



132. However, prices in the ‘housing, water, electricity, gas and other fuels’ sub-sector rose by 2.3%, driven by higher gas prices (+1.4%), ‘other rents’ (+10.9%) and electricity (+6.1%). This change largely reflects the economic impact of international energy prices on domestic prices through the revision of administered fuel prices. In 2024, gas prices were revised upwards after a sharp decline in 2023, while oil, diesel and petrol prices continued to fall, but to a lesser extent than in the previous year.

#### 4.2.2 Fiscal Sector Developments

133. In 2024, the conduct of the Government of Cabo Verde's financial operations resulted in a deficit of 2,961.5 million CVE (1.1% of GDP) compared to a deficit of 707.6 million CVE (0.3% of GDP) recorded in 2023. Excluding grants, the deficit stood at 10,060 million CVE (3.6% of GDP) in 2024, compared to a deficit of 6,547.6 million CVE (2.5% of GDP) in 2023.

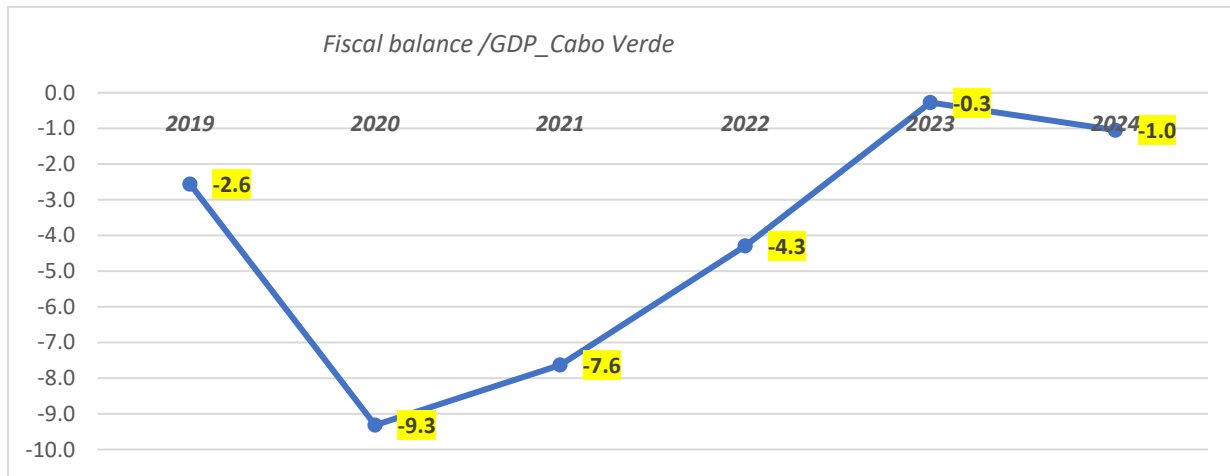
134. Total revenue increased by 7.3% to reach 69,525.0 million CVE (24.8% of GDP) in 2024, compared to 64,824 million CVE (25.1% of GDP) in the previous year, due to higher tax and non-tax revenue. Tax revenue increased by 13.8% to reach 56,544.3 million CVE (20.3% of GDP) in 2024, compared to 49,699 million CVE (19.3% of GDP) in 2023. This change is due to increased revenue from income tax, corporate tax, value-added tax and special consumption tax. Non-tax revenue also increased during the period under review.

135. Total expenditure and net borrowing increased by 10.6% to 72,486.5 million CVE (25.7% of GDP) compared to 65,531.7 million CVE (25.4% of GDP) in 2023, in line with higher current and capital expenditure.

136. Current expenditure increased by 7.8% to reach 65,688.1 million CVE (23.5% of GDP) compared to 61,098.1 million CVE (23.7% of GDP) in 2023. This increase was driven by higher spending on wages and salaries (+1.2%), goods and services (9.0%), transfers and subsidies (9.9%), and interest payments (12.3%).

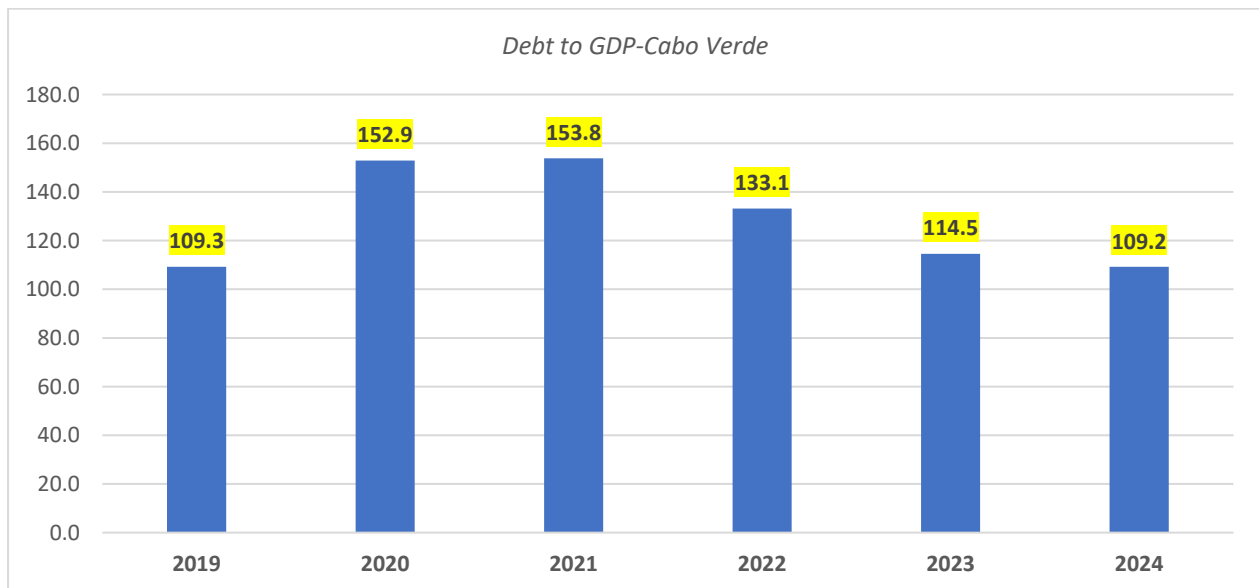
137. Similarly, capital expenditure rose by 48.8% to 6,598.4 million CVE (2.3% of GDP) compared to 4,433.6 million CVE (1.7% of GDP).

Graph 27: Fiscal balance to GDP of Cabo Verde: 2019 - 2024



138. Cabo Verde's public debt stood at 308.0 billion CVE (109.2% of GDP) in 2024, compared to 296.0 billion CVE (114.5% of GDP) in the previous year. The decline in the ratio is due to the effects of GDP rebasing and increased depreciation. The increase in total outstanding debt is linked to the increase in foreign and domestic public debt.

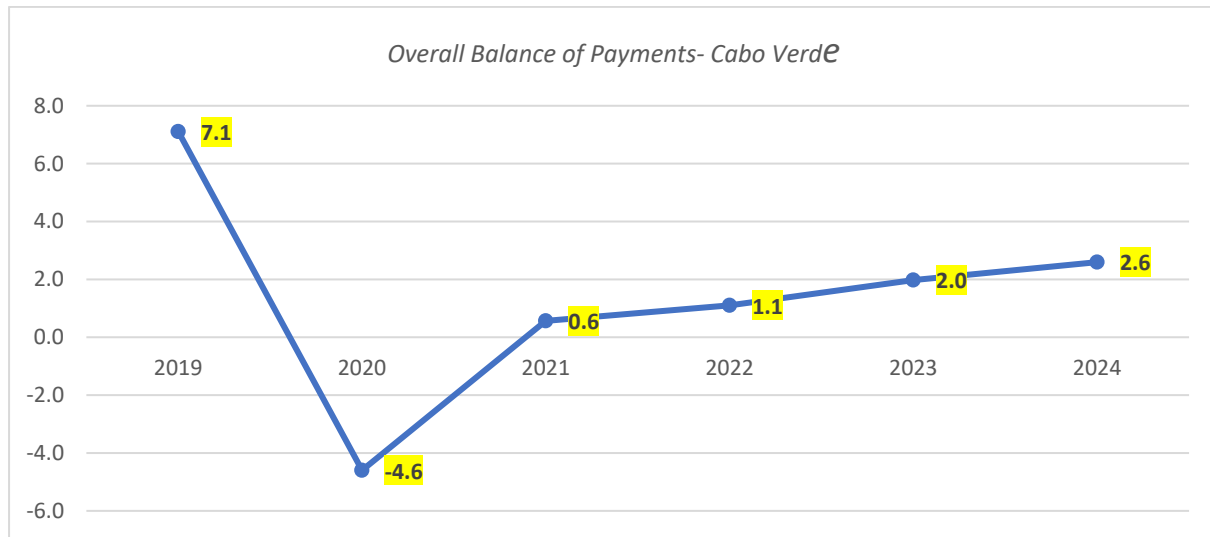
Graph 28: Public Debt to GDP of Cabo Verde: 2019 - 2024



#### 4.2.3 External Sector Developments

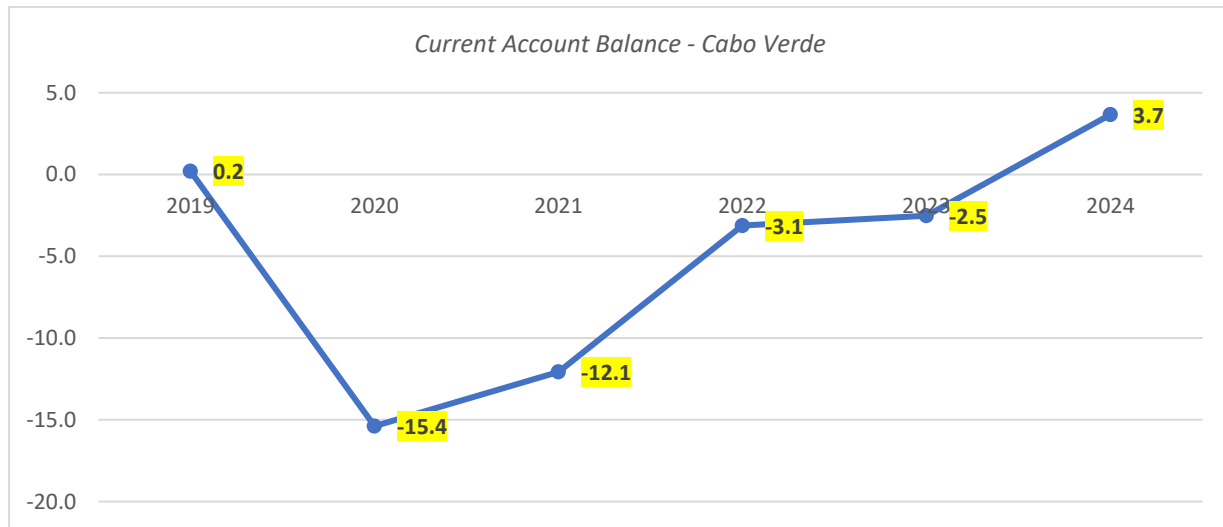
139. At the end of 2024, Cabo Verde's transactions with the rest of the world showed an overall balance of payments surplus of 23,249.2 million CVE (2.6% of GDP), compared to a surplus of 11,124.5 million CVE (2.0% of GDP). This change in the overall balance can be explained by the current account surplus and the capital account surplus, which were significantly higher than the financial account deficit.

Graph 29: Overall Balance of Payments to GDP of Cabo Verde: 2019 - 2024



140. Current account is expected to show a surplus of 10,334 million CVE (3.7% of GDP) in 2024, the first time since 2019, compared to a deficit of 6,510.7 million CVE (2.5% of GDP) a year earlier. This change is due to the reduction in the trade deficit and the strengthening of the surpluses in the services balance and the secondary income account. However, the impact of these developments was mitigated by the worsening of the primary income account deficit.
141. As noted, the trade deficit stands at 86,185.6 million CVE (30.6% of GDP) compared to 90,902.2 million CVE (35.2% of GDP) in 2023, following an increase in exports supported by a decline in imports. Exports of goods stood at 33,416.7 million CVE, compared to 26,191.3 million in 2023, an increase of 27.6% linked to growth in foreign sales of goods and re-exports of fuel and foodstuff from national ports and airports. Imports increased by 2.1% during the period under review, amounting to 119,602.3 million CVE against 117,093.5 million CVE in 2023.
142. Services balance surplus increased to 54,084.3 million CVE (19.2% of GDP) in 2024, after 44,544.5 million CVE (17.2% of GDP) in 2023. This can be explained by the increase in tourism service exports, in an international context marked by an improved economic situation in the countries of origin of tourists. However, the growth of tourism service exports slowed in 2024, with an increase of 19.1% after a 31.6% increase in 2023.
143. Secondary income stood at 47,724.7 million CVE (16.9% of GDP) compared to 42,886.2 million CVE (16.6% of GDP) in 2023, linked to an increase in official transfers to the central government and net transfers from emigrants (+6.3%).
144. By contrast, the primary income account deficit widened from 3,039.2 million CVE in 2023 to 5,289.4 million CVE in 2024, due to higher payments to non-residents of income from direct investment and interest payments on public external debt.

Graph 30: Current account to GDP of Cabo Verde: 2019 - 2024



145. Capital account surplus almost doubled from 1,903.6 million CVE (0.7% of GDP) in 2023 to 4,202.7 million (1.5% of GDP) in 2024. This increase is due to the rise in both private capital transfers (from emigrants and other individuals) and official capital transfers (grants).
146. As a result of these developments, Cabo Verde recorded a financing capacity of 14,536.7 million CVE (5.2% of GDP) in 2024, against a financing requirement of 4,607.1 million CVE (1.8% of GDP).
147. The financing capacity was observed in particular in an increase in banks' net foreign assets, a reduction in foreign direct investment and a contraction in foreign trade credit commitments. These developments resulted in a financial account deficit of 8,815.8 million CVE (3.1% of GDP), compared to a surplus of 8,119.2 million CVE (3.1% of GDP) in 2023.
148. Due to these developments, Banco de Cabo Verde's gross foreign reserves stood at 81,180.7 million USD, compared to 75,509.1 million USD at the end of 2023. They cover 6.5 months of imports of goods and services in 2024, against 6.2 months in 2023.

#### 4.2.4 Monetary Sector

149. In 2024, Banco de Cabo Verde continued the process to normalise its monetary policy. It therefore raised its monetary policy rates slightly, despite the external and internal macroeconomic environment and the fiscal space available, in line with its consolidation objectives. Monetary policy also aims to discourage capital outflows seeking to take advantage of favourable interest rate differentials abroad, particularly in the euro zone, which pushes banks to make deposits abroad.
150. In this connection, the main policy rate was raised from 1.25% to 1.50% in March 2024, then to 1.75% in November 2024; the permanent liquidity facility rate from 1.50% to 1.75% and then to 2.00%; the permanent liquidity absorption facility rate from 0.70% to 0.95% and then to 1.20%; and the rediscount rate from 2.25% to 2.50% and then to 2.75%.
151. In this context, money supply rose by 7.5% at the end of December 2024, standing at **253,470.22** million CVE, compared to 235,811.3 million CVE. This change is due to the increase in net foreign assets (NFA),

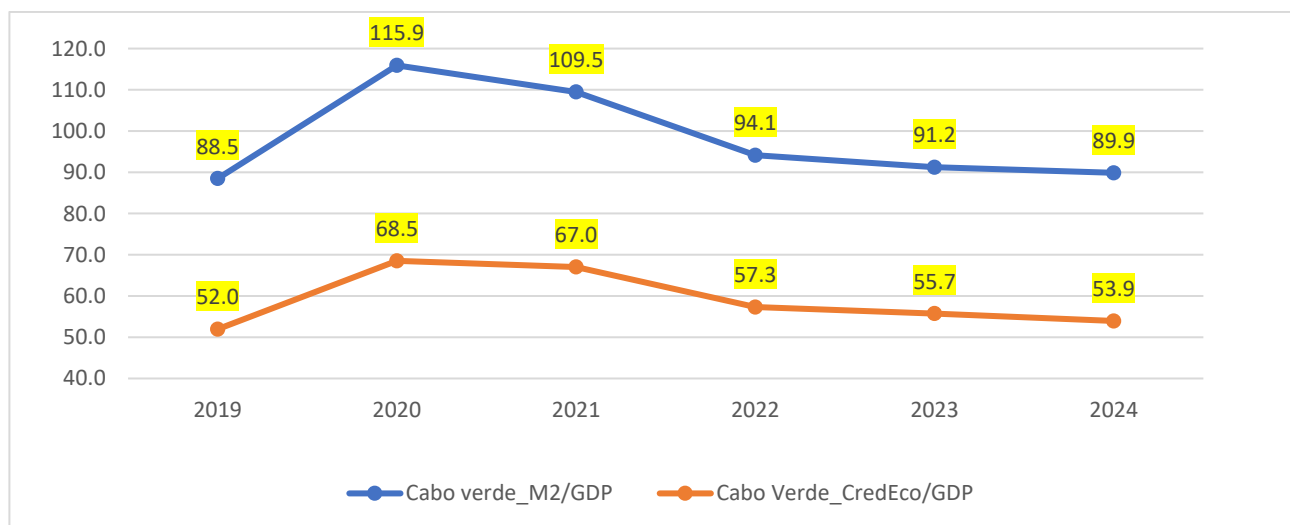
the impact of which was mitigated by the decline in net domestic claims. Net foreign assets increased by 30.7% to 106,315.8 billion CVE at the end of 2024, against 81,354.1 million CVE at the end of December 2023. This increase can be explained by the 163.2% rise in the net external position of primary banks, which stood at 24,423.7 million CVE at the end of 2024, compared to 9,279.5 million CVE a year earlier, supported by a 7.6% increase in the net external assets of the Central Bank.

152. Net domestic receivables declined slightly by 0.5%, to 177,063.8 million CVE, compared to 177,891.9 million CVE at the end of December 2023. This change was due to a larger reduction in claims due to the government (-26.3%) than the increase in loans to the economy (+5.6%). Net claims due to the government stood at 24,917.7 million CVE, against 33,818.3 million CVE a year earlier. On the other hand, loans to the economy amounted to 152,145.9 million CVE (53.9% of GDP) compared to 144,073.6 million CVE (55.7% of GDP).

153. The surge in money supply can be seen in the increase in currency in circulation (+13.0%), sight deposits (+7.8%) and quasi-money (+6.7%).

154. In 2024, commercial banks complied with the main prudential indicators, in particular the solvency ratio (23.68% against a target of 12.0%) and the liquidity ratio (55.6% against a target of 20%). However, there was a slight increase in the portfolio deterioration rate, from 7.3% at the end of December 2023 to 7.9% at the end of December 2024.

Graph 31. M2 to GDP and Credit to the Economy to GDP. 2019 - 2024



#### 4.2.5 Status of Macroeconomic Convergence

155. At the end of 2024, Cabo Verde met five (05) convergence criteria, like in 2023, including the four (04) primary criteria. With regard to the two (02) secondary criteria, the country has met the criterion relating to nominal exchange rate stability but continues to face difficulties concerning public debt, which stood at 109.2% of GDP at the end of December 2024, above the Community target of 70%.

Table 13: Status of Macroeconomic Convergence – Cabo Verde

CRITERIA	TARGET	2020	2021	2022	2023	2024
<b>Primary Criteria</b>						
Budget deficit (commitment basis, including grants)	≤3%	9.3	7.6	4.3	0.3	1.0
Average annual inflation rate	≤5%	0.6	1.9	8.1	3.7	1.0
Central Bank financing of Budget Deficit	≥10%	0.0	0.0	0.0	0.0	0.0
Gross external reserves	≥3	7.9	7.9	6.8	6.2	6.5
<b>No. of Primary Criteria met</b>		<b>3</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>4</b>
<b>Secondary Criteria</b>						
Nominal exchange rate variation	±10%	1.0	1.5	-5.3	3.0	0.6
Public debt to GDP ratio	≤70%	152.9	153.8	133.1	114.5	109.2
<b>No. of Secondary Criteria met</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total Convergence Criteria Met</b>		<b>4</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>5</b>

#### 4.2.6 Prospects 2025

156. Macroeconomic projections point to real GDP growth between 5.0% and 6.0% in 2025. attributable to the strong performance of the tourism sub-sector and the recovery in public investment. Economic activity is expected to take place against a backdrop of price stability. with average annual inflation projected at 1.9% in 2025.
157. In terms of public finance, budget consolidation and debt reduction will continue in 2025. In the area of macroeconomic convergence. the country is expected to meet all criteria with the exception of the public debt-to-nominal GDP ratio.
158. Concerning public finance. the country will continue with fiscal consolidation aimed at controlling the budget deficit and public debt ratio within the threshold set by the Macroeconomic Convergence and Stability Pact among ECOWAS Member States. However, the public debt ratio will remain above the Community target of 70% of GDP.

#### 4.2.7 Conclusion and Recommendations

159. Cabo Verde recorded a good macroeconomic performance in 2024. marked by accelerated economic growth, inflation control, fiscal consolidation and consolidation of the external position. as well as compliance with five of the six macroeconomic convergence criteria. However. the country still faces a problem of high public debt. even if it is sustainable.
160. The outlook for 2025 is optimistic in terms of growth. due to the strong performance of the tourism sub-sector and the resumption of public investment in an environment characterised by price stability. With respect to public finance, fiscal consolidation and debt reduction will continue in 2025.
161. In light of the above, the following recommendations are put forward to the country's authorities:
- continue to implement measures aimed at reducing public debt with a view to keeping it within the 70% threshold. in accordance with the provisions of the Macroeconomic Convergence and Stability Pact among ECOWAS Member States;

- encourage Banco de Cabo Verde to maintain risk monitoring and management measures to further reduce non-performing loans. In this regard, commercial banks are urged to maintain a short-term loan recovery policy that takes into account the restructuring of non-performing loans and other measures, including the foreclosure of collateral, in order to stimulate recovery;
- encourage Banco de Cabo Verde to maintain its prudent monetary policy stance, with a view to narrowing the gap between its main monetary policy rates and those in Europe in order to curb capital flight without dampening economic momentum.

### **4.3 Economic and Financial Situation of Côte d'Ivoire**

162. In 2024, Cote d'Ivoire's economic activity took place in a favourable environment, marked, among other things, by the continued implementation of projects and programmes under the National Development Plan (PND) 2021-2025, the Government Social Programme (PSGouv), the Government Youth Programme (PJ Gouv) and the development of a new plan for the period 2026-2030.
163. Economic activity maintained strong and robust growth despite the international context marked by conflicts in Ukraine and the Middle East. Against this backdrop, GDP grew by 6.0% in 2024, following the 6.5% rate recorded in 2023. This growth took place in an environment of easing inflationary pressures, with a rate of 3.5% compared to 4.4% in 2023. In terms of convergence, Cote d'Ivoire met all the criteria with the exception of the budget deficit including grants.

#### **4.3.1 Real Sector**

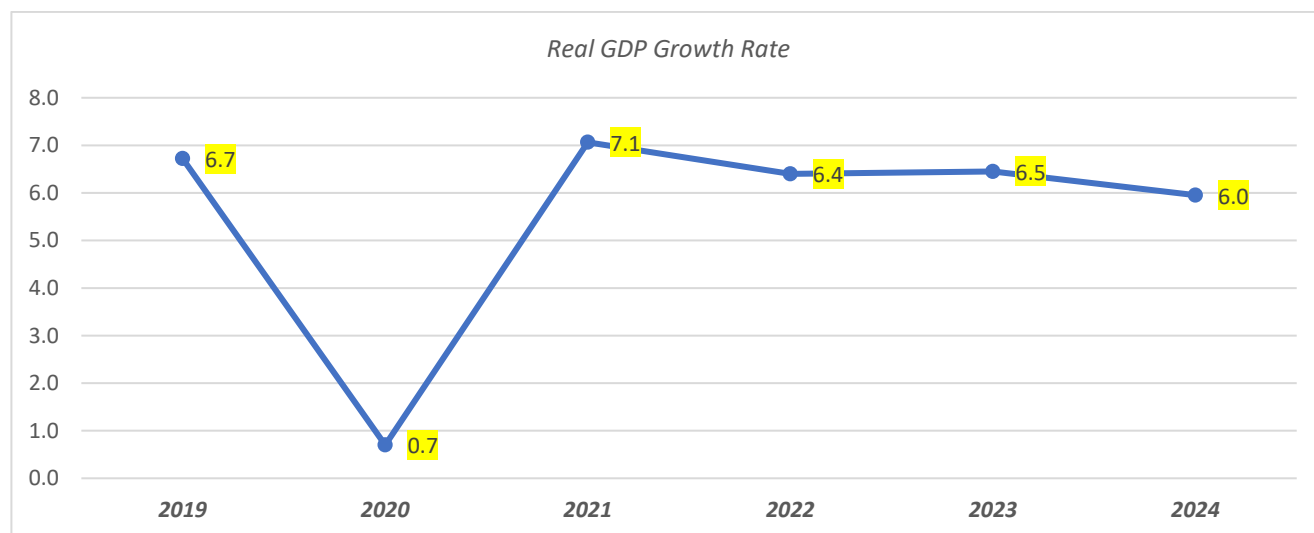
##### **4.3.1.1 Growth**

164. The economy of Cote d'Ivoire grew by 6.0% in 2024, following a rate of 6.5% in 2023. This growth was achieved against a backdrop of easing inflationary pressures, with a rate of 3.5% against 4.4% a year earlier. Trend based on sectors in 2024 compared to 2023 is as follows:
165. The primary sector recorded growth of 2.6% in 2024, compared to a decline of 2.1% a year earlier. This change is attributable to export-oriented agriculture (+1.4%), subsistence farming (+4.3%) and fishing (+8.3%). The increase in export-oriented agriculture was driven by higher production of cocoa, coffee, cotton seed, sugar, rubber and pineapple. The effect of these increases was offset by declines in banana, palm oil and cashew nut production. Growth in subsistence farming was driven by increases in the production of various crops, including tubers (cassava, yams, taro and sweet potatoes) and grains (rice, maize and sorghum)
166. Regarding the twin crops coffee and cocoa, the performance is due, among other things, to improved weather conditions, yearly training in good agricultural practices and the provision of agricultural inputs. With respect to cotton, the increase in production is due, among other things, to (i) maintaining the purchase price of first-grade cotton seed at 310 FCFA per kilogram, (ii) training to enhance producers' capacity, and (iii) pest control.
167. In the secondary sector, value addition was up by 5.8% in 2024, following a sharp increase of 18.5% a year earlier. This growth was attributable to energy (+2.6%), agri-food industries (+1.2%), other manufacturing industries (+8.9%), mining (+13.9%) and petroleum product extraction (+14.7%). These increases were offset by a 1.1% decline in construction in 2024, compared to a 17.5% increase in 2023.
168. The increase in energy production is the result of the continued implementation of various investment projects aimed at increasing the share of renewable energy in the electricity mix. With regard to mining, the increase is attributable to higher production of crude oil (+50.2%), gold (+15.5%) bauxite (+203.8%), which was offset by a decline in the production of nickel (-

40.2%), manganese (-12.1%), diamonds (-71.4%) and gas (-7.4%). Crude oil production was boosted by the start of production at the Baleine field in 2023

- 169. The decline in construction and public works can be explained by the completion of some major projects, more than 90% of which were finalised in 2023, ahead of the Africa Cup of Nations. Diamond production suffered from the depletion of alluvial diamond reserves and the limited number of semi-industrial diamond mines in light of the recent reform initiated in the sector.
- 170. The market services sector grew by 6.7% in 2024, following a 3.6% increase in 2023. This acceleration in the sector's growth was driven by transport (+6.3%), telecommunications (+6.8%), trade (+5.9%) and other services (+7.6%). This momentum was spurred by performance in the primary and secondary sectors.
- 171. In the transport sector, air transport grew by 8.7%, linked, among other things, to the acquisition of five new aircraft by Air Côte d'Ivoire and the renovation of Korhogo airport. Maritime transport (+10.8%) was boosted by the resumption of storage and warehousing activities and, above all, from lower freight costs. Land transport (+10.3%) witnessed a surge in freight and passenger traffic. Telecommunications benefited from investments made under the National Digital Strategy and decisions to facilitate access to USSD services (Decision No. 2022 0765, Decision No. 2023-966). Trade grew due to higher export margins driven by spiking raw material prices and increased imports of goods (+6.6%).

Graph 32: Real Growth rate in Cote d'Ivoire: 2019 - 2024



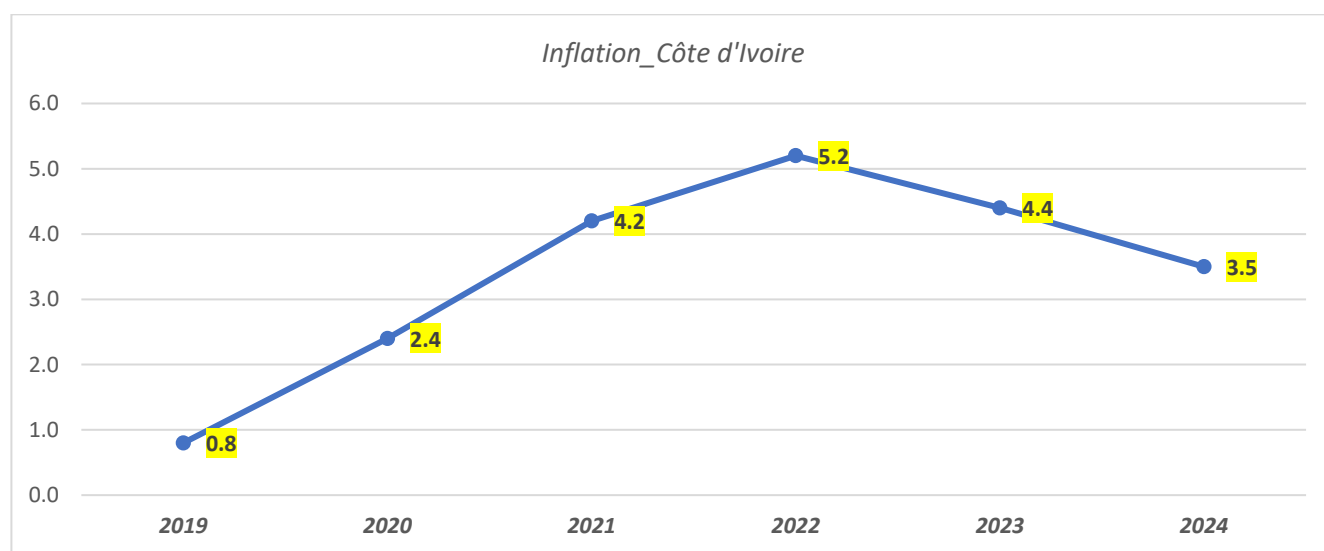
- 172. On the demand side, final consumption increased by 4.0% compared to 5.3% a year earlier, due to higher incomes and job creation in both the private and public sectors. This increase was attributable to both household final consumption (+4.0%) and public final consumption (+4.4%). Investment, which was bolstered by improved road networks and production tools in the industrial and construction sectors, saw its value addition increase by 5.8% in 2024, following the 8.3% rate recorded in 2023. This growth was mainly driven by private gross fixed capital formation (GFCF), which increased by 8.3%, while the value addition of public GFCF rose by a mere 0.2%.

173. In terms of trade in goods and services with other countries, imports remained virtually unchanged, growing by 0.2% after 5.1% in 2023, while exports of goods and services rose by 4.6% after an 8.9% increase in 2023, due to strong performance in mining and manufactured products.

#### 4.3.1.2 Inflation

174. In 2024, economic activity took place against a backdrop of easing inflationary pressures. Average annual inflation stood at 3.5% in 2024, compared to 4.4% in 2023. The inflation rate for 2024 was attributable to a 4.4% rise in the prices of food products and a 3.0% rise in the prices of non-food products. Local products accounted for a larger share of this variation than imported products.

Graph 33: Inflation Rate of Côte d'Ivoire: 2019 – 2024



#### 4.3.2 Fiscal Sector Developments

175. In 2024, the conduct of government's financial operations culminated in a reduction of the overall deficit and the overall deficit excluding grants. The overall deficit stood at 2,093.7 billion FCFA (4.0% of GDP) after a deficit of 2,508.1 billion FCFA (5.2% of GDP) recorded in 2023. Excluding grants, the deficit stood at 2,339.3 billion FCFA (4.4% of GDP) at the end of December 2024, compared to a deficit of 2,824.9 billion FCFA (5.8% of GDP) in the same period in 2023. This change is attributable to an 11.5% increase in total revenue and a 4.6% increase in total expenditure and net loans compared to 2023.

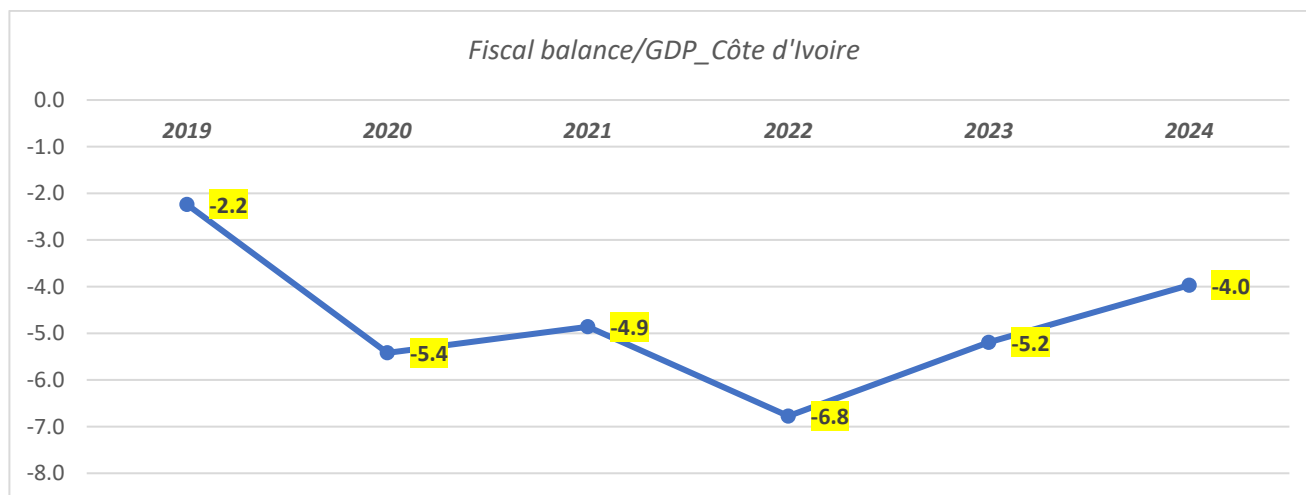
176. In 2024, total revenue and grants mobilised increased by 11.5% compared to the same period in 2023. They amounted to 8,663.5 billion FCFA (16.5% of GDP) compared to 8,683.5 billion FCFA (16.1% of GDP) at the end of December 2023. This increase is attributable exclusively to the mobilisation of total revenue (+12.9%), with grant mobilisation down by 22.5% compared to 2023.

177. Tax revenue mobilised at the end of 2024 stood at 7,271.8 billion FCFA (13.8% of GDP), compared to 6,508.0 billion FCFA (13.5% of GDP) a year earlier, representing a 11.7% rise. The

increase was attributable to the implementation of the following tax and customs measures, among others: (i) increased efforts to collect tax arrears from public institutions, (ii) strengthening land surveys and revaluing the tax base in some localities, (iii) revaluing and reclassifying taxpayers under the flat-rate schemes (TEE and RME), (iv) combating tax evasion in the timber, mining, iron and cement sectors, (v) strengthening the valuation of new vehicles using the VIN decoder solution, (vi) strengthening controls on the value of goods by introducing the new ASYVAL valuation module, (vii) the implementation of the new selectivity model based on Artificial Intelligence (AI), (viii) operationalising the Voluntary Compliance Framework, (ix) strengthening the customs valuation mechanism, and (x) designing and deploying a statistical database system for cargo manifests and final export delivery notes.

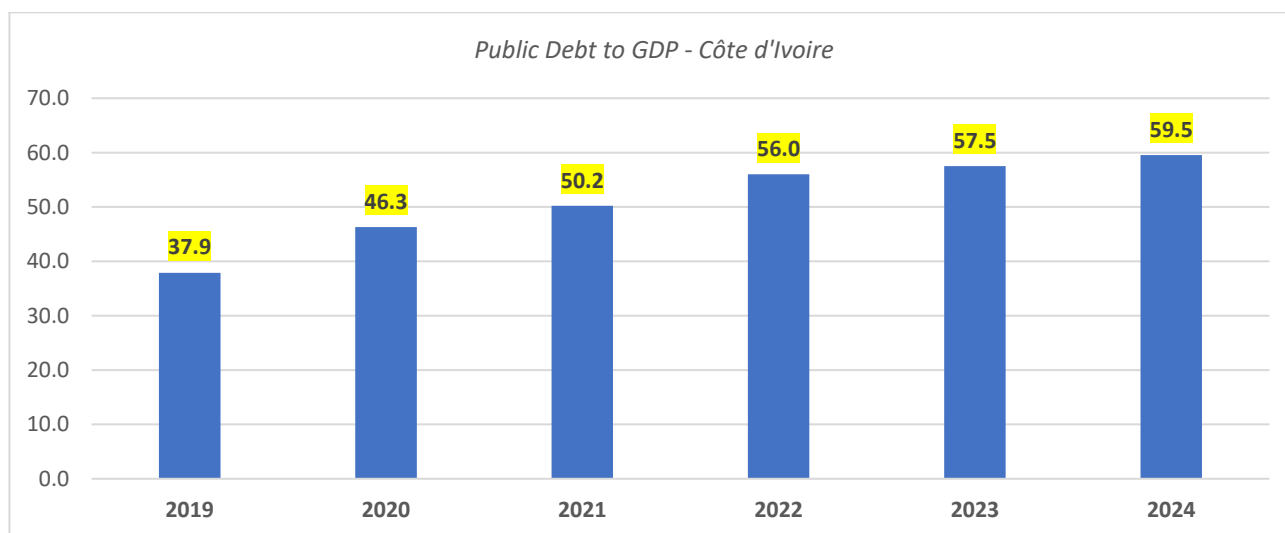
178. Non-tax revenue grew by 21.0% compared to 2023, reaching 1,146.1 billion FCFA (2.2% of GDP) in 2024, compared to 946.9 billion FCFA (2.0% of GDP) in the same period in 2023. This increase is mainly due to the effective mobilisation of revenue from services (+105.6 billion) and social security contributions (+76.5 billion).
179. In 2024, grants mobilised were down by 22.5% compared to 2023. Grants amounted to 245.6 billion FCFA (0.5% of GDP) in 2024, compared to 316.8 billion FCFA (0.7% of GDP) in 2023. This change is solely attributable to project grants, which fell by 60.8%, while programme grants remained stable compared to the same period in 2023.
180. Total expenditure and net loans committed at the end of 2024 stood at 10,757.2 billion FCFA (20.4% of GDP), an increase of 4.6% compared to expenditure committed at the end of 2023. This upturn was attributable to both current expenditure (+8.7%) and capital expenditure (+2.2%).
181. Current expenditure amounted to 7,251.7 billion FCFA (13.2% of GDP) at the end of December 2024, compared to 6,670.3 billion FCFA (13.7% of GDP) a year earlier. This increase was driven by all components as follows: (i) expenditure on salaries and wages (+5.3%), (ii) expenditure on goods and services (+11.6%), (iii) expenditure on debt interest payments (+13.4%) and (iv) expenditure on transfers and subsidies (+3.1%).
182. Investment expenditure rose by 2.2% to 3,330.8 billion FCFA (% of GDP) at the end of December 2024, resulting from a 32.2% increase in expenditure from own resources and a 31.4% decline in capital expenditure commitments from external resources.

Graph 34: Budget Deficit to GDP of Côte d'Ivoire: 2019 – 2024



183. In respect of public debt, the outstanding amount is estimated at 31,406.9 billion FCFA as at 31 December 2024 (59.5% of GDP), compared to 27,782.6 billion FCFA (57.5% of GDP) in the same period in 2023, representing an increase of 13.0%. At the end of December 2024, outstanding public debt consisted of 63.5% foreign debt (compared to 61.8% in 2023) and 36.5% domestic debt (compared to 36.2% in 2023).

Graph 35: Public Debt to GDP of Côte d'Ivoire: 2019 - 2024



184. At the end of December 2024, public debt servicing amounted to 5,405.7 billion FCFA, including 2,558.8 billion FCFA in foreign debt. Domestic debt servicing amounted to 2,846.9 billion FCFA, including 2,370.9 billion FCFA in government securities.

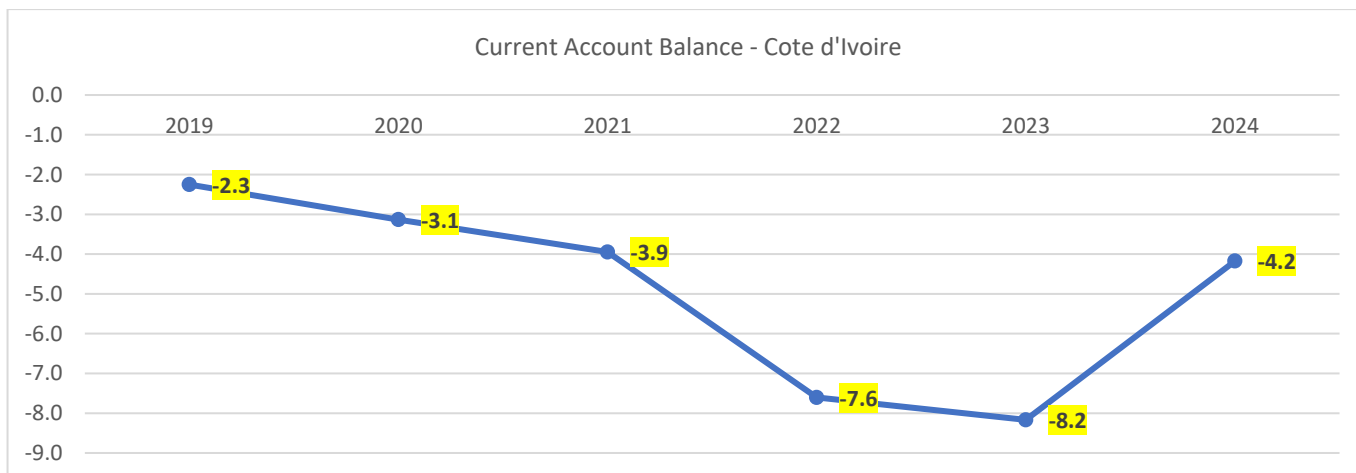
#### 4.3.3 External Sector

185. The current account balance is expected to record a deficit of 2,202.4 billion FCFA, representing 4.2% of GDP in 2024, after a deficit of 3,944.4 billion FCFA (8.3% of GDP) in 2023. This

improvement in the current account balance is likely to be due to an increase in the structural surplus of the trade balance for goods compared to 2023.

186. The balance of goods is expected to show a surplus of 3,177.1 billion FCFA (6.0% of GDP) in 2024, following a surplus of 1,062.3 billion FCFA (2.2% of GDP) in 2023, representing an increase of around 200% compared to 2023, linked to favourable export trends on the one hand and lower imports on the other. Exports in value terms are expected to increase by 19.0% in 2024 to reach 12,350.6 billion FCFA (23.4% of GDP), compared to 10,382.4 billion FCFA (21.5%) in 2023. This change may mainly result from the increase in the value of sales of coffee (+65.0%), crude oil (+48.4%), processed cocoa (+44.5%), cotton (+35.0%), non-monetary gold (+33.5%) and cocoa beans (+19.9%). FOB imports are projected to decline by 1.6% to 9,173.5 billion FCFA (17.4% of GDP), following the decline in intermediate goods, petroleum products and capital goods.
187. The services deficit is expected to widen by 4.2% compared to 2023, reaching 3,128.3 billion FCFA (5.9% of GDP) in 2024, compared to 3,002.5 billion FCFA (6.2% of GDP) the previous year, due to payments made for technical services in the oil and mining sectors.
188. The primary revenue deficit is projected to reach 2,106.1 billion FCFA (4.0% of GDP) in 2024, compared to 1,851.1 billion FCFA (3.8% of GDP) in 2023, due to higher investment income payments, particularly interest on external public debt. Regarding the secondary income account, its deficit is expected to narrow to 145.0 billion FCFA (0.3% of GDP) compared to 153.1 billion FCFA (0.3% of GDP) in 2023, indicating a decline in remittances from migrants.

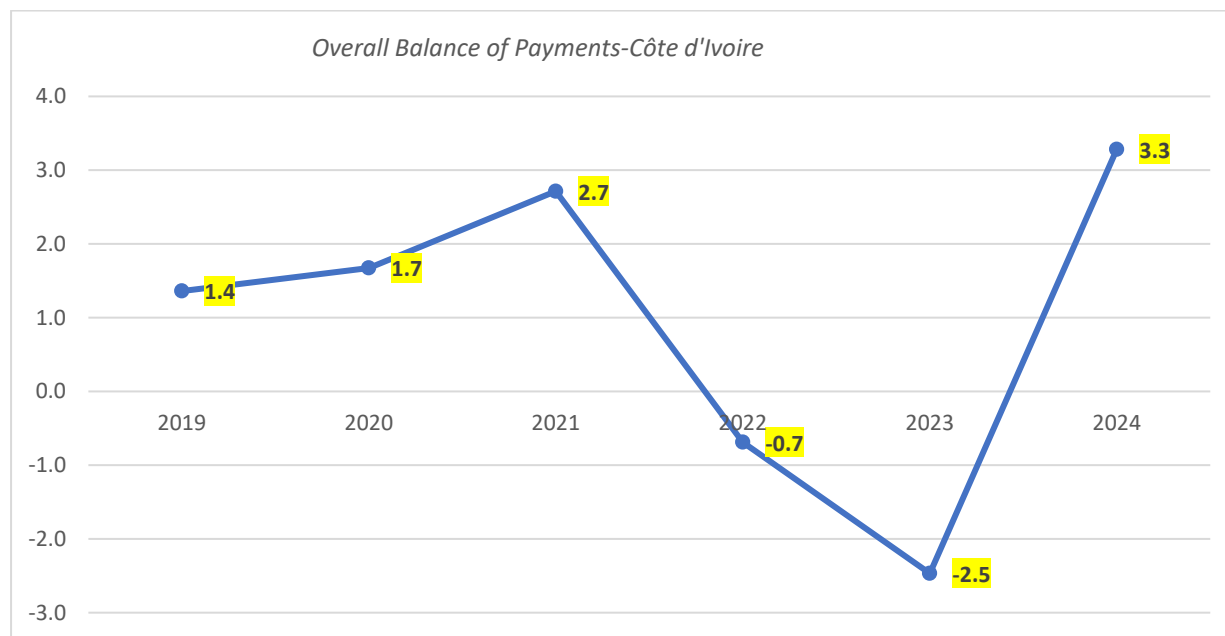
Graph 36: Current Account to GDO of Côte d'Ivoire: 2019 - 2024



189. The capital account surplus is expected to decline to 46.1 billion FCFA (0.1% of GDP), compared to 112.6 billion FCFA (0.2% of GDP) in 2023, in line with the decrease in project grants received by the public administration.
190. The financial account is expected to show a net inflow of foreign capital of 3,887.5 billion FCFA (7.4% of GDP) in 2024, which is higher than the net inflows of 2,638.0 billion FCFA (5.5% of GDP) recorded in 2023, in line with the increase in net inflows from foreign direct investment and portfolio investment.

191. The overall balance resulting from all these transactions would show a surplus of 1,731.2 billion FCFA (3.3% of GDP) in 2024, compared to a deficit of 1,191.8 billion FCFA francs (-2.5% of GDP) in 2023.

Graph 37: Overall Balance of Payments to GDP of Côte d'Ivoire: 2019 - 2024



192. The ratio of gross foreign exchange reserves to imports of goods and services in the Union stood at 4.7 months in 2024, compared to 3.5 months in 2023.

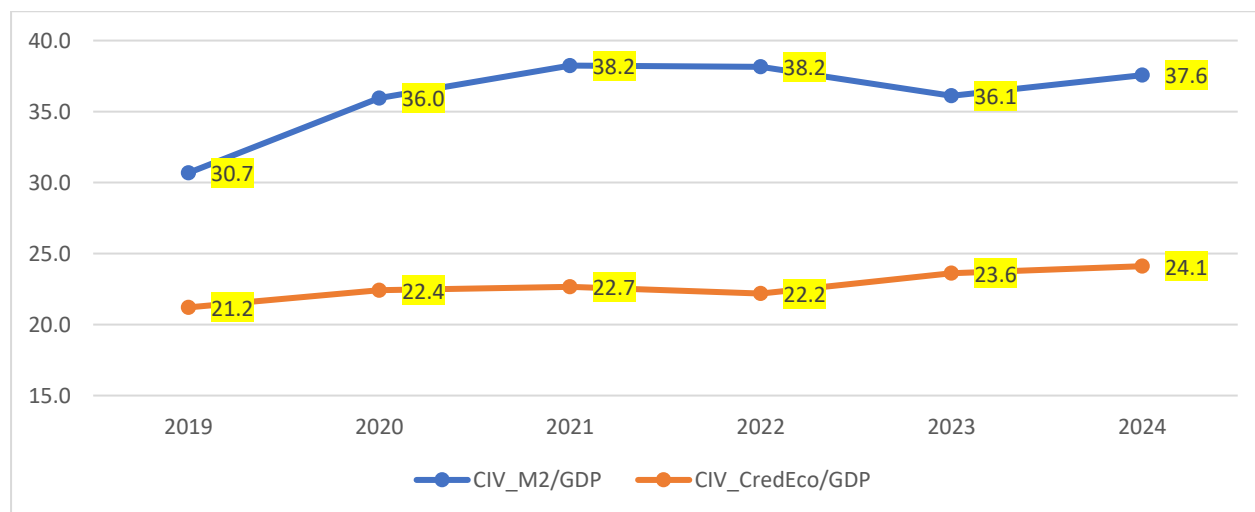
#### 4.3.4 Monetary Sector

193. The Monetary Policy Committee (MPC) of the Central Bank of West African States (BCEAO) has decided, following its four (4) meetings in 2024, to maintain its main monetary policy rates. The main policy rate at which the Central Bank lends to financial institutions remains pegged at 3.5%, while the marginal lending facility rate remains at 5.5%, rates in force since 16 December 2023.
194. Money supply spiked by 13.6% in 2024 to reach 19,814.3 billion, compared to a 3.3% increase at the end of 2023. This change was due to growth in both domestic claims (+12.3%) and net external assets (+67.1%).
195. Net foreign assets stood at 4,402.6 billion FCFA at the end of December 2024, compared to 2,634.3 billion FCFA at the end of December 2023, representing a rebound of 67.1%. The net foreign assets of the Central Bank increased by 1,103.6 billion FCFA (+67.2%) and those of banks by 664.7 billion FCFA (+67.0%). This momentum is linked to the mobilisation of external financial resources by the public administration and the increase in exports of goods.
196. Domestic claims increased by 12.3%, driven by all components. Claims from the economy consolidated by 1,311.3 billion FCFA at the end of December 2024 (+11.5%) compared to their level in December 2023. The same applies to net claims on the Central Government, which

increased by 867.2 billion FCFA (+13.8%), mainly due to disbursements made under the economic and financial programme agreed with the IMF.

197. The change in money supply was reflected in its components by a 19.8% increase in currency in circulation at the end of December 2024, compared to 1.1% in December 2023. Similarly, transferable deposits increased by 16.7% compared to 1.8% at the end of 2023. On the other hand, term deposits slowed to 3.8%, after rising by 7.8% at the end of 2023.
198. The financial market in UMOA as a whole remained dynamic. The number of players rose to 302 in 2024, compared to 282 in 2023. The value of transactions amounted to 468,073 million in 2024, compared to 396,451 million in 2023. Market capitalisation rose from 18,269 billion in 2023 to 20,611 billion in 2024.
199. New developments in the regional financial market include (1) the proposed overhaul of the regulatory framework for private equity, (2) the regulatory framework for Islamic finance, and (3) the implementation of priority actions focusing in particular on improving the governance and capacity of market participants, enhancing the attractiveness and diversity of the market, strengthening investor protection, and improving market communication and visibility.

Graph 38: M2/GDP and Credit to the Economy to GDP: 2019 - 2024



#### 4.3.5 Status of macroeconomic convergence

200. In terms of macroeconomic convergence, Cote d'Ivoire met five criteria in 2024, just as in 2023, including three primary criteria and two secondary criteria. The criterion relating to the budget deficit, although lower than in 2023, was not met. The country's performance by criterion in 2024 compared to 2023 is as follows:

##### Primary criteria

- **Budget deficit (including grants and on commitment basis) to gross domestic product ratio ( $\leq 3\%$ ):** this ratio stood at 4.0% in 2024, down from the 5.2% deficit recorded in 2023, compared to the Community target of 3% maximum;
- **Average annual inflation rate ( $\leq 5\%$ ):** for a Community target of 5.0% maximum, the

average annual inflation rate stood at 3.5% in 2024, compared to 4.4% in 2023;

- **Gross reserves (≥3 months of imports):** The BCEAO's foreign exchange reserves guarantee cover of 4.6 months of imports of goods and services, compared to 3.5 months in 2023 for the UEMOA zone as a whole; and
- **Central bank financing of budget deficit (≤10% of the previous year's tax revenue):** Cote d'Ivoire, like other UEMOA Member States, no longer uses this type of financing.

### Secondary criteria

- **Outstanding debt to nominal GDP ratio (≤70%):** the outstanding public debt ratio stood at 59.5% of GDP in 2024, compared to 57.5% of GDP in 2023.
- **Nominal exchange rate variation (+/-10%):** the average nominal exchange rate variation of the CFA francs against the WAUA at the end of 2024 stands at 0.6%, compared to 3.0 % in 2023.

Table 14: Cote d'Ivoire's convergence situation

CRITERIA	TARGET	2020	2021	2022	2023	2024
<b>Primary Criteria</b>						
Budget deficit (commitment basis, including grants)	≤3%	5.4	4.9	6.8	5.2	4.0
Average annual inflation rate	≤5%	2.4	4.2	5.2	4.4	3.5
Central Bank financing of Budget Deficit	≥10%	0.0	0.0	0.0	0.0	0.0
Gross external reserves	≥3	5.4	5.0	4.1	3.5	4.6
<b>No. of Primary Criteria met</b>		<b>3</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>
<b>Secondary Criteria</b>						
Nominal exchange rate variation	±10%	1.0	1.5	-5.3	3.0	0.6
Public debt to GDP ratio	≤70%	46.3	50.2	56.0	57.5	59.5
<b>No. of Secondary Criteria met</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Convergence Criteria Met</b>		<b>5</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>5</b>

#### 4.3.6 Prospects 2025

201. In 2025, the Ivorian economy is expected to maintain its momentum and record an acceleration in its growth rate, which is projected at 6.5%. This growth will be driven by three sectors. The primary sector is anticipated to grow by 5.4%, accelerating from the 2.6% growth recorded in 2024. The secondary sector is expected to grow by 6.4% compared to 5.8% in 2024. Regarding the tertiary sector, its value addition is projected to increase by 6.6% in 2025, compared to 6.7% a year earlier.
202. In terms of public finance, the 2025 forecast predicts fiscal consolidation with a deficit of 3.0% compared to 4.0% in 2024. This performance would be achieved through greater mobilisation of total revenue and grants, which are expected to increase by 15.7% compared to 2024, against a smaller increase in total expenditure and net loans, which are projected to rise by 9.3% compared to 2024. Total revenue and grants are expected to reach 17.4% of GDP in 2025, compared to 16.4% a year earlier, while the total expenditure and net loans to nominal GDP ratio is expected to remain stable at 20.4% in 2025. In terms of taxation, the forecast points to a

tax burden of 14.2% in 2025, compared to 13.8% in 2024. Based on the projected realisation of revenue and expenditure, it is anticipated a deficit of 3.0%, compared to 4.0% in 2024, in line with the Community target.

203. Regarding debt, it is expected to increase by 4.5% in 2025 compared to 2024. As a ratio to GDP, it would represent 57.0% in 2025, compared to 59.5% a year earlier. Thus, in terms of convergence, Cote d'Ivoire is set to meet all six convergence criteria in 2025.

#### **4.3.7 Conclusion and Recommendations**

204. The implementation of projects and programmes under Cote d'Ivoire's National Development Plan (PND 2021-2025) has put the country on a path to strong and sustained growth. From 2021 to 2024, the country recorded average growth of 6.5%. This growth is driven by all sectors. In 2024, growth is expected to be 6.0%, following 6.5% in 2023. This growth has been achieved against a backdrop of easing inflationary pressures following measures implemented by the government in that regard.

205. In terms of public finance and debt management, efforts have been made to achieve fiscal consolidation. Thus, there has been a steady reduction in the budget deficit as a percentage of nominal GDP. However, although below the Community target of 70%, the debt ratio increased in 2024 compared to the previous year. With respect to convergence, the results for 2024 show an improvement in the level of indicators, with the number remaining the same as at the end of 2023.

206. To consolidate and strengthen the macroeconomic situation and enable the country to boost its convergence path, the following recommendations are made:

- Continue the policy of structural transformation of the economy, in particular by accelerating the development of the seven priority sectors identified in order to create more jobs and value addition;
- Continue and strengthen measures and reforms to improve revenue collection and control expenditure;
- Continue to carry out customs reforms to improve customs revenue mobilisation by strengthening the valuation of new vehicles and extending the selectivity mechanism based on artificial intelligence (AI) and video surveillance; and
- Pay particular attention to the evolution of public debt in relation to sustainability studies.

#### **4.4 Economic and Financial Situation of The Gambia**

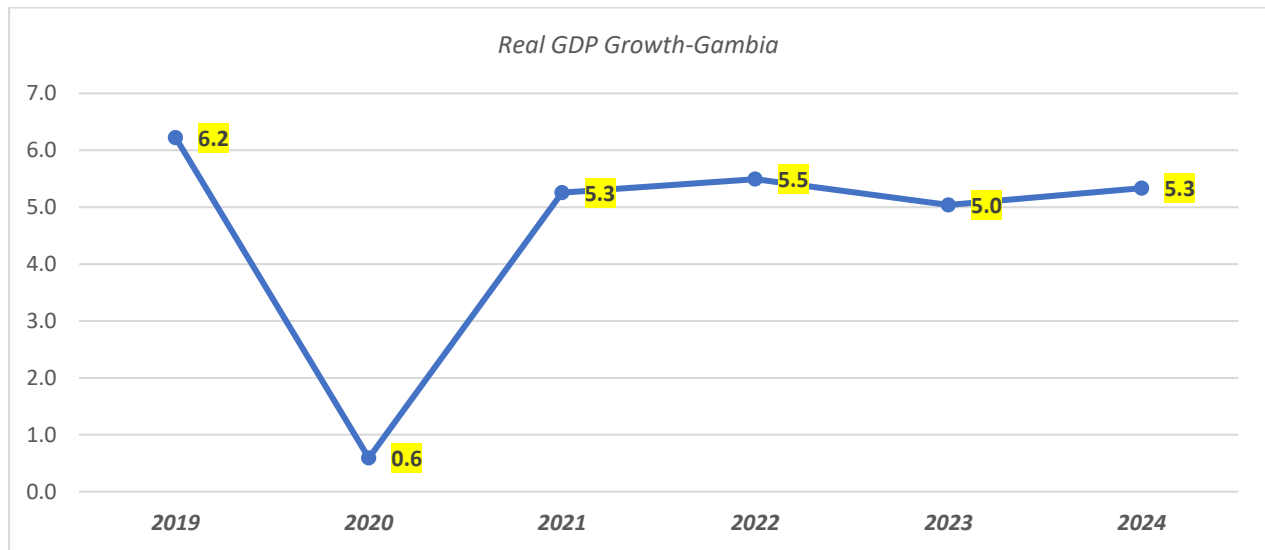
207. The macroeconomic policy thrust in The Gambia in 2024 focused on promoting economic growth, ensuring fiscal responsibility, and accelerating structural reforms. This strategy was anchored on the Recovery-Focused National Development Plan (RF-NDP) for 2023–2027, which articulates a comprehensive agenda aimed at economic diversification, improved productivity, and private sector development. In line with these policy priorities, the macroeconomic projections for 2024 included real GDP growth of 5.8 percent, annual average inflation of 14.4 percent, an overall fiscal deficit of 2.6 percent of GDP, and a public debt-to-GDP ratio of 67.0 percent.
208. The economy grew by 5.3 percent in 2024, compared to 5.0 percent in 2023, supported by strong performances in the industry and services sectors. Annual average inflation declined to 9.6 percent, from 15.5 percent in 2023, driven by tight monetary policy, improved food supply, and easing global commodity prices. The fiscal deficit narrowed to 3.7 percent of GDP, from 4.2 percent in 2023, while the public debt-to-GDP ratio dropped to 76.0 percent, down from 80.9 percent in 2023. The overall balance of payments recorded a surplus of 16.5 percent of GDP in 2024, reversing a deficit of 8.9 percent in the previous year. Regarding macroeconomic convergence, The Gambia met two of the four primary criteria (central bank financing and gross external reserves) and one of the two secondary criteria (exchange rate variation) by the end of 2024.

##### **4.4.1 Real Sector**

###### **4.4.1.1 Growth**

209. The Gambian economy grew by 5.3 percent in 2024, up from 5.0 percent in 2023, largely driven by strong performances in the industry and services sectors. In contrast, the agriculture sector contracted by 1.1 percent, reversing the 1.4 percent growth recorded in 2023. This decline was primarily due to a weak outturn in the crops and forestry subsectors. Specifically, the crops subsector contracted by 6.7 percent in 2024, compared to a 0.9 percent contraction in 2023, reflecting the impact of adverse weather conditions. Similarly, forestry and logging contracted by 23.5 percent, following a 7.8 percent contraction in 2023.
210. The industry sector grew by 5.3 percent in 2024, compared to 9.4 percent in 2023. Growth in the sector was primarily driven by improved construction activity, which accelerated with a growth of 4.8 percent from 3.2 percent in the previous year. The services sector posted a strong performance, growing by 8.0 percent in 2024, compared to 5.1 percent in 2023. This was underpinned by robust outturns in trade-related activities, transport and storage, and financial services. Trade-related activities expanded by 11.2 percent, up from 3.6 percent in 2023. The transport and storage subsector grew by 9.4 percent, compared to 3.1 percent the previous year, while financial services rebounded with a notable growth of 19.0 percent, reversing the 10.5 percent contraction recorded in 2023.
211. In terms of sectoral share of GDP in 2024, the services sector remained the largest contributor, accounting for 53.8 percent, followed by agriculture with 20.7 percent, and industry with 18.5 percent.

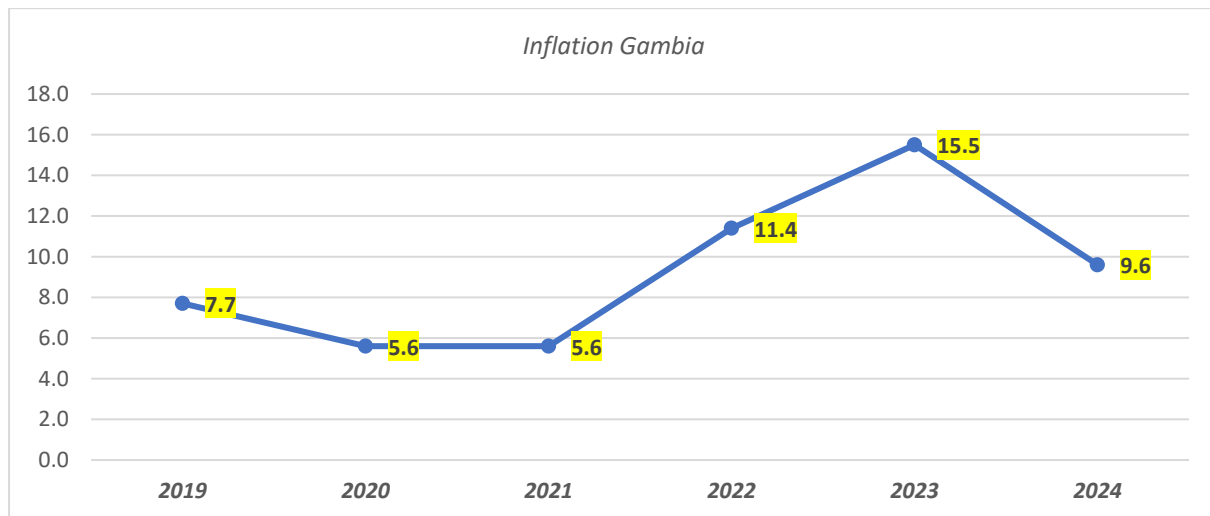
Graph 39: Real GDP Growth of The Gambia: 2019 - 2024



#### 4.4.1.2 Inflation

212. Headline inflation declined to 10.2 percent in December 2024, from 17.3 percent in December 2023, due to a broad-based decline in both food and non-food prices. Similarly, annual average inflation declined to 9.6 percent in 2024, from 15.5 percent in the previous year. Food and non-food inflation declined to 12.8 percent and 6.9 percent respectively in 2024, from 22.5 percent and 11.2 percent in 2023. Overall, the decrease in inflation was attributed to tight monetary policy and relatively stable food and fuel prices.

Graph 40: Inflation Rate of The Gambia: 2019 - 2024



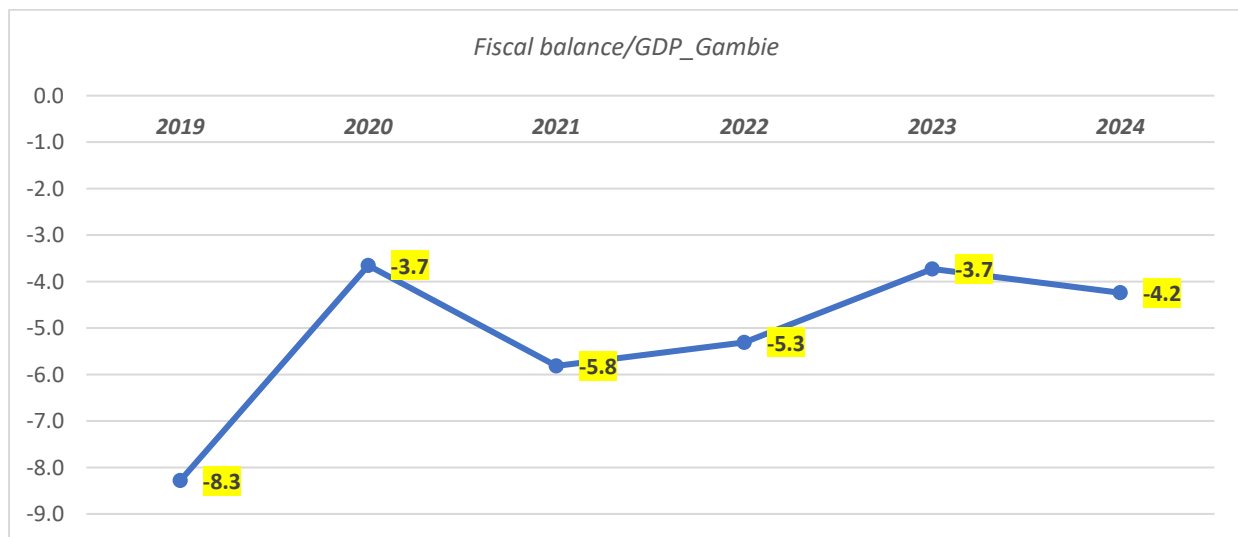
#### 4.4.2 Fiscal Sector

213. Fiscal operations resulted in an improvement in total revenue and grants to D34.5 billion (21.6% of GDP) in 2024, from D29.4 billion (21.1% of GDP) in 2023, driven by a significant increase in domestic revenue. Domestic revenue rose by 31.8 percent to D23.5 billion (14.7% of GDP), up from D17.84 billion (12.7% of GDP) in 2023. This robust performance was largely driven

by the introduction of stamp duties, automation of revenue administration, and the full-scale deployment of the ASYCUDA World system for customs operations. Additionally, the roll-out of a comprehensive domestic revenue mobilisation strategy contributed to expanding the tax base, enhancing administrative efficiency, and promoting greater equity and transparency in the tax system.

- 214. As a result, tax revenue increased to D18.8 billion (11.7% of GDP) in 2024, compared to D14.3 billion (10,2% of GDP) in the previous year. Non-tax revenue also increased to D3.87 billion (2.4% of GDP), up from D3.50 billion (2.5 % of GDP) in 2023. Meanwhile, total grants recorded a decline of 0.3 percent, amounting to D11.88 billion (7.4% of GDP), compared to D11.92 billion (8.5% of GDP) a year earlier.
- 215. On the expenditure side, total spending and net lending grew to D41.28 billion (25.8% of GDP), from D34.92 billion (24.9% of GDP) in 2023. The increase in spending was primarily attributed to new road infrastructure projects, logistical preparations for hosting the Organization of Islamic Cooperation (OIC) summit, and agricultural subsidies. Recurrent expenditure rose by 32.5 percent to D24.53 billion (15.4% of GDP), up from D18.52 billion (13.2% of GDP) in 2023. This increase was mainly due to larger transfers and subsidies, particularly to the energy sector, and higher public sector wages.
- 216. Consequently, the overall fiscal deficit (including grants) widened to D 6.8 billion (4.2% of GDP), from D 5.23 billion (3.7% of GDP) in 2023. The deficit was financing using both external and domestic sources. External net financing declined to D3.12 billion, from D5.04 billion, while domestic net borrowing rose to D4.88 billion, compared to a net repayment of D1.65 billion in 2023.

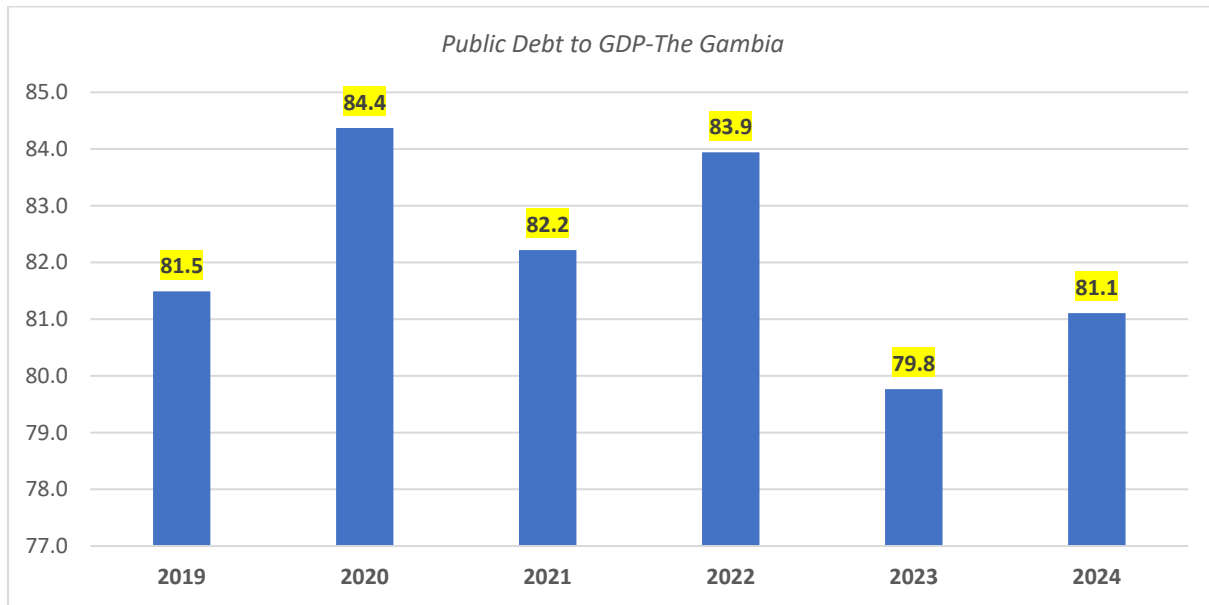
Graph 41: Fiscal balance to GDP of The Gambia: 2019 - 2024



- 217. Public debt stock rose to D 129.51 billion ( 81.1% of GDP) at end-December 2024, from D 112.05 billion ( 79.8% of GDP) in 2023. Domestic debt amounted to D 50.13 billion ( 31.4% of GDP), up from D 41,10 billion ( 30.7% of GDP), while external debt increased to D 79,38 billion (49.7% of GDP), from D 68.94 billion (49.1% of GDP).

218. The rise in public debt reflects the financing of strategic reforms, particularly in infrastructure, energy, and healthcare, aimed at closing long-standing development gaps. However, limited revenue mobilisation necessitated increased reliance on both external and domestic borrowing. Furthermore, the depreciation of the dalasi inflated the domestic value of foreign debt, while elevated global interest rates raised the cost of debt servicing. Additionally, efforts to restructure state-owned enterprises (SOEs) added to short-term fiscal pressures, further driving up the public debt stock.

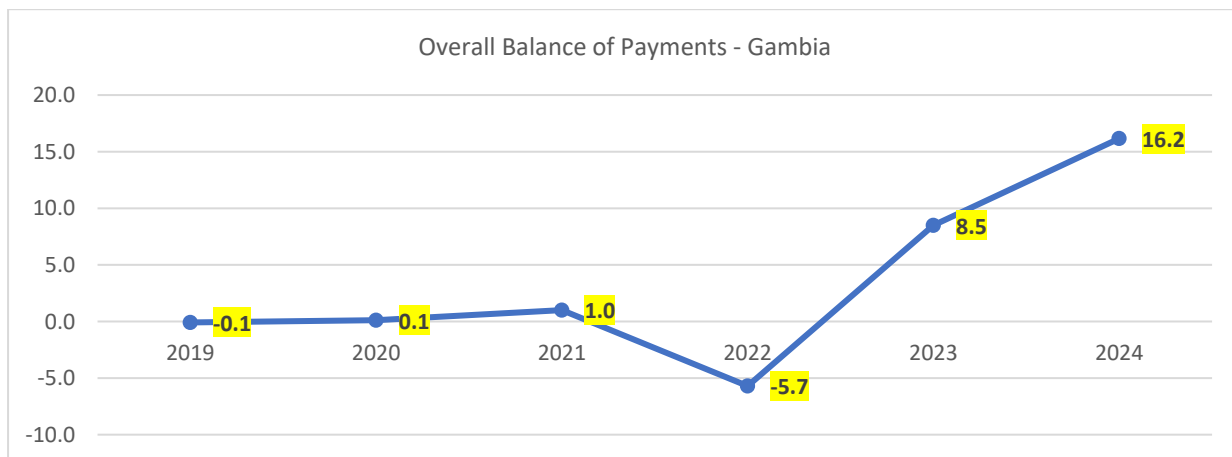
Graph 42: Public Debt to GDP of The Gambia: 2019 - 2024



#### 4.4.3 External sector

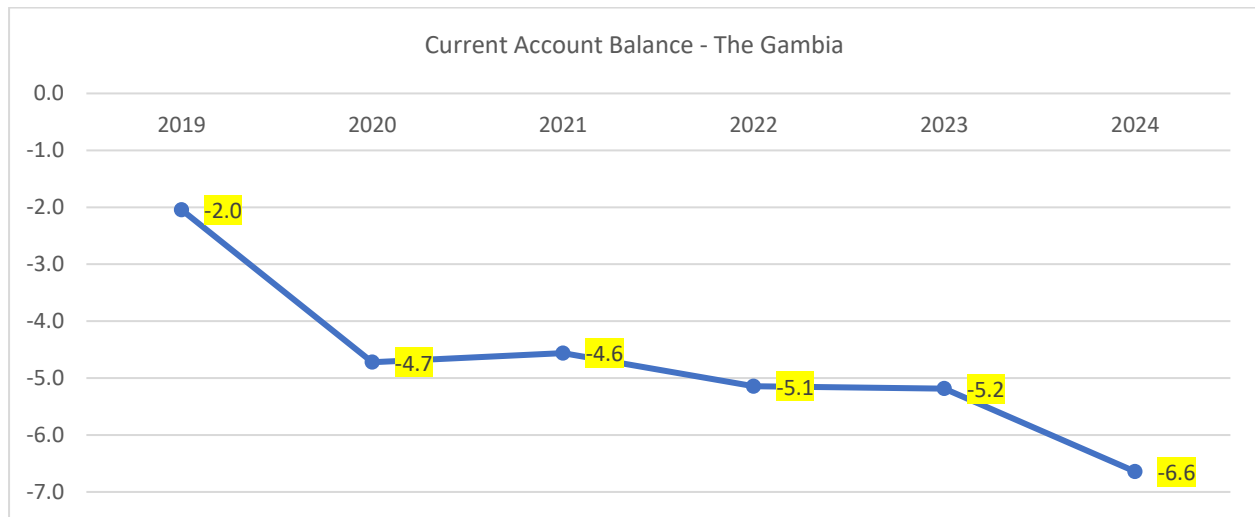
219. The overall balance of payments recorded a surplus of US\$381.50 million (16.2% of GDP) during the review period compared to the surplus of US\$196.61 (8.5% of GDP) in 2023, mainly reflecting improvements in the financial account during the period.

Graph 43: Overall Balance of Payments to GDP of The Gambia: 2019 - 2024



220. The current account deficit widened to US\$ 156.8 million (6.6% of GDP) in 2024, from US\$ 120.06 million (5.2% of GDP) in 2023, due to worsening of trade balance. The goods account deficit widened to US\$1,025.01 million in the review period, up from US\$ 877.38 million in the same period of 2023, due to higher imports over exports. Merchandise imports increased to US\$1,388.32 million, from US\$1,203.28 million a year ago reflecting a surge in food and fuel imports. Exports also rose to US\$ 363.33 million in the review period, compared to US\$ 325.90 million in the corresponding period of 2023. However, the services account balance recorded a surplus of US\$314.19 million during the review period, compared to a surplus of US\$241.69 million in 2023, supported by strong tourism activities. The secondary income balance improved to a surplus of US\$554.03 million from US\$540.07 million in the previous year, mainly driven by private remittance inflows, which increased to US\$554.03 million in 2024 from US\$ 540.07 million in 2023.

Graph 44: Current Account to GDP of The Gambia: 2019 - 2024

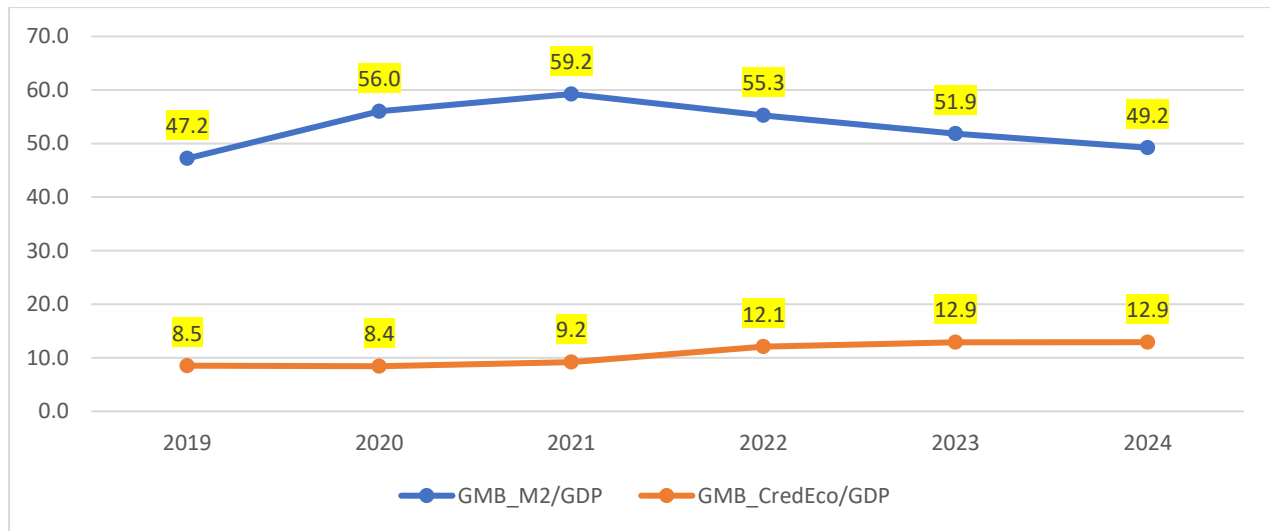


221. The capital account surplus declined to US\$117.88 million in 2024, compared to a surplus of US\$ 142.42 million a year ago, indicating a fall in project grants. The financial account balance (net) recorded net acquisition of assets of US\$13.50 million in 2024, relative to the incurrence of liabilities position of US\$58.30 million in 2023, mainly due to an increase in foreign direct investment.
222. The gross external reserves at the end of December 2024 stood at US\$ 535.60 million (4.1 months of import cover), compared to US\$476.08 million (4.2 months of import cover) as at end-December 2023.
223. In terms of exchange rate developments, the dalasi depreciated against the US dollar by 8.6 percent in 2024, compared to a depreciation of 4.4 percent in 2023. Against the WAUA, the dalasi depreciated by 10.0 percent during the review period, compared to 8.3 percent depreciation in the previous year. The continued depreciation of the dalasi was largely attributed to excess demand over supply for foreign currency in the foreign exchange market.

#### **4.4.4 Monetary sector**

224. The Central Bank of The Gambia (CBG) maintained its monetary policy rate at 17.0 percent throughout the year, consistent with efforts to contain persistent inflationary pressures that continued to keep headline inflation above the Bank's medium-term objective. Similarly, the standing lending facility and standing deposit facility rates were held steady at 18.0 percent and 3.0 percent, respectively. The reserve requirement ratio (RRR) also remained unchanged at 13.0 percent, reflecting a continued commitment to a tight monetary policy stance.
225. Broad money (M2) expanded by 7.9 percent at end-December 2024, a moderation from the 8.8 percent recorded in the corresponding period of 2023. The slower growth in M2 was mainly attributed to the subdued expansion of Net Domestic Assets (NDA), which rose by only 0.7 percent in 2024 compared to 7.2 percent the previous year. In contrast, the Net Foreign Assets (NFA) of the banking system recorded an increased expansion of 18.7 percent, from 11.4 percent in 2023.
226. Credit to the private sector surged by 24.3 percent, a significant acceleration from 11.7 percent in 2023, supported by improved economic activity and enhanced credit conditions. In terms of M2 components, narrow money growth slowed to 7.9 percent from 13.0 percent, while quasi-money growth accelerated to 7.9 percent, up from 3.3 percent in 2023.
227. Reserve money contracted by 5.6 percent in 2024, reversing the 14.1 percent growth recorded in 2023. This was mainly due to a contraction in the NDA of CBG by 63.5 percent, compared to an expansion of 6.6 percent in 2023. Conversely, the NFA of CBG expanded by 21.4 percent in 2024, compared to 18.0 percent the previous year. On the liability side, the decline was mainly due to a reduction in currency in circulation as the Central Bank intensified its liquidity tightening operations to absorb excess liquidity in the financial system.
228. The banking sector remained sound, stable, and well-capitalised during the review period. The capital adequacy ratio stood at 28.5 percent as of December 2024, significantly exceeding the 10.0 percent regulatory minimum. Similarly, the liquidity ratio reached 76.1 percent, far above the required 30.0 percent threshold, indicating ample short-term buffers in the system. Profitability also improved, with the Return on Assets (ROA) increasing to 3.1 percent (from 2.5%) and Return on Equity (ROE) rising to 28.2 percent (from 21.7%) compared to end-December 2023, reflecting stronger earnings performance. However, asset quality showed signs of deterioration, as the Non-Performing Loans (NPL) ratio increased sharply to 14.6 percent, up from 3.3 percent in 2023. This rise was largely concentrated in two major banks, stemming from the default of a single large borrower, which underscores the sector's vulnerability to concentration risk.

Graph 45: M2/GDP and Credit to the Economy/ GDP: 2019 - 2024



#### 4.4.5 Macroeconomic Convergence

229. The Gambia met two out of the four primary convergence criteria, central bank financing of the fiscal deficit and gross external reserves (in terms of months of import cover). With respect to the secondary convergence criteria, the country fulfilled one out of two, successfully meeting the nominal exchange rate variation criterion. A summary of the performance is outlined below:

- **Primary Criteria**

230. The fiscal deficit on a commitment basis, including grants, was 4.2 percent of GDP in 2024, compared to the deficit of 3.7 percent of GDP in 2023. The average annual inflation rate declined to 9.6 percent, from 15.5 percent in the previous year. Gross external reserves covered 4.1 months of imports of goods and services, from 4.2 months in 2023. Additionally, there was no central bank financing of the fiscal deficit in 2024, same as in 2023.

- **Secondary Criteria**

231. The nominal exchange rate of the dalasi against the WAUA depreciated by 10.0 percent in 2024 and was within the acceptable margin of  $\pm 10$  percent. The public debt-to-GDP ratio rose to 81.1 percent in 2024 from 79.8 percent in the previous year.

Table 15: Status of convergence in The Gambia

CRITERIA	TARGET	2020	2021	2022	2023	2024
<b>Primary Criteria</b>						
Budget deficit (commitment basis, including grants)	$\leq 3\%$	3.7	5.8	5.3	3.7	4.2
Average annual inflation rate	$\leq 5\%$	7.7	5.6	13.2	17.3	10.2
Central Bank financing of Budget Deficit	$\geq 10\%$	46.7	13.3	2.8	9.8	0.0
Gross external reserves	$\geq 3$	6.1	8.8	7.1	4.2	4.1
<b>No. of Primary Criteria met</b>		<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Secondary Criteria</b>						
Nominal exchange rate variation	$\pm 10\%$	-1.6	-2.1	-3.0	-8.4	-9.9

<i>Public debt to GDP ratio</i>	$\leq 70\%$	84.4	82.2	83.9	79.8	81.1
<b>No. of Secondary Criteria met</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total Convergence Criteria Met</b>		<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>

#### **4.4.6 Prospects**

232. The Gambia’s economic outlook remains broadly positive, underpinned by the effective implementation of the Recovery-Focused National Development Plan (RF-NDP) 2023–2027 and a strong commitment to fiscal discipline, structural reforms, and private sector development. Over the medium term, real GDP growth is projected to average around 5.0 percent, contingent on a pickup in agricultural activity and sustained performance in the industry and services sectors. The policy focus is expected to remain on domestic revenue mobilisation, economic diversification, and digital transformation, supported by development partners. As a result, inflation is expected to moderate gradually, while the fiscal deficit is projected to decline as fiscal consolidation measures take hold.
233. Nonetheless, downside risks persist. Globally, increased trade tensions, continued disruption of global supply chains, and rising geopolitical conflicts could dampen global economic activity and trade flows. Rising demand for critical minerals and geopolitical instability in commodity-exporting regions may heighten commodity price volatility. Regionally, disruptions in key maritime corridors and climate-related shocks in West Africa could lead to higher import costs for food, fuel, and industrial inputs, placing upward pressure on inflation and straining public finances through increased subsidy needs. These challenges may affect The Gambia’s ability to consistently meet key convergence criteria, particularly on inflation and fiscal deficit. To sustain macroeconomic stability and achieve convergence targets, continued structural reforms and coordinated policy responses will be critical.

#### **4.4.7 Conclusion and Recommendations**

234. The economy grew by 5.3 percent in 2024, up from 4.8 percent the previous year, supported by strong performances in the industry and services sectors. Inflation declined significantly to 9.6 percent, from 15.5 percent in 2023, reflecting tight monetary policy, improved domestic food supply, and easing global commodity prices. The fiscal deficit narrowed marginally to 3.7 percent of GDP, reflecting improved domestic revenue mobilisation, while the public debt-to-GDP ratio declined to 76.0 percent. The balance of payments recorded a strong surplus of 16.5 percent of GDP, underpinned by a recovery in tourism and robust remittance inflows. Despite these gains, challenges remain in the agriculture sector, and asset quality in the banking sector weakened due to rising non-performing loans.
235. To safeguard macroeconomic stability and enhance convergence performance under the ECOWAS Macroeconomic Convergence and Stability Pact, the following policy recommendations are proposed:
- Scale up climate-smart agriculture and irrigation investments to mitigate the impact of adverse weather on crops output, while improving food security.

- Deepen implementation of the domestic revenue strategy, including broadening the tax base, enhancing tax compliance, and leveraging digital tools for efficient tax administration.
- Rationalise public spending, prioritise growth-enhancing and pro-poor investments, and improve the efficiency of subsidies, particularly in energy and agriculture.
- To safeguard financial stability, strengthen credit risk assessment and supervision in the banking system, with a focus on reducing concentration risk and ensuring timely resolution of non-performing loans.
- Diversify export products and markets, enhance value addition, and improve logistics to reduce exposure to external trade shocks and improve the current account balance.

#### 4.5 Economic and Financial Situation of Ghana

236. The broad macroeconomic policy thrust for 2024, themed: “Pursuing Growth and Development within a stable macroeconomic environment”, was anchored on the 3-year IMF-Supported Post Covid-19 Programme for Economic Growth (PC-PEG). The PC-PEG was the key policy instrument launched by the government to mitigate the impact of Ghana’s economic crisis and propel the economy unto a higher growth path over the medium-term. The main objective of the PC-PEG is to restore macroeconomic stability and debt sustainability, build resilience through the implementation of wide-ranging and strong structural reforms, and lay the foundations for stronger and more inclusive growth.
237. Based on the overall macroeconomic objectives and the medium-term targets, the following macroeconomic targets are set for the 2024 fiscal year:
- i. Overall Real GDP growth of at least 2.8 percent, revised upwards to 3.1 percent;
  - ii. Non-Oil Real GDP growth of at least 2.1 percent, revised upwards to 2.8 percent;
  - iii. End-Period inflation rate of 15.0 percent;
  - iv. Primary Balance Surplus (on Commitment basis) of 0.5 percent of GDP; and
  - v. Gross International Reserves to cover not less than 3.0 months of imports.
238. Provisional data indicate that real GDP growth accelerated to 5.7 percent in 2024 from 3.1 percent in 2023, mainly supported by services and gold mining. End-period inflation increased to 23.8 percent from 23.2 percent in December 2023, mainly reflecting food supply bottle-necks and volatility of the domestic currency for the most part of the year. The budget deficit widened to 7.9 percent of GDP from 3.2 percent of GDP in 2023, mainly due to the front-loaded capital expenditure ahead of the 2024 general elections and significant increase in recurrent expenditure, despite the strong revenue performance during the period. The stock of public debt moderated to 61.8 percent of GDP from 68.7 percent of GDP at end-December 2023, reflecting both the base effect and slowdown in debt accumulation,
239. Growth in money supply moderated to 31.9 percent in the period ended December 2024 from 38.7 percent in the corresponding period of 2023, mainly induced by the contraction in net claims on government during the period. Developments in the external sector improved as the current account surplus increased to 4.2 percent of GDP in 2024 from 1.8 percent of GDP in 2023, supported by improvements in the merchandise trade surplus and increased remittance inflows during the period. The gross external reserves position improved to 4.0 months of import cover from 2.7 months of import cover at end-December 2023, mainly reflecting the gold for reserves initiative and IMF ECF disbursements during the period.
240. In the area of macroeconomic convergence, the country met two of the primary criteria (gross external reserves and central bank financing of the budget deficit) in 2024 compared to one (central bank financing of the budget deficit) in 2023. On the secondary criteria, performance remained unchanged as the country met the target on debt-to-GDP ratio.

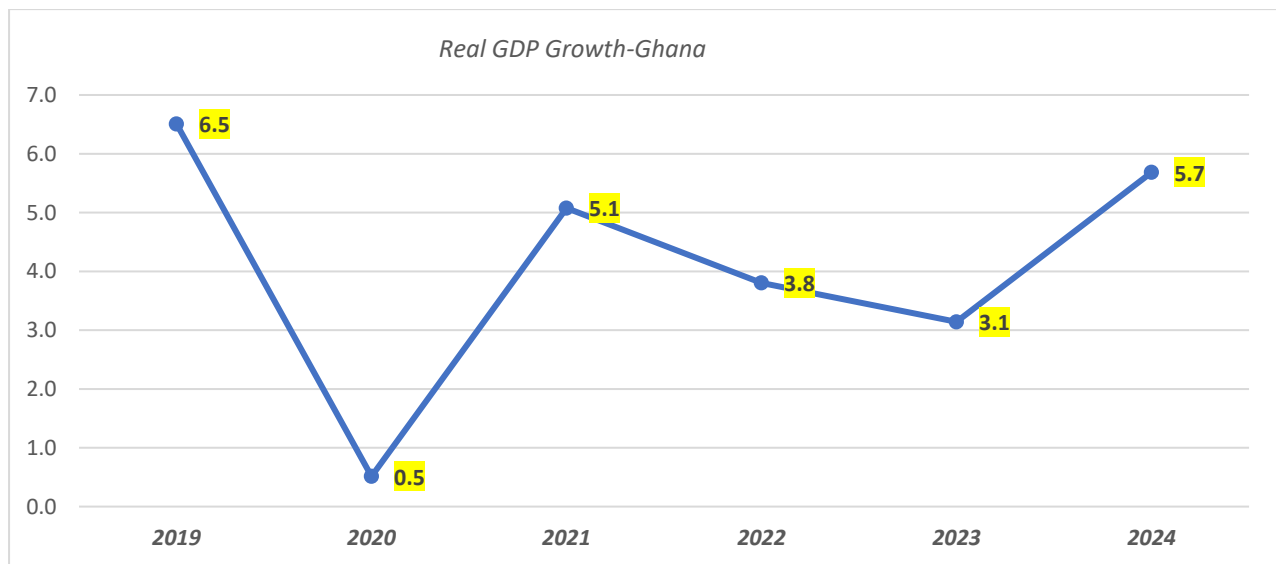
## **4.5.1 Real Sector**

### *4.5.1.1 Output Growth*

241. Real GDP growth was 5.7 percent in 2024, higher than the projected growth rate of 3.1 percent and the 3.1 percent recorded in 2023, mainly driven by strong performance in gold production as well as information and telecommunication. Non-Oil GDP grew by 6.0 percent in 2024 compared to 3.6 percent in 2023 while non-gold GDP expanded by 5.1 percent compared to 3.0 percent in 2023.
242. Growth in agriculture slowed to 2.8 percent in 2024 from 5.9 percent in 2023, mainly reflecting the 22.4 percent contraction in cocoa production, which continues to suffer from the adverse climatic effects related to the El Nino phenomenon. Similarly, forestry and logging activities declined by 5.8 percent compared to the contraction of 6.2 percent in 2023. However, livestock and fishing recorded growth rates of 3.5 percent and 2.5 percent compared the growth rates of 6.5 percent and 4.1 percent, respectively in 2023.
243. Industry grew by 7.1 percent against the contraction of 1.7 percent in 2023, reflecting developments in most of its subsectors. Mining and quarrying expanded by 9.4 percent compared to 1.7 percent in 2023, mainly attributed to the 19.1 percent growth in gold production during the period. Oil and gas production recovered, posting a modest growth rate of 1.1 percent in 2024 against the contraction of 3.5 percent in 2023. Activity in manufacturing grew by 3.9 percent compared to the growth rate of 0.9 percent in 2023. Output in electricity and construction rebounded, recording growth rates of 2.0 percent and 9.6 percent against the contractions of 10.8 percent and 11.2 percent, respectively, in 2023. However, activity in water and sewage declined by 0.9 percent against the growth rate of 2.5 percent in 2023.
244. Growth in the services sector increased to 5.9 percent in 2024 from 5.7 percent in 2023, mainly attributed to the improved performance in Wholesale and Retail Trade, Accommodation and Food Service, Transport and Storage and Finance and Insurance Activities which grew by 3.6 percent, 4.8 percent, 5.8 percent and 7.8 percent, respectively, in 2024. Information and communication which continues to record double-digit growth in recent years slowed, recoding a growth rate of 15.8 percent in 2024 compared to 19.5 percent in 2023. Similarly, output in Real Estate, Professional, Administrative and Support Activities as well as Public Administration and Defence slowed to 1.5 percent, 1.1 percent and 2.7 percent from 4.1 percent, 4.2 percent and 4.5 percent, respectively, in 2023. The trend was similar with Education and Health and Social Work which recorded lower growth rates of 2.7 percent and 4.4 percent compared to the growth rates of 4.4 percent and 8.3 percent, respectively, in 2023. Growth in Other Service Activities contracted by 2.1 percent against the growth rate of 2.0 percent in 2023.
245. On the demand side, household final consumption slowed to 4.7 percent from 10.2 percent in 2023 while public final consumption expanded by 3.7 percent from 0.5 percent in 2023. Consequently, total consumption recorded a lower growth rate of 4.5 percent compared to 9.3 percent in 2023. Gross capital formation grew by 13.0 percent against the contraction of 27.8 percent in 2023. Given the slowdown in final consumption and the recovery in gross capital formation, domestic demand grew by 5.8 percent compared to the growth rate of 1.4 percent in 2023.

246. In terms of contribution to the growth in recent years, the services sector continues to lead. It contributed 2.5 percentage points while industry and agriculture contributed 2.3 percentage points and 0.7 percentage points respectively, in 2024. However, in 2023, both services and agriculture contributed positively to the growth of 3.1 percent, the contribution of industry was negative, given the contraction in both oil and gas and electricity during the period. As a proportion of the overall GDP, the services sector continues to dominate. It contributed 44.6 percent, followed by the industry and agriculture at 33.5 percent and 21.9 percent, respectively, in 2024 compared to 44.5 percent, 33.0 percent and 22.5 percent, respectively, in 2023. During the review period, the shares of the services and industry sector have increased while that of agriculture declined.

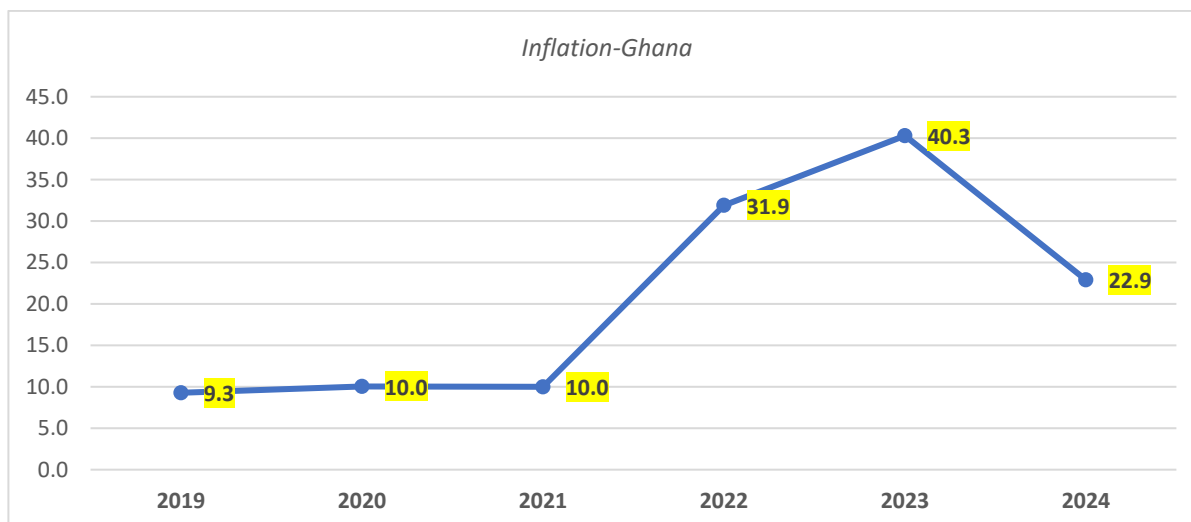
Graph 46: Real GDP Growth of Ghana: 2019 - 2024



#### 4.5.1.2 Inflation

247. The disinflation path slowed in 2024, mainly reflecting upward food pressures and depreciation of the cedi during the period. Food price pressures mainly emanated from disruptive impact of the dry spell on crop production, especially cereals. The moderation in non-food inflation somehow cushioned part of the impact of the food inflation on the overall price pressures. Consequently, end-period inflation increased modestly to 23.8 percent from 23.2 percent in December 2023. However, annual average inflation declined noticeably to 22.9 percent in 2024 from 40.3 percent in 2023, induced by a systematic decline in all average price indices since September 2023.

Graph 47: Real GDP Growth of Ghana: 2019 - 2024



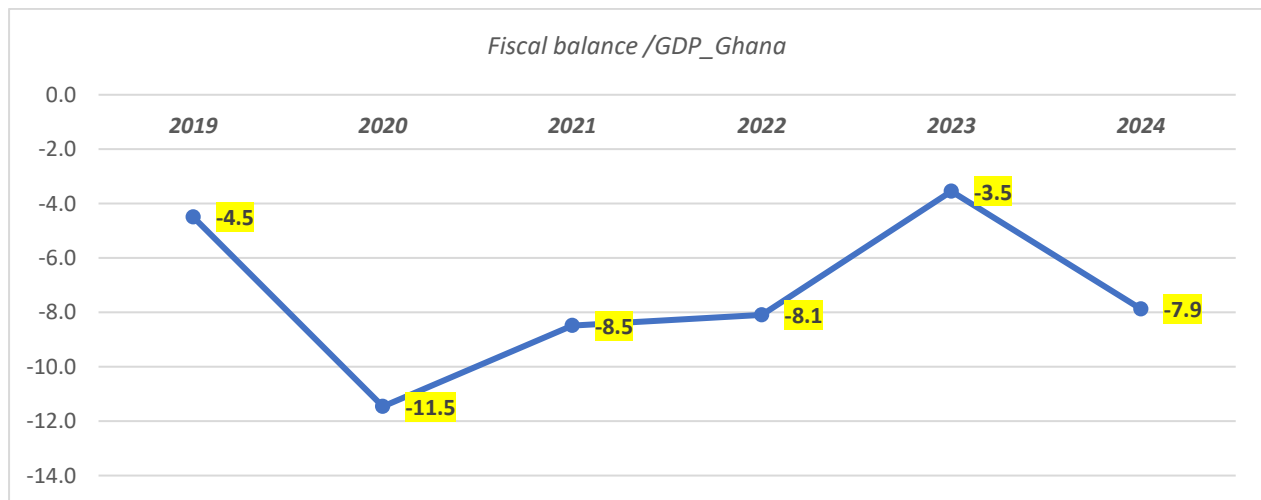
#### 4.5.2 Fiscal sector

248. Fiscal performance deteriorated in 2024 compared to the out-turn in 2023, emanating from the significant increase in expenditures due to frontloaded government projects ahead of the 2024 general elections, resulting in accumulation of huge expenditure claims despite improvements in revenue generation during the period.
249. Total revenue and grants amounted to GH¢186,593.30 million (15.9% of GDP) in 2024 compared to GH¢136,011.25 million (15.3% of GDP) in 2023, indicating a 37.2 percent increase over the period arising from domestic revenues. The out-turn in revenue and grants was also higher than the revised budget of GH¢ 177,219.82 million (17.4% of GDP) for 2024. Receipts from domestic revenue increased by 38.6 percent to GH¢ 184,877.63 million (15.7% of GDP) from GH¢ 133,359.58 million (15.0% of GDP) in 2023, supported by both tax and non-tax revenue. Tax revenue increased by 30.1 percent to GH¢ 151,155.01 million (12.9% of GDP) in 2024 from GH¢ 116,179.57 million (13.1% of GDP) in 2023, driven by strong performance from all its sub-components during the period.
250. Non-tax revenue amounted to GH¢ 27,733.64 million (2.4% of GDP) compared to GH¢ 17,645.67 million (2.0% of GDP) in 2023, reflecting a 57.2 percent increase over the period. However, other revenues declined by 2.6 percent to GH¢ 4,928.48 million (0.4% of GDP) from GH¢ 5,059.62 million (0.6% of GDP) in 2023. Grants declined significantly to GH¢ 1,715.68 million (0.1% of GDP) from GH¢ 2,651.67 million (0.3% of GDP) in 2023, reflecting non-receipt of programme grants during the period due to the country not meeting some prior conditions for the receipt of the funds.
251. Total Expenditure rose to GH¢ 248,004.95 million (21.1% of GDP) in 2024 from GH¢ 154,626.73 million (17.4% of GDP), reflecting the increase in both recurrent and capital expenditures during the review period.
252. Recurrent expenditure increased markedly to GH¢ 196,854.86 million (16.7% of GDP) from GH¢ 133,515.43 million (15.0% of GDP) in 2023, largely explained by the increase in compensation of

employees and interest payments. Compensation of employees, comprising wages and salaries, social contribution, pensions and gratuities rose to GH¢ 67,188.97 million (5.7% of GDP) from GH¢ 50,807.76 million (5.7% of GDP) in 2023, mainly due to some special recruitments that were carried out. Expenditure on goods and services rose by 36.3 percent to GH¢ 11,509.02 million (1.0% of GDP) from GH¢ 8,445.60 million (1.0% of GDP) in the previous year. Interest payments rose to GH¢ 46,792.26 million (4.0% of GDP) in 2024 from GH¢ 29,347.78 million (3.3% of GDP) in 2023, mainly due to the significant rise in both interest payments on the domestic and external debts arising from the resumption of interest payments on government bonds following the partial suspension of debt servicing in 2023 as part of the debt restructuring programme.

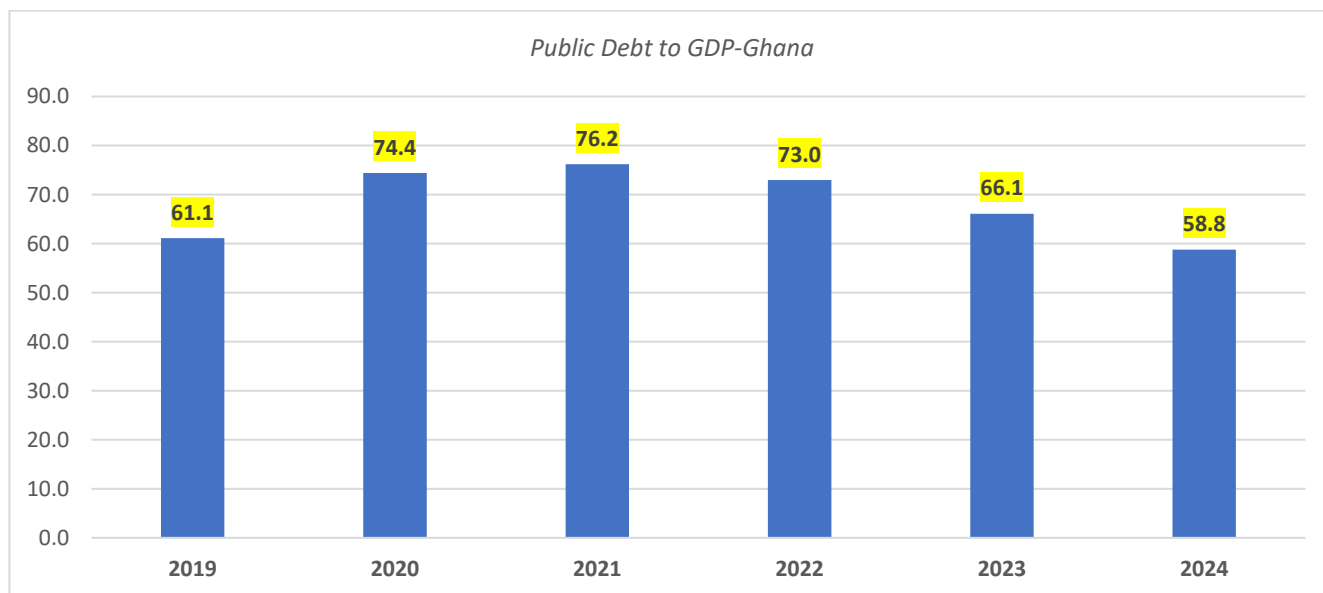
- 253. Capital expenditure rose to GH¢ 29,388.68 million (2.5% of GDP) in 2024 from GH¢ 21,111.30 million (2.4% of GDP), reflecting a 39.2 percent increase over the period. Domestic financing account for 50.1 percent source of financing of the total capital expenditure in 2024, lower than the 43.3 percent in 2023.
- 254. The overall budget deficit (including grants and on a commitment basis) worsened to GH¢92,647 million (7.9% of GDP) in 2024 from GH¢ 27,986.87 million (3.5% of GDP) in 2023. Excluding grants, the deficit amounted to GH¢ 94,364 million (8.0% of GDP). The deficit was financed from both domestic and external sources.

*Graph 48: Fiscal balance to GDP of Ghana: 2019 - 2024*



- 255. The stock of public debt remained elevated during the review year, broadly reflecting exchange rate dynamics and increased government borrowings in the domestic debt market. The debt stock stood at GH¢ 726.6 billion at end-December 2024 from GH¢ 610.0 billion in the corresponding period of 2023, reflecting the rise in both domestic and external debt during the period. However, as a percentage of GDP, the total public debt moderated to 58.8 percent at end-December 2024 from 66.1 percent at end-December 2023.

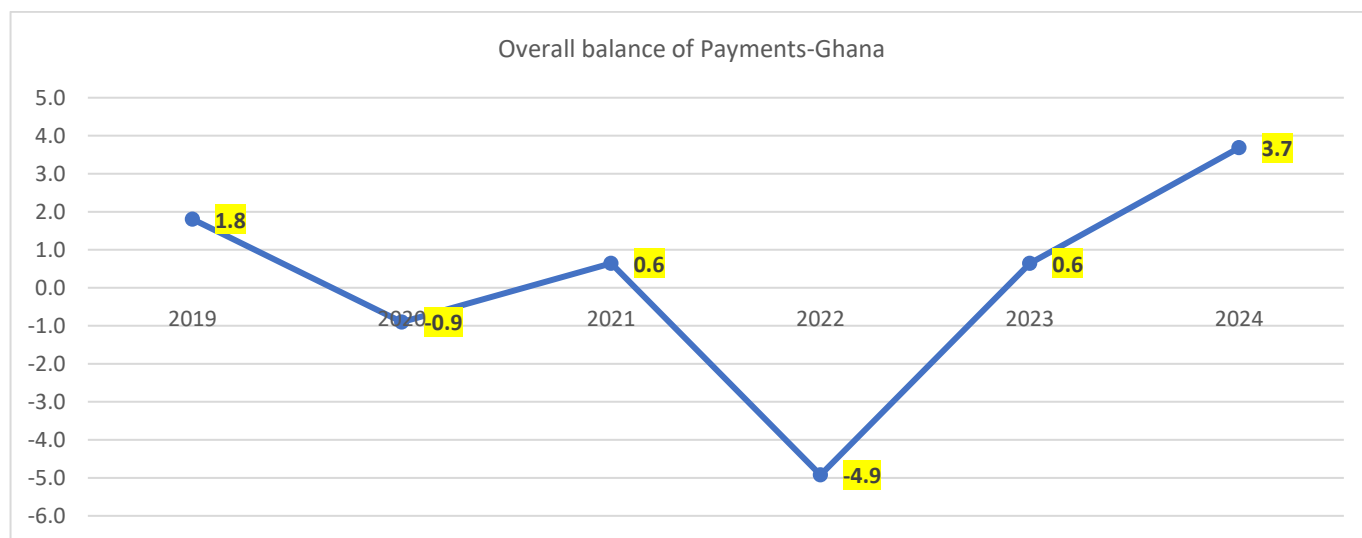
Graph 49: Public Debt to GDP of Ghana: 2019 - 2024



#### 4.5.3 External Sector

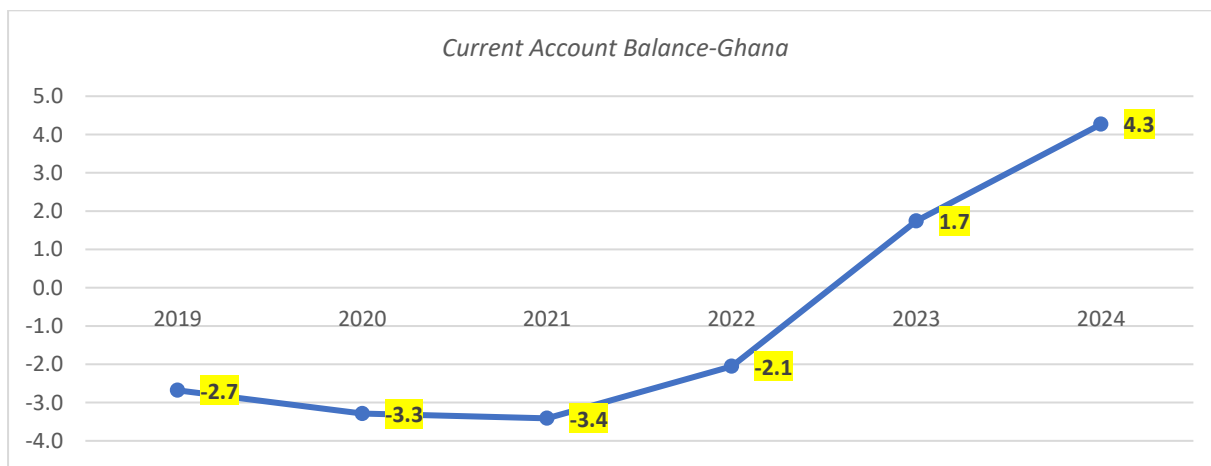
256. External sector developments recorded remarkable improvements in 2024 as the current account improved, mainly driven by a robust trade surplus. The overall balance of payments surplus also strengthened mainly due to higher gold exports, increased remittance inflows, moderate capital outflows and higher foreign direct investments as well as increased official disbursements. The current account surplus, including official transfers improved to US\$3,582.0 million (4.2% of GDP) in 2024 from US\$1,407.1 million (1.8% of GDP) in 2023, attributed to higher trade surplus and higher remittance inflows. However, the services account (net) and primary income (net) worsened following some improvements in 2023.

Graph 50: Overall Balance to GDP of Ghana: 2019 – 2024



257. The trade surplus increased to US\$5,035.0 million (5.9 % of GDP) from US\$2,694.0 million (3.5% of GDP) in 2023, underpinned by increased exports, especially gold. However, the rise in imports was modest compared to the growth in exports during the period. However, deficits in the services account (net) and primary income (net) worsened to US\$3,891.0 million (4.6% of GDP) and US\$2,980.0 million (2.7% of GDP) from US\$3,353.0 million (4.4% of GDP) and US\$2,083.0 million (2.7% of GDP) in 2023. The worsening of the primary income (net) was driven by increase in debt interest payments and other primary income outflows during the period. Secondary income (net) increased to US\$5,418.0 million (6.4% of GDP) in 2024 from US\$4,149.0 million (5.4% of GDP) in 2023. This development was mainly driven by the 30.0 percent increase in remittance inflows during the period. Though lower, the remittance outflow increased by 14.6 percent during the period.

Graph 51: Current Account to GDP of Ghana 2019 – 2024



258. The capital account balance declined to US\$124.0 million (0.15% of GDP) from US\$129 million (0.17% of GDP) in 2023, driven by reduction in capital inflows during the period. The financial account recorded a net borrowing of US\$511.0 million (0.6% of GDP) compared to a net borrowing position of US\$861.0 million (1.1% of GDP) in 2023, mainly reflecting foreign direct investments and other investments. Foreign direct investment (net) inflows increased to US\$1,738.0 million (2.1% of GDP) from US\$1,308.0 million (1.7% of GDP) in 2023. However, Portfolio Investment (net) outflows was US\$39.3 million (0.1% of GDP) in 2024 against the net inflow of US\$1,272.0 million (1.7% of GDP) in 2023. Consequent to the above, the overall balance of payments surplus increased markedly to US\$3,059.5 million (3.6% of GDP) from US\$519.0 million (0.7% of GDP) in 2023.

259. Gross external reserves increased steadily from US\$5,923.0 million (2.7 months import Cover) at end December 2023 to US\$6,865.3 million (3.1 months import Cover) at end-June 2024 before settling at US\$8,982.5 million (4.0 months of import cover) end-December 2024. The increase in external reserves is mainly explained by the gold for reserves programme and disbursement under the IMF ECF programme.

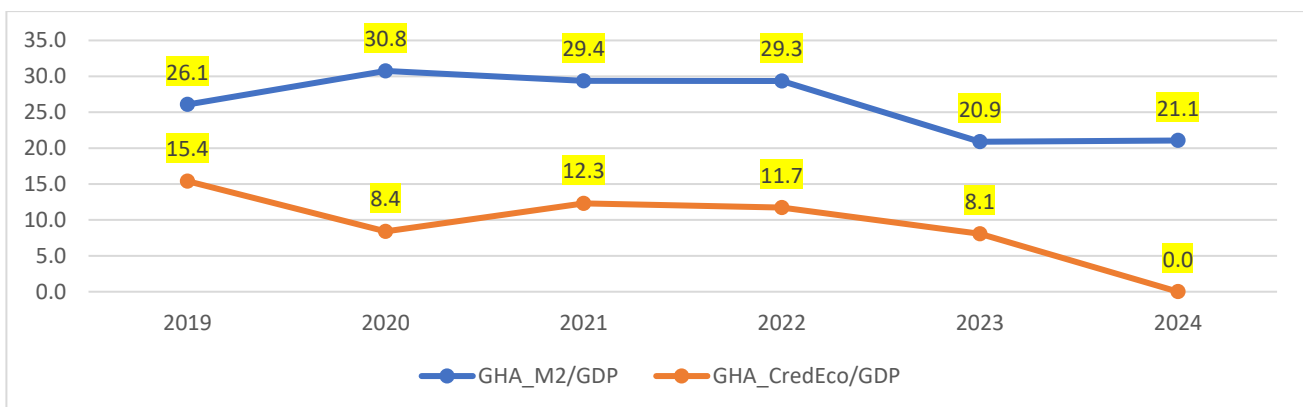
260. Exchange rate pressures that existed in the first three quarters of the year were largely driven by uncertainties surrounding cocoa financing, the restructuring of Eurobond obligations, and

elections-related concerns. However, in the last quarter, the local currency recorded some gains, supported by a stronger reserves position, improved market sentiments following progress on debt restructuring. Consequently, the cedi depreciated by 19.2 percent against the US dollar in 2024, compared to a depreciation of 27.8 percent in 2023.

#### 4.5.4 Monetary Sector

261. Broad money supply (M2+) grew by 31.9 percent in the 12-month period ended December 2024, compared to the growth rate of 38.7 percent in the corresponding period of 2023, reflecting moderation in growth in Net Domestic Assets (NDA). However, Net Foreign Assets (NFA) supported the growth in M2+ in the review period.
262. NDA expanded by 6.1 percent in the period ended December 2024 compared to the growth of 19.8 percent in the corresponding period of 2023. This slowdown was mainly driven by net claims on government which contracted by 2.1 percent compared to the contraction of 9.3 percent recorded at end-December 2023 during the period. Claims on the private sector (net) grew by 25.9 percent at end-December 2024 compared to 0.3 percent growth rate recorded in 2023. Growth in net claims on the public sector was enormous, against the contraction of 85.7 percent recorded at end-December 2023.
263. However, NFA expanded 302.6 percent against the contraction of 310.4 percent at end-December 2023, mainly attributed to the expansion in the NFA of the Central Bank, due to effects of the Gold for Reserves programme and the IMF disbursements under the ECF programme. The NFA position of the Central Bank expanded significantly compared to the contraction of 123.0 percent recorded in the period ended December 2023. Similarly, the NFA of Deposit Money Banks (DMBs) expanded by 124.8 percent compared to the growth rate of 146.8 percent in the 12-month period ended December 2023.
264. Reserve Money increased by 47.8 percent in 2024 compared to the growth of 29.7 percent in 2023, reflecting the increase in currency outside banks due in part to the Gold for Reserves programme. Reserves of deposit money banks held at the central bank also increased during the period.

Graph 52: M2/GDP and Credit to the Economy/GDP of Ghana: 2019 - 2024



265. On the liabilities side, growth in narrow money accelerated to 38.2 percent in the 12-month period ended December 2024 from 37.6 percent in the corresponding period of 2023, driven mainly by expansion in currency with the public, arising from the Gold for Reserves programme. However, Transferable deposits, slowed to 23.7 percent from 47.5 percent at end-December 2023. Growth in quasi-money was lower at 25.9 percent compared to the growth rate of 39.7 percent at end-December 2023. This development was occasioned by the slowdown in time and savings deposits as well as foreign currency deposits during the period.
266. The money market rates for short-dated instruments generally trended downward while rate on longer-dated instruments remained stable in 2024. The 91-day interest rate declined to 27.73 percent at end-December 2024 from 29.39 percent at end-December 2023. Similarly, the 182-day treasury bill rates declined to 28.43 percent from 31.70 percent over the same comparative period. The inter-bank weighted average rate declined to 27.03 percent in December 2024 from 30.19 percent in December 2023. Savings rate remained at 5.00 percent during the review period. The inter-bank weighted average rate declined to 27.03 percent in December 2024 from 30.19 percent in December 2023.
267. Total assets increased to GH¢367.8 billion in 2024 from GH¢274.9 billion in 2023, reflecting growth in deposits, bank borrowings and shareholder funds. The industry’s Average Capital Adequacy Ratio (CAR) increased to 11.3 percent in 2024, above the revised prudential minimum of 10 percent from 8.3 percent a year ago. This was due to rebound of profitability in the sector and the recapitalisation efforts of banks. Asset quality, however, deteriorated as the Non-Performing Loans (NPLs) ratio increased to 21.8 percent in 2024 from 20.7 percent in 2023 due to deterioration in loans in the transportation, storage and communication, manufacturing and services sectors which increased to 49.1 percent in December 2024 from 32.7 percent in December 2023. After adjusting for the loss category (fully provisioned for), the NPL ratio was 8.5 percent compared to 8.4 percent at end-December 2023.

#### 4.5.5 Performance under the Macroeconomic Convergence Criteria

268. With regards to macroeconomic convergence, Ghana made some progress, meeting two (central bank financing of the budget deficit and gross external reserves) of the four primary criteria in 2024 against one (central bank financing of the budget deficit) in 2023. On the secondary convergence scale, country met the public debt to GDP ratio criterion and missed the nominal exchange rate variation criterion, same as the situation in 2023.

Table 16: Status of convergence in Ghana

CRITERIA	TARGET	2020	2021	2022	2023	2024
<b>Primary Criteria</b>						
Budget deficit (commitment basis, including grants)	≤3%	11.5	8.5	8.1	3.5	7.9
Average annual inflation rate	≤5%	10.0	10.0	31.9	40.3	22.9
Central Bank financing of Budget Deficit	≥10%	10.6	54.2	87.5	0.0	0.0
Gross external reserves	≥3	4.1	4.5	2.8	2.7	4.0
<b>No. of Primary Criteria met</b>		<b>1</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>2</b>
<b>Secondary Criteria</b>						

<i>Nominal exchange rate variation</i>	$\pm 10\%$	-7.7	-5.7	-24.6	-25.2	-22.0
<i>Public debt to GDP ratio</i>	$\leq 70\%$	74.4	76.2	73.0	66.1	58.8
<b>No. of Secondary Criteria met</b>		<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Total Convergence Criteria Met</b>		<b>2</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>3</b>

#### **4.5.6 Prospects for the Medium-Term**

269. The medium-term macroeconomic framework indicates that, real GDP growth is projected at 4.0 percent in 2025 compared to the estimated 5.7 percent recorded in 2024 and averaging 5.0 percent from 2026 to 2028. This is premised on the government’s big push agenda and the 24-hour economy policy. Inflationary pressures are expected to moderate in the medium-term. Headline inflation is expected to moderate to 11.9 percent in 2025 and further to 8.0 percent from 2026 onwards, anchored on fiscal discipline and proactive monetary policy stance. The budget deficit on commitment basis is projected to narrow to 3.1 percent of GDP in 2025 and turning surplus by 2028, on account of fiscal consolidation. Monetary policy stance is expected to be relatively tight in the medium term to support the downward trend in inflationary pressures. The external sector performance is expected to remain favourable, premised on strong performance in gold production, enhanced remittance and FDI inflows and increase commodity prices. The gross external reserve is expected to cover at least three (3) months of import of goods and services in the medium-term.
270. In the area of the macroeconomic convergence, Ghana is expected to make further progress, as the country is expected to satisfy two criteria (central bank financing of fiscal deficit criteria and gross external reserves) in 2025. On secondary convergence criteria, the country is expected to meet both the public debt to GDP and the nominal exchange rate variation criteria.
271. However, risks to the outlook include potential effects of U.S. tariffs, the temporary suspension of the USAID activities, and rising geopolitical tensions, which are expected to heighten global uncertainty and dampen demand for commodities in the medium term. Additionally, the withdrawal of Burkina Faso, Mali and Niger from ECOWAS poses further risks to the economic outlook.

#### **4.5.7 Conclusion and Recommendations**

272. Ghana’s economy showed strong signs of recovery in 2024, supported by robust growth in mining and Information and communication, rebound in construction, improved external balances, and easing inflationary pressures. Monetary policy stance is deemed appropriate in the current economic environment. However, rising fiscal vulnerabilities, elevated debt levels, and rising NPLs, pose risks to sustained macroeconomic stability. The authorities’ commitment to the IMF ECF programme which aims at fiscal consolidation, export diversification, and institutional reforms is commendable.
273. On the primary convergence scale, Ghana met two of the criteria, the central bank financing of the budget and the Gross external reserves criterion.

274. Looking forward, the economy is expected to achieve macroeconomic stability with strong growth and moderating inflationary pressures. Despite the projection of stronger economic performance over the medium-term, Ghana may not meet all four of the primary convergence criteria. However, risks emanating from geopolitical tensions exist.
275. Considering the above observations, the following recommendations are proffered for the consideration of the relevant Authorities.

### **Real Sector**

The Authorities are encouraged to:

- i. Fastrack the preparation of the implementation guidelines for the proposed 24-hour economy and undertake a nationwide sensitization campaign, to clarify the objectives, benefits, and operational enablers.
- ii. Sustain the tight monetary policy stance and fiscal discipline to help contain inflationary pressures and further anchor inflation expectations.
- iii. Conduct comprehensive impact assessment analysis of the U.S. tariffs, the temporary suspension of the USAID activities, and the withdrawal of Burkina Faso, Mali and Niger from ECOWAS in order to mitigate its potential negative impact on the economy.

### **Fiscal Sector**

- v. Sustain revenue generation by leveraging on modern technology to develop new and more sustainable revenue sources and ensure efficient tax administration and compliance.
- vi. strengthen expenditure commitment controls and ensure strict adherence to the Public Financial Management (PFM) Act and Fiscal Responsibility Act.
- vii. Accelerate arrears clearance through transparent verification, integration into the budget framework, and strict enforcement of commitment controls to prevent new arrears accumulation.
- viii. Prioritize comprehensive debt management strategies, including actively managing debt levels, diversifying funding sources, and implementing measures to mitigate refinancing risks.

### **Monetary and Financial Sector**

- viii. Strengthen regulations and guidelines to significantly bringing down non-performing loans.
- ix. Strengthen financial sector resilience by accelerating bank recapitalization and conducting regular asset quality reviews in line with a risk-based supervisory framework.
- x. Build investor confidence and support the issuance and uptake of medium- to long-term instruments by sustaining fiscal consolidation, maintaining macroeconomic stability, enhancing debt management transparency, and continuing monetary policy communication.

- xi. Encourage businesses to use Ghana Alternative Exchange Market to access long term capital for business expansion and enhanced productivity.
- xii. Enhance the potential of trade related payments by continuous upgrading of the payment infrastructure as many countries get on board on the PAPSS.

**External Sector**

- xii. Continue to build external buffers particularly through gold accumulation, while maintaining sound fiscal policies and effective management of external debt to ensure long-term stability.
- xiii. Diversify exports and enhance value addition in agriculture and manufacturing to reduce dependence on gold, oil, and cocoa exports, and to build a more resilient export base.

## **4.6 Economic and Financial Situation of Guinea**

276. In 2024, economic activity was driven by the implementation of the 2022-2025 Interim Reference Programme (IRP), improvements in the business climate and continued reforms to build and improve the public finance management system. The context was also marked by the formalisation of the Simandou 2040 Programme, which will serve as a development strategy for the coming years, taking over from the IRP and incorporating its achievements and challenges. This sustainable socio-economic development programme is based on five strategic pillars: (i) Agriculture, Food Industry and Trade; (ii) Education and Culture; (iii) Infrastructure, Transport and Technology; (iv) Economy, Finance & Insurance; and (v) Health and Well-being.
277. The main economic policy objectives for the year included achieving economic growth of 6.5% of GDP, maintaining average inflation at single digits, improving the tax burden ratio to 12% and strengthening reserves to cover at least three months of imports.
278. Economic growth stood at 6.6% in 2024, accelerating from the 6.2% rate recorded in 2023. This growth took place against a backdrop of easing inflationary pressures. Inflation stood at 5.1% in 2024, compared to 5.3% a year earlier. In terms of public finance management, the year was characterised by a reduction in the budget deficit as against 2023. On the monetary front, monetary policy was expansionary in order to support the Government in achieving strong and inclusive growth. To this end, the BCRG lowered its main monetary policy rate in December 2024 to 10.75% from 11.0% previously. The reserve requirement ratio was also reduced to 12.75%, from 13.0% previously<sup>2</sup>. Concerning convergence, the situation in terms of the number of criteria met remained unchanged from 2023.

### **4.6.1 Real Sector**

#### **4.6.1.1 Growth**

279. Despite an unfavourable global environment in 2024, characterised in particular by persistent uncertainties due to geopolitical tensions and the knock-on effects of the fire at the central fuel depot in Conakry, the Guinean economy posted sustained growth. Real GDP growth stood at 6.6% in 2024, compared to 6.2% in 2023, reflecting a clear improvement. This performance was mainly driven by the strong performance of non-mining sectors, particularly services, construction, energy and public administration.
280. The primary sector recorded growth of 5.3% in 2024, compared to 6.1% in 2023. This slowdown reflects less favourable economic conditions, marked in particular by mixed results in the food and export agriculture sectors. Similarly, the forestry sub-sector declined by 2.8% in 2024, compared to growth of 1.6% in 2023, as a result of government restrictions on logging activities. On the other hand, the livestock and fisheries sub-sectors recorded growth of 6.2% and 6.1% respectively, against 5.4% and 6.0% respectively in 2023. This growth in the fisheries sub-sector is said to be the result of continued efforts to implement the financing plan for the 2022-2027 Strategic Recovery Plan for the fisheries sub-sector. It is also due to the acquisition and

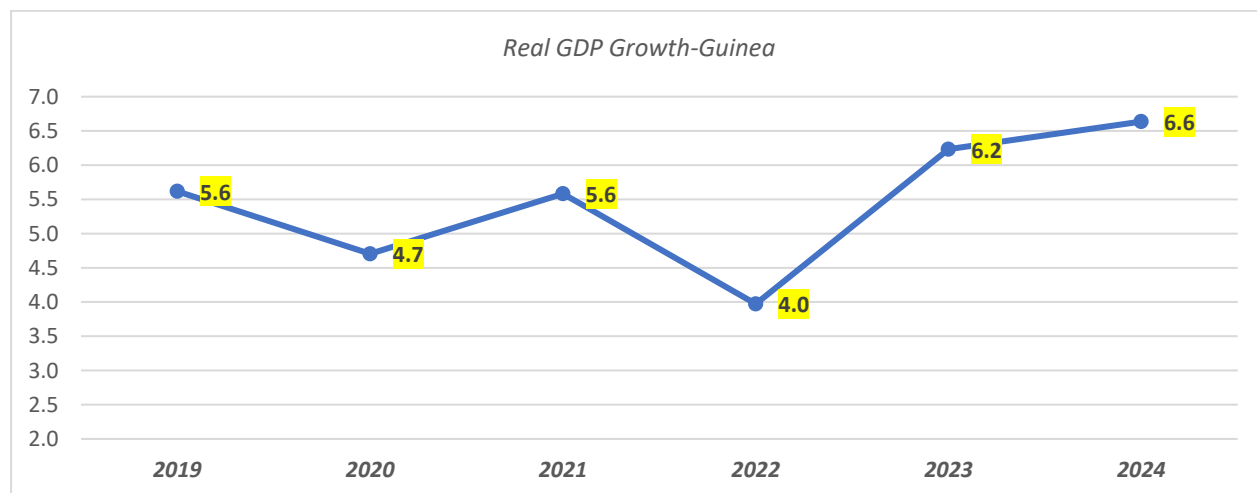
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<sup>2</sup> It should be noted that, at its 17<sup>th</sup> regular meeting of the Monetary Policy Committee on 14 March 2025, the BCRG decided to lower the main monetary policy rate and the reserve requirement ratio by 50 basis points to 10.25% and 12.25% respectively.

provision of inputs under the Programme to Support Small-Scale Fisheries in Guinea (PAPAG). As regards the livestock sub-sector, performance is expected to be linked to the training of young livestock farmers, the provision of breeding stock to increase livestock numbers and the construction of livestock infrastructure.

281. The secondary sector grew by 9.0% in 2024, following growth of 8.8% in 2023, mainly driven by the mining sub-sector. Extractive activities grew by 9.5% in 2024, compared to 9.8% in 2023. This slowdown was mainly due to the temporary suspension of operations by Guinea Alumina Corporation (GAC), one of the main operators in the bauxite sector. The construction sub-sector, however, saw moderate growth of 8.6%, compared to 14.0% in 2023, mainly attributable to the approach of the end of construction work undertaken by some mining companies, whose infrastructure investments have reached a state of maturity.
282. Growth in the tertiary sector stood at 6.1% in 2024, an improvement of 1.3 percentage points over 2023, driven by improved fuel supply conditions for some service sectors. On the other hand, trade activities grew by 5.9%, 0.3 percentage points less than in 2023, supported by lower domestic demand, linked among other things to: (i) the effects of the explosion of the country's main fuel depot; (ii) the Russia-Ukraine war; and (iii) higher import costs. Growth in hotel services stood at 4.8%, compared to 3.5% in 2023, in line with the development and upgrading of many tourist sites in the country. Similarly, activities in the transport sub-sector grew by 5.3% in 2024, after 4.6% in 2023, due in particular to improved road network and the acceleration of handling operations at the Port of Conakry. On the other hand, postal and telecommunications activities slowed to 5.3% in 2024, after a 6.4% increase in 2023, due to a decline in the number of subscribers among some operators.

Graph 53: Real GDP Growth of Guinea: 2019 - 2024



283. In terms of contribution to the 6.6% growth recorded in 2024, the primary sector contributed 1.0 percentage point, the secondary sector 3.3 percentage points and the tertiary sector 2.1 percentage points, compared to 1.2 percentage points, 3.2 percentage points and 1.6 percentage points respectively in 2023. Regarding GDP ratio, the tertiary sector was the largest

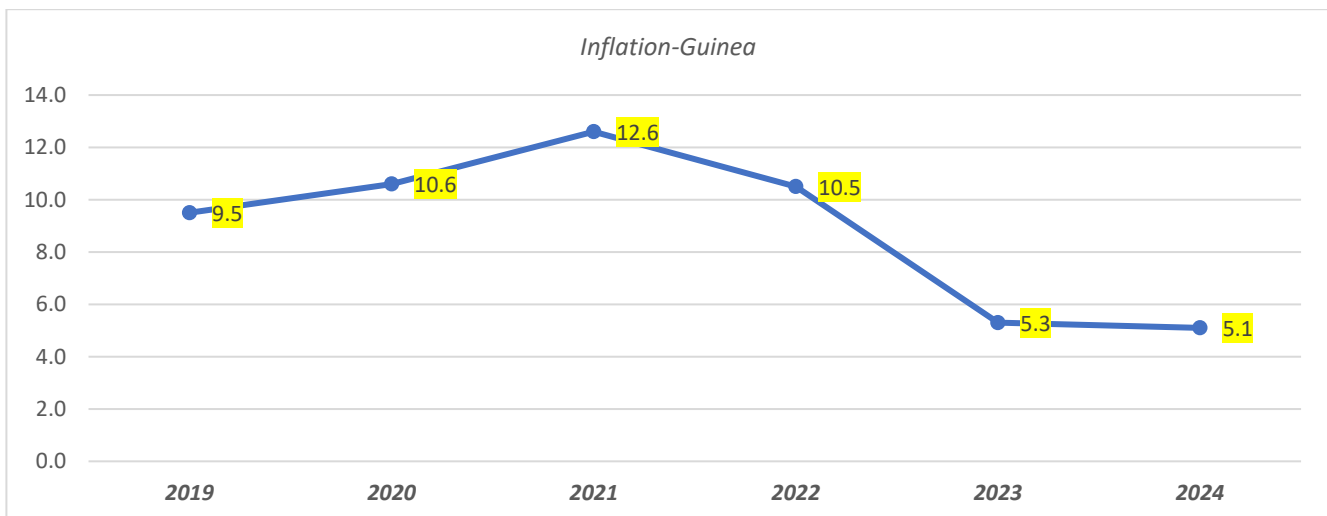
with a share of 39.8%, followed by the secondary sector with 35.7%, and the primary sector was last with 19.7%.

284. With respect to demand, growth will be driven by contrasting factors across all sub-sectors in 2024. Final consumption grew by 15.3% in 2024, compared to 11.7% in 2023, while investment, measured by GFCF, slowed to 10.6% in 2024, as opposed to 15.8% in 2023. These developments come against a backdrop of continued implementation of infrastructure construction projects included in the Reference Programme. Growth in exports of goods and services slowed from 11.3% in 2023 to 6.7% in 2024, linked to the temporary suspension of activities at Guinea Alumina Corporation (GAC), one of the country's major bauxite exporters.

**4.6.1.2 Inflation**

285. Inflationary pressures eased in 2024. Average annual inflation stood at 5.1% in 2024, compared to 5.3% in 2023. Year-on-year, it stood at 6.1% in 2024, against 3.1% in 2023. The stability of the year-on-year inflation rate is attributable, among other things, to effective monetary management and the resilience of Guinea's mining sector.

*Graph 54: Inflation rates of Guinea:2019 - 2024*



**4.6.2 Fiscal Sector**

286. Fiscal policy was marked by the continued implementation and strengthening of performance contracts with state-owned financial agencies. In addition, other reforms continue to be implemented in the area of public finance management, including the digitisation of financial agencies, broadening the tax base, rationalising public expenditure and strengthening tax control.

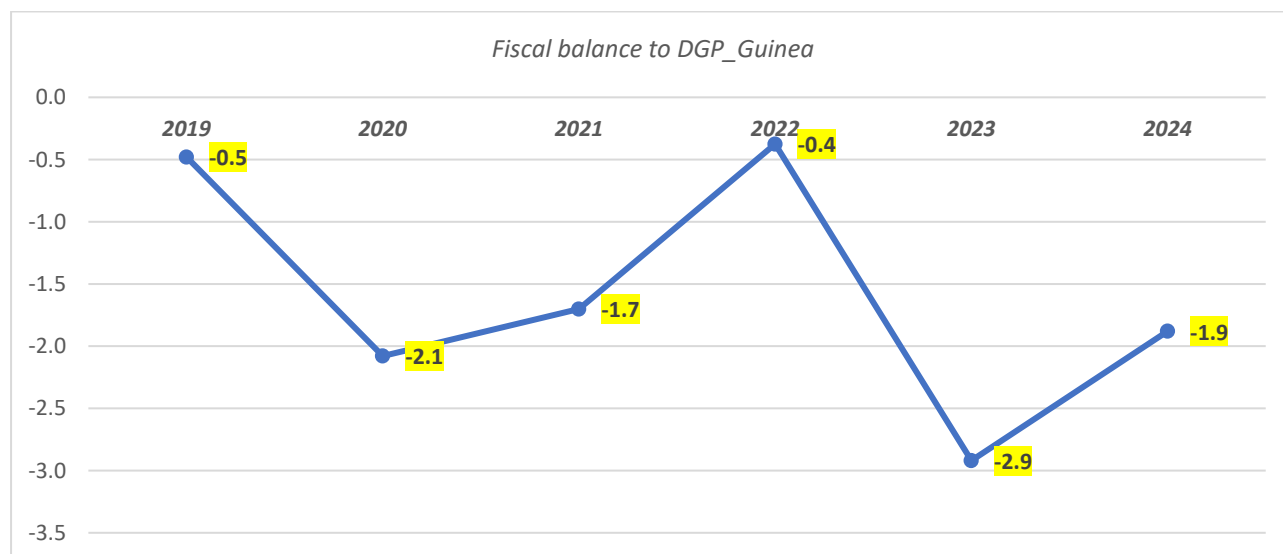
287. Despite a difficult context, the conduct of government's financial operations at the end of the twelve months of 2024 was relatively satisfactory.

288. Total revenue and grants amounted to 32,421.0 billion GNF (14.7% of GDP) in 2024, compared to 27,570.21 billion GNF (14.0% of GDP) in 2023, an increase of 17.6% attributable to domestic revenue, driven mainly by tax revenue. Tax revenue is estimated at 28,398.96 billion GNF (12.8% of GDP) against 23,265.59 billion GNF (11.8% of GDP) in 2023, an increase of 22.1%, driven by

revenues from the non-mining sector. Revenue from the mining sector increased by 29.5% to 4,841.61 billion GNF (2.2% of GDP), accounting for 15.8% of tax revenue. Non-tax revenue fell by 13.7% to 2,180.76 billion GNF (1.0% of GDP) compared to 2,527.99 billion GNF (1.3% of GDP) in 2023. Grants increased by 9.4% to 1,943.58 billion GNF (0.9% of GDP), against 1,776.64 billion GNF (0.9% of GDP) in the previous year.

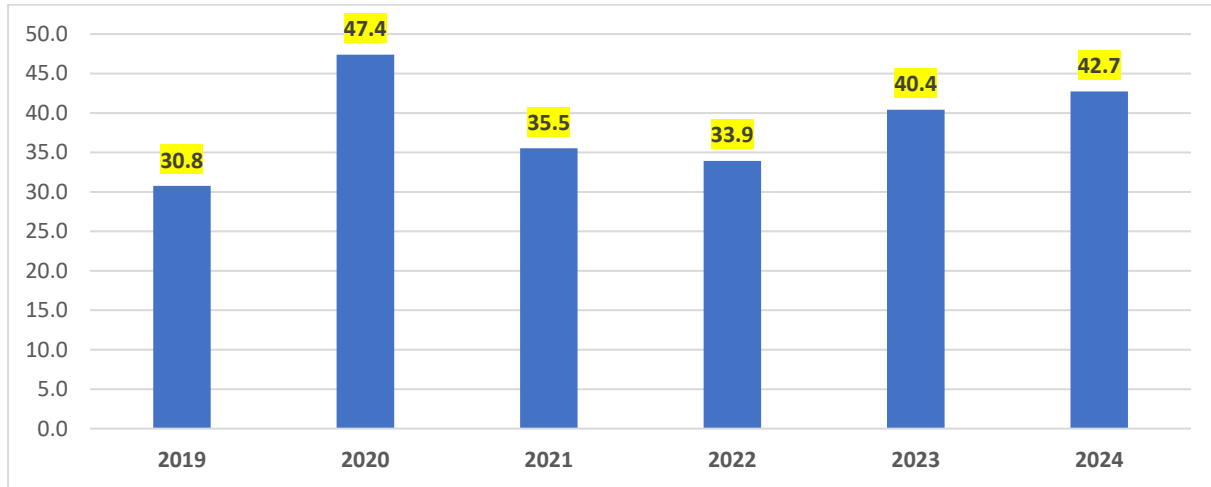
- 289. Total expenditure and net loans rose by 9.8% to 36,576.6 billion GNF (16.5% of GDP) in 2024, compared to 33,317.8 billion GNF (16.9% of GDP) in 2023. This change is attributable to contrasting trends in current expenditure and capital expenditure.
- 290. Current expenditure rose by 84.8% to 16,311.4 billion GNF (7.8% of GDP) in 2024, compared to 8,828.1 billion GNF (4.7% of GDP) in the previous year, in line with the contrasting performance of its main components. Wages and salaries increased by 15.0% to 7,808.40 billion GNF (3.5% of GDP), after 6,788.56 billion GNF (3.4% of GDP) in 2023. Expenditure on goods and services fell from 4,468.9 billion GNF (2.3% of GDP) in 2023 to 4,227.3 billion GNF (1.9% of GDP) in 2024, a decrease of 5.4%. Similarly, transfers and subsidies decreased by 22.8% to 2,186.0 billion GNF (1.0% of GDP), after 2,831.5 billion GNF (1.4% of GDP) in 2023. More than 50% of this amount was allocated to the electricity company (EDG), which was affected by numerous incidents during the period under review.
- 291. Interest payments on public debt amounted to 2,090.8 billion GNF (0.9% of GDP), compared to 1,518.3 billion GNF (0.8% of GDP) in 2023, representing an increase of 37.7%. This situation is due to higher interest payments on domestic debt, offset by a decline in foreign debt (+16.8%).
- 292. Capital expenditure was significantly high at 9,119.4 billion GNF at the end of December 2024, representing a year-on-year decrease of 1.8%, attributable in part to the lack of anticipation of the relatively long lead time for public procurement and the renegotiation of some road construction contracts following the government restructuring that took place during the period under review.

Graph 55: Fiscal balance to GDP of Guinea: 2019 – 2024



293. Outstanding public debt stood at 94,456.2 billion GNF (42.7% of GDP) compared to 79,569.1 billion GNF (40.4% of GDP) in the same period of 2023. This change is attributable to the momentum of the economy over the last three years, with an average growth rate exceeding 5.4%.

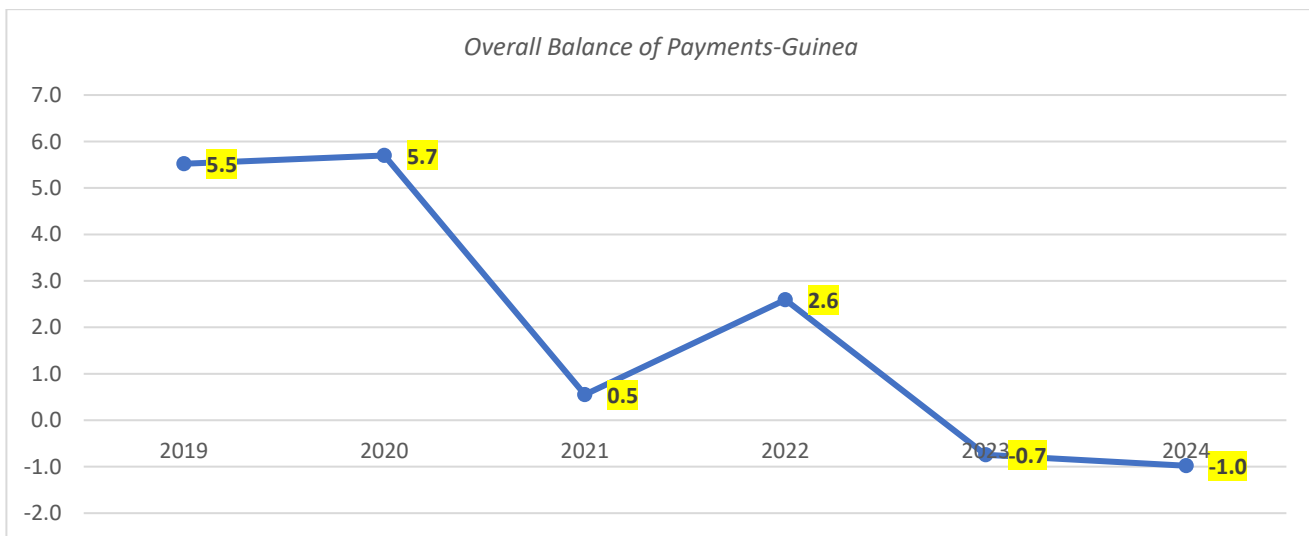
Graph 56: Public Debt to GDP of Guinea: 2019 - 2024



#### 4.6.3 External sector

294. Services balance showed a deficit of 26,260.9 billion GNF at the end of December 2024, compared to a deficit of 26,728.3 billion GNF in the same period of 2023, representing a slight reduction in the deficit of 375.2 billion GNF (1.7%). This change in the services balance deficit is mainly due to the increase in bills paid by residents for specialised services and management consulting services.

Graph 57: Overall balance of Payments to GDP of Guinea: 2019 - 2024

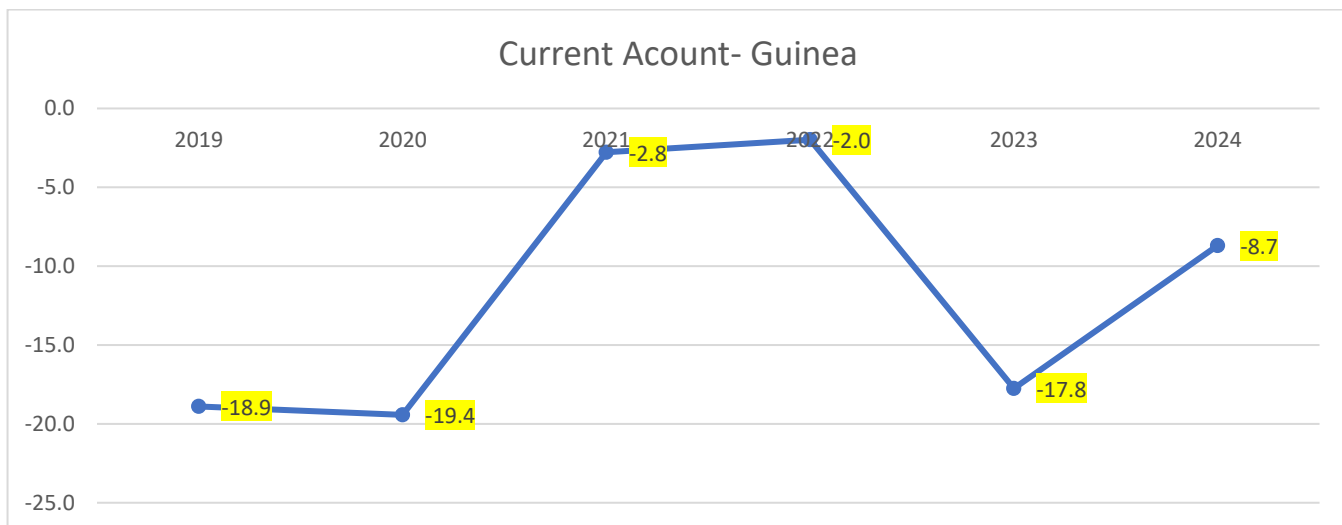


295. In addition, Guinea's economic and financial transactions with the rest of the world resulted in a significant deterioration in the primary income balance deficit at the end of December 2024, which stood at 20,232.6 billion GNF compared to a deficit of 16,440.1 billion GNF in the same

period of 2023, accounting for an increase of 23.1%. The deterioration in the primary income balance is largely due to the increase in interest payments on direct investment to non-residents, which contributed 22.8 percentage points.

296. The secondary income balance recorded a surplus of 4,177.4 billion GNF at the end of December 2024, compared to a surplus of 3,902.3 billion GNF in the same period of 2023, representing an increase of 275.1 billion GNF (7.0%). This situation is linked to transfers from Guinean migrants received by resident financial and non-financial companies on behalf of households as part of family assistance.
297. In view of the above, the current account showed a deficit of 3,346.2 billion GNF at the end of December 2024, or 8.7% of GDP, compared to a deficit of 16,180.2 billion GNF (-17.8% of GDP) in the same period of the previous year. This development comes against a backdrop of rising imports in connection with the development of the SIMANDOU Project.

*Graph 58: Current Account to GDP of Guinea: 2019 - 2024*



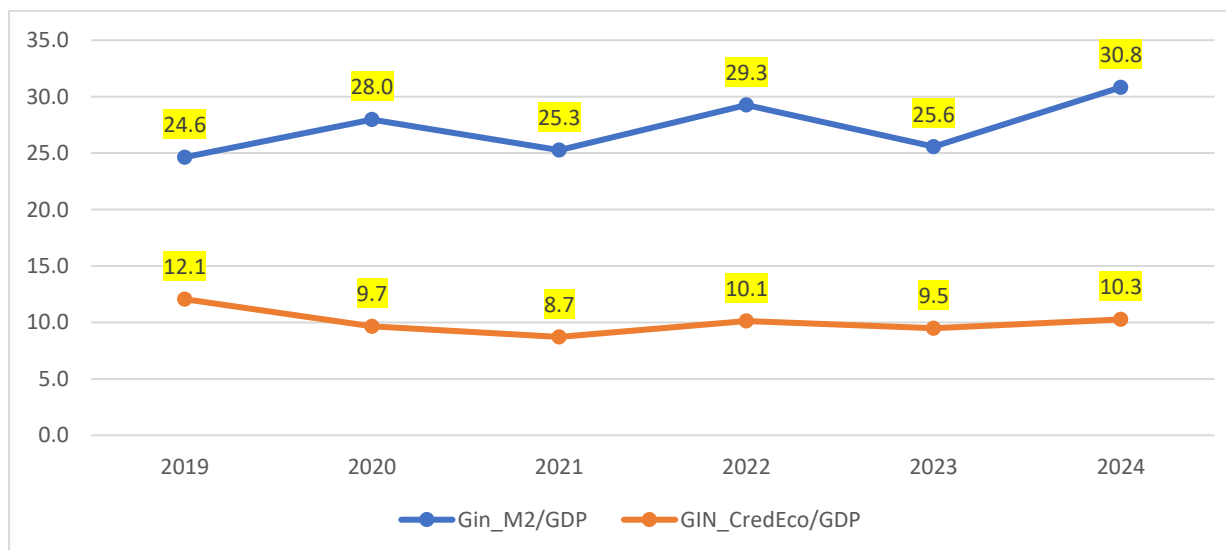
298. Capital account balance showed a surplus of 1,961.2 billion GNF at the end of December 2024, compared to a surplus of 1,904.6 billion GNF in the same period of 2023, representing an increase of 56.6 billion GNF (3.0%), due to a 281.0 billion GNF (16.4%) increase in capital transfers received by public administrations and other donor support.
299. The financial account showed a net acquisition of financial assets of 771.9 billion GNF at the end of December 2024, compared to 19,559.7 billion GNF in the same period of 2023. The period under review was also marked by: (i) drawdowns on new loans by the Guinean government from its bilateral and multilateral partners amounting to 3,655.9 billion GNF, compared to 4,076.0 billion GNF a year earlier; (ii) a decrease in reserve assets of 5,464.7 billion GNF against 5,373.5 billion GNF in 2024; and (iii) an increase in IMF credits and loans, which reached 356.6 billion GNF at the end of December 2024, compared to 168.5 billion GNF in the same period of 2023.
300. On the whole, despite the slowdown in public and private capital, the overall balance of payments showed a deficit of 2,165.3 billion GNF at the end of December 2024, or 1.0% of GDP,

compared to a deficit of 1,466.0 billion GNF (0.7% of GDP) at the end of December 2023. Its financing was characterised by drawdowns on new loans, which contracted by 10.3% during the period under review.

#### **4.6.4 Monetary sector**

301. In 2024, the Central Bank of the Republic of Guinea maintained its monetary policy stance. The main monetary policy rate and the reserve requirement ratio remained unchanged for most of the year. However, at its meeting on 13 December 2024, the Monetary Policy Committee decided to lower the main monetary policy rate and the reserve requirement ratio to 10.75% and 12.75% respectively, compared to 11.0% and 13.0% for the corresponding period in 2023.
302. These measures impacted interest rates by easing conditions at refinancing facilities, thereby reducing the cost of credit to banks. They also contributed to an increase in bank liquidity, facilitating access to resources for financing the economy. On the money market, interest rates eased at refinancing facilities. In 2024, the weighted average rate for liquidity injection operations stood at 8.71%, compared to 9.68% in 2023. At the same time, the weighted average rate for interbank operations reached 8.02% in 2024, compared to 9.08% in the previous year.
303. On the Treasury Bill market, contrasting trends were observed: while weighted rates for 182-day maturity declined, those for 91-day bonds rose. The weighted average rate for 91-day Treasury Bills rose from 13.56% at the end of December 2023 to 14.35% at the end of December 2024. The weighted average rate for 182-day Treasury Bills fell from 14.28% to 13.63% at the end of December 2024, a decrease of 0.65 percentage points, and the weighted average rate for 364-day Treasury Bills stood at 14.33%, compared to 14.75% in December 2023. Finally, on the interbank market, interest rates fluctuated between 4% and 11.5%, with a weighted average rate of 8.05% for 2024.
304. In this context, the monetary situation was characterised by a sharp acceleration in the growth of money supply, which stood at 35.4% at the end of December 2024, after a slight increase of 1.5% at the end of December 2023. This sharp increase was due to the rise in net domestic assets, offset by a decline in net foreign assets.
305. Net foreign assets (NFAs) fell by 15.0% at the end of 2024, compared to a decline of 22.3% at the end of 2023, due to the decline in the BCRG's foreign assets. The Central Bank's net foreign assets contracted by 56.8% year-on-year to 4,126.87 billion GNF at the end of December 2024, compared to a decline of 21.7% a year earlier. This decline is mainly explained by transfers abroad made by the Central Bank on behalf of resident banks, settlements of current government expenditure, external debt payments and settlements of expenditure on behalf of public enterprises during the year. On the other hand, deposit banks' NFAs rose by 48.5% at the end of 2024, compared to a decline of 23.2% at the end of 2023. This improvement is mainly due to the provisioning of foreign correspondent accounts in connection with the settlement of letters of credit, the repatriation of export earnings from gold miners and mining companies, and the transfer by a bank of its non-performing loans to a non-resident investor.

Graph 59: M2/GDP and Credit to the Economy/GDP of Guinea: 2019 - 2024



306. By contrast, net domestic assets (NDAs) increased by 58.5% at the end of December 2024, compared to 18.1% in the same period in 2023, reflecting the sharp change in other net items, the deterioration in the net treasury position in the books of the Central Bank and commercial banks, and the increase in claims on the private sector. Net claims on the government increased by 57.4% after a 19.2% increase at the end of 2023. Claims on the private sector increased by 21.6% compared to 8.2% at the end of 2023. The increase in claims on the private sector is due to the disbursement of loans to customers operating in the trade, energy, petroleum and construction sub-sectors.
307. On the liabilities side, the increase in money supply was marked by a 25.0% increase in currency in circulation and a 0.3% increase in sight deposits, compared to 12.4% and 12.5% respectively at the end of 2023. Term deposits and foreign currency deposits rose sharply by 243.3% and 28.2%, respectively, against declines of 5.6% and 21.6% at the end of 2023.

#### 4.6.5 Macroeconomic Convergence

308. In terms of macroeconomic convergence, the country has met two (2) primary convergence criteria, namely the budget deficit to GDP ratio and the Central Bank financing of budget deficit from the previous year's revenue. The two primary criteria that the country failed to meet relate to inflation (5.1%) and gross reserves in months of imports of goods and services (1.7 months).

Table 17: Status of macroeconomic Convergence in Guinea

CRITERIA	TARGET	2020	2021	2022	2023	2024
<b>Primary Criteria</b>						
Budget deficit (commitment basis, including grants)	≤3%	2.1	1.7	0.4	2.9	1.9
Average annual inflation rate	≤5%	10.6	12.6	10.5	5.3	5.1
Central Bank financing of Budget Deficit	≥10%	10.6	2.2	0.0	6.3	0.3
Gross external reserves	≥3	2.9	4.7	4.7	2.8	1.7

<b>No. of Primary Criteria met</b>		<b>2</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>1</b>
<b>Secondary Criteria</b>						
<i>Nominal exchange rate variation</i>	$\pm 10\%$	-4.8	-4.2	19.5	2.6	0.2
<i>Public debt to GDP ratio</i>	$\leq 70\%$	47.4	35.5	33.9	40.4	42.7
<b>No. of Secondary Criteria met</b>		<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>
<b>Total Convergence Criteria Met</b>		<b>4</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>3</b>

- **Secondary Criteria**

309. The nominal exchange rate of the Guinea Franc against the WAUA appreciated by 0.2 percent in 2024 and was within the acceptable margin of  $\pm 10$  percent variation. The public debt-to-GDP ratio increased to 42.7 percent in 2024 from 40.2 percent in the previous year, but was within the 70 percent ceiling set under the ECOWAS Macroeconomic Convergence and Stability Pact (MCSP).

#### **4.6.6 Prospects**

310. The Guinean economy continues to show resilience despite recent shocks, notably the fire at the Conakry fuel depot in 2023. The momentum of the mining sector, efforts to diversify the economy, and the gradual implementation of structural reforms are supporting growth prospects. In this context, growth is expected to reach 7.2% in 2025, driven by the anticipated performance of the main supply sectors. The primary sector is expected to grow by 5.6% in 2025, compared to 5.3% in 2024. This slight improvement would be driven by efforts to support agricultural production. Growth in the secondary sector is anticipated to reach 8.8% in 2025, against 9.5% in 2024, mainly as a result of the slowdown in extractive activities. The tertiary sector is expected to grow by 6.3% in 2025, compared to 5.1% in 2024, due to the recovery or strengthening of several key sub-sectors, such as trade, financial services, transport and telecommunications. On the demand side, final consumer spending is expected to grow by 16.0% in 2025, against 15.3% in 2024. This growth would be supported by public and private consumption. Gross fixed capital formation (GFCF) is also expected to grow, rising from 23.8% in 2024 to 26.1% in 2025. This performance would be mainly driven by increased public and private investment in strategic sectors, in particular, continued work on the Simandou project.

311. In 2025, the average annual inflation rate would reach 5.0%, compared to 5.1% in 2024. Year-on-year at the end of December, inflation is expected to reach 2.9%, as against 3.1% the previous year. This moderate inflation reflects, in particular, better regulation of food prices, a relative easing of tensions on oil products, and efforts to stabilise housing costs.

312. In the area of public finance, the budget balance is expected to remain in deficit, reflecting a persistent imbalance between revenue trends and public spending dynamics. The budget deficit, including grants, is projected at 3.5% of GDP, while the deficit excluding grants is expected to reach 4.0% of GDP. This situation would result from a sharp acceleration in total expenditure, particularly current expenditure, which would increase by 6.6%.

313. In 2025, Guinea's foreign trade is expected to remain in deficit, estimated at 2,652.0 million USD (-8.8% of GDP) compared to a deficit of 253.6 million USD (-1.0% of GDP) in 2024. This deterioration is mainly due to a worsening of the financial account deficit, reflecting a significant decline in foreign direct investment and other financial flows. The overall balance of payments deficit is expected to worsen by 342.0 million USD (1.2% of GDP) in 2024, due to a decline in the current account surplus, which would drop to 1,631.2 million USD (5.8% of GDP) in 2024.
314. In 2025, the monetary situation would be marked by a slight expansion of money supply and its counterparts. This could increase by 1.8% to 69,352.1 billion GNF, mainly driven by growth in net domestic assets and net foreign assets. Growth in money supply would mainly result from the combined increase in GNF-denominated foreign currency deposits and currency in circulation.
315. In terms of convergence, the two (2) secondary criteria would continue to be met over the period 2025-2027. Two (2) primary criteria, namely 'average annual inflation rate' and 'the Central Bank financing of budget deficit/previous year's tax revenue', would also be met over this period. However, the criteria relating to 'Gross external reserves in months of imports' and 'Budget deficit/GDP' would only be met from 2026 and 2027, respectively

#### **4.6.7 Conclusion and Recommendations**

316. The Guinean economy remained resilient, with growth of 6.6% supported by all economic sectors, albeit to varying degrees. However, in terms of macroeconomic convergence, the country met two (2) of the primary convergence criteria, namely those relating to the budget deficit and the Central Bank financing of budget deficit. It should be noted, however, that the national economy continues to face a number of challenges, including extreme dependence on mineral resources, a deficit in socio-economic infrastructure and low financing of the productive sector of the economy by banks.
317. Based on macroeconomic developments in 2024 and the outlook for 2025, the following recommendations are made to the Guinean authorities:
- Promote diversification of the productive base, ensure local industrial processing in order to reduce the country's dependence on mining exports;
  - Strengthen the agricultural sector, which has high growth potential, and improve productivity and value addition through the implementation of targeted and incentive policies, facilitation of access to inputs and development of extension services;
  - Continue and intensify efforts to strengthen control, digitise revenue collection operations and broaden the tax base, in particular by formalising activities in the informal sector;
  - Continue efforts to ensure adequate revenue mobilisation, streamline expenditure and monitor the final destination of tax exemptions granted.

## 4.7 Economic and Financial Situation of Guinea Bissau

318. Developments in Guinea-Bissau's economy took place in a national context marked by structural problems stemming from the low diversification of the economy, which is still dominated by cashew nut production, making it vulnerable to various internal and external shocks, particularly fluctuations in the price of cashew nuts on the international market. As a result, the economy's performance is largely dependent on the cashew nut marketing process. The 2024 cashew marketing season was somewhat better than the previous year, with an improvement in the terms of trade, as the export price of cashew nuts rose from 1,000 USD per tonne in 2023 to 1,050 USD per tonne in 2024. Economic activity also took place in a context marked by rising import values and the implementation of the Extended Credit Facility Programme with the IMF.

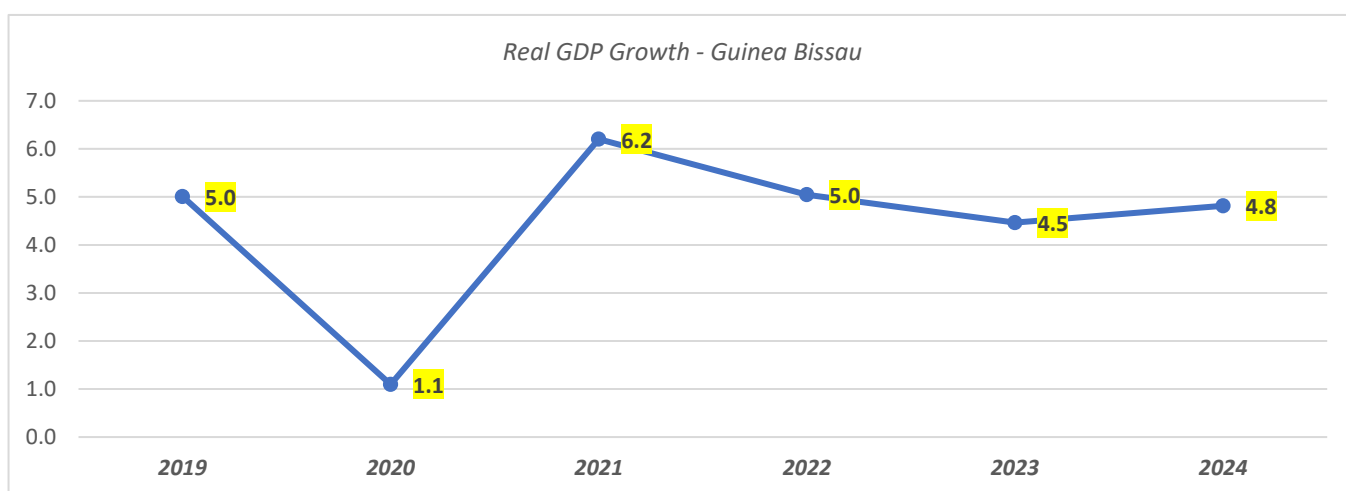
### 4.7.1 Real Sector

#### 4.7.1.1 Growth

319. Guinea-Bissau's real GDP growth rate is estimated at 4.8% in 2024, after 4.5% in 2023, driven by all sectors of the economy.

320. On the supply side, the primary, secondary and tertiary sectors contributed 1.5 percentage points (pp), 1.3 percentage points and 1.9 percentage points to growth, respectively. The value addition of the primary sector grew by 4.3% in 2024, compared to 4.5% in 2023, due to an increase in value addition in all sub-sectors with the exception of the 'cash crops' sub-sector (cashew nuts). In the secondary sector, value addition rose by 8.0% in 2024, compared to 12.8% a year earlier, driven by increased value addition in all sub-sectors. In the tertiary sector, value addition grew by 4.2% in 2024 compared to 1.8% in 2023, indicating the performance of all its sub-sectors.

Graph 60: Real GDP Growth of Guinea Bissau: 2019 - 2024



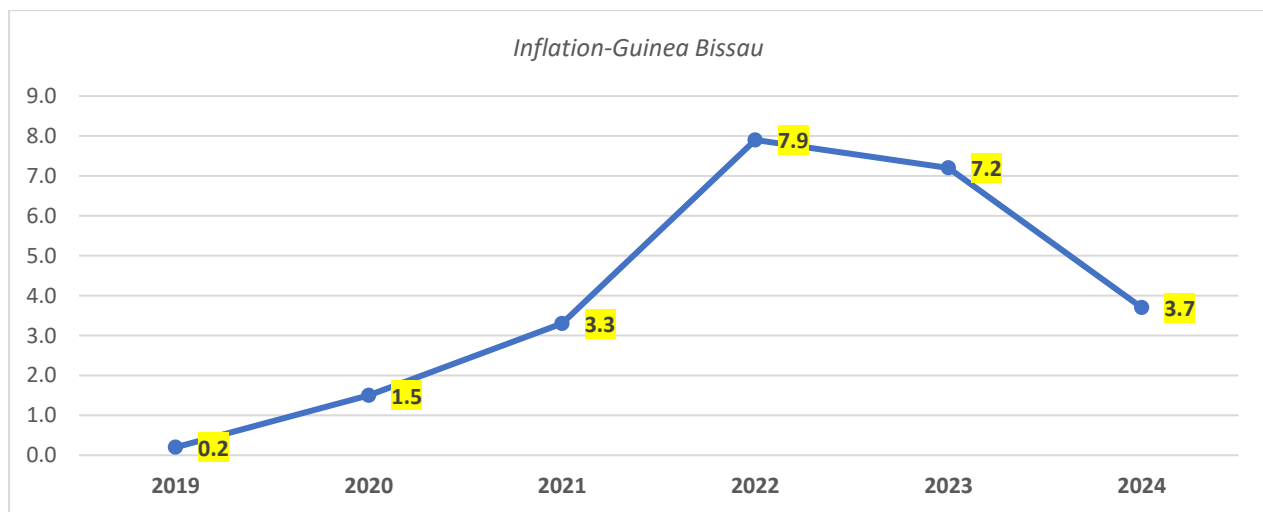
321. On the demand side, economic growth was driven by investment and final consumption, contributing 3.9 percentage points and 2.9 percentage points, respectively. However, the impact of these developments was mitigated by the negative contribution of net exports of -2.0

percentage points. Gross capital formation recovered, rising by 34.7% in 2024 after contracting by 13.9% in 2023. This improvement was attributable to higher private and public investment. Similarly, final consumption increased by 2.9% compared to 5.8% in 2023, driven mainly by public investment, which grew by 12.7% after a decline of 1.1% in 2023. Private consumption recorded a slight increase of 1.0% after a 7.2% increase a year earlier. Net exports contributed negatively to economic growth following an 8.7% decline in exports of goods and services in 2024 compared to 3.0 % in 2023, coupled with a 1.8% increase in imports of goods and services compared to a 3.6% decline in 2023.

#### 4.7.1.2 Inflation

322. In terms of prices, economic activity took place against a backdrop of controlled inflation in 2024. Average annual inflation, as measured by the Harmonised Index of Consumer Prices (IHPC), stood at 3.7% compared to 7.2% in 2023. Year-on-year, inflation stood at 5.7% in 2024, compared to 3.1% in 2023, in line with price increases in the ‘food and non-alcoholic beverages’ (8.3%) and ‘housing, water, electricity and other fuels’ (11.1%) sub-sectors.

Graph 61: Inflation rates of Guinea Bissau: 2019 - 2024

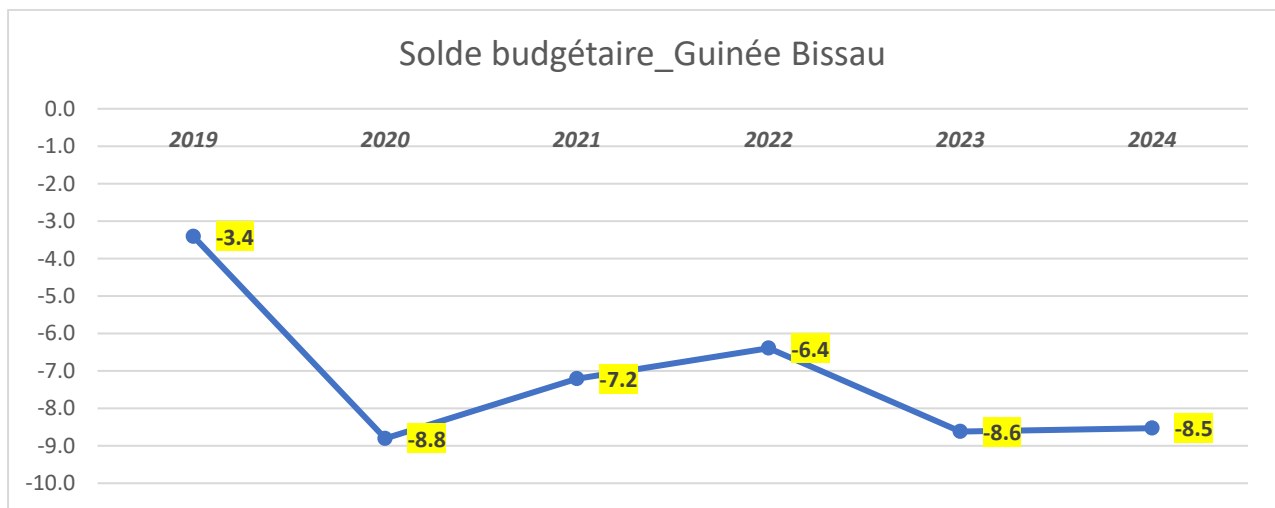


#### 4.7.2 Fiscal Sector Developments

323. The conduct of government's financial operations in 2024 shows an overall budget deficit, including grants, of 8.5% of GDP, following a ratio of 8.6% in the previous year. This situation is due to an increase in net expenditure and loans in a context marked by a decline in total budget revenue, despite an increase in grants.
324. As a result, the overall deficit based on commitments stood at 109.6 billion FCFA (8.5% of GDP) in 2024, compared to a deficit of 108.6 billion FCFA (8.6% of GDP) in the previous year. Excluding grants, the overall commitment-based deficit stood at 144.9 billion FCFA (11.3% of GDP) in 2024, compared to 133.5 billion FCFA (10.6% of GDP) in 2023.
325. The deficit was financed by domestic and external resources amounting to 98.3 billion FCFA and 17.5 billion FCFA, respectively.

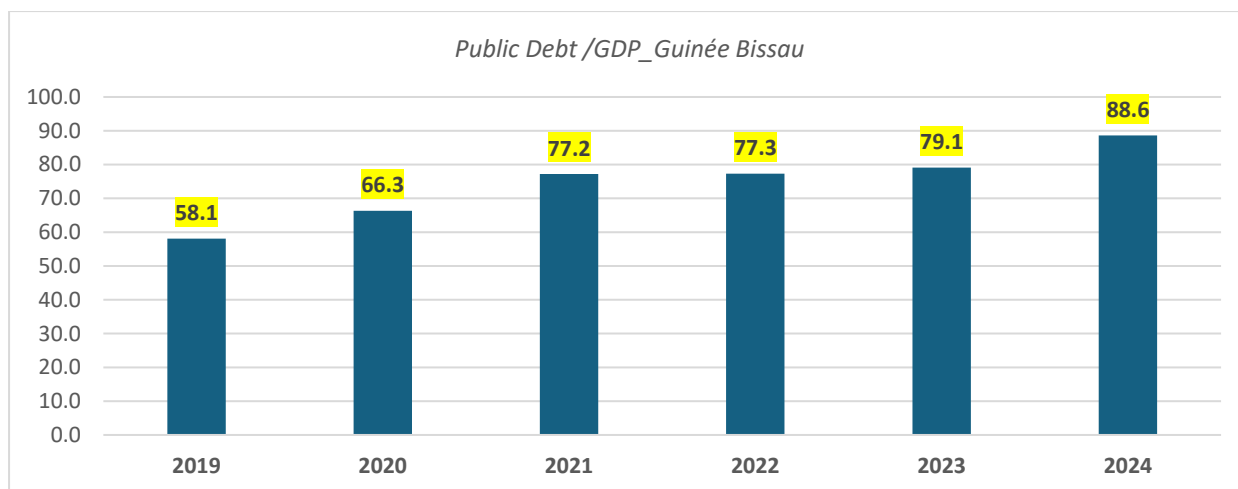
326. Total revenue and grants amounted to 173.0 billion FCFA, compared to 164.8 billion FCFA in 2023, representing a slight increase of 5%. This increase is due to the sharp rise in grants (+42.2%), the impact of which was mitigated by the decline in tax revenue (-0.3%) and non-tax revenue (-6.1%). The slight decline in tax revenue (109.2 billion in 2024 against 109.6 billion in 2023) is attributable to the poor performance in revenue mobilisation from taxes and duties, in particular the shortfall in revenue from the special telecommunications tax due to innovations introduced by companies in the sector. However, there was a rise in customs revenue. The decline in non-tax revenue can be explained by the non-payment of financial compensation from the European Union (EU) under the fisheries agreement.
327. Total expenditure and net loans are expected to reach 282.7 billion FCFA in 2024, compared to 273.4 billion FCFA in 2023, representing an increase of 3.4% attributable to the expansion of current expenditure, the impact of which has been offset by the decline in capital expenditure.
328. Current expenditure amounted to 211.6 billion FCFA in 2024, compared to 185.2 billion FCFA in the previous year. This increase is due to higher subsidies and transfers (+50.4%), interest payments on public debt (+23.1%) and goods and services (+35.0%).
329. Conversely, capital expenditure declined (-8.6%) to 71.1 billion FCFA in 2024, after standing at 77.7 billion FCFA a year earlier, following a decline in expenditure financed from external resources (-9.6%) and domestic resources (-4.1%).

Graph 62: Fiscal balance to GDP of Guinea Bissau: 2019 - 2024



330. Guinea-Bissau's public debt stood at 1,125.2 billion FCFA at the end of 2024, compared to 996.44 billion at the end of 2023. This comprises domestic debt amounting to 634.8 billion FCFA and foreign debt amounting to 450.7 billion FCFA, representing 56.7% and 43.3% of total public debt, respectively.
331. The debt ratio rose from 79.1% of GDP at the end of December 2023 to 88.6% of GDP in 2024.

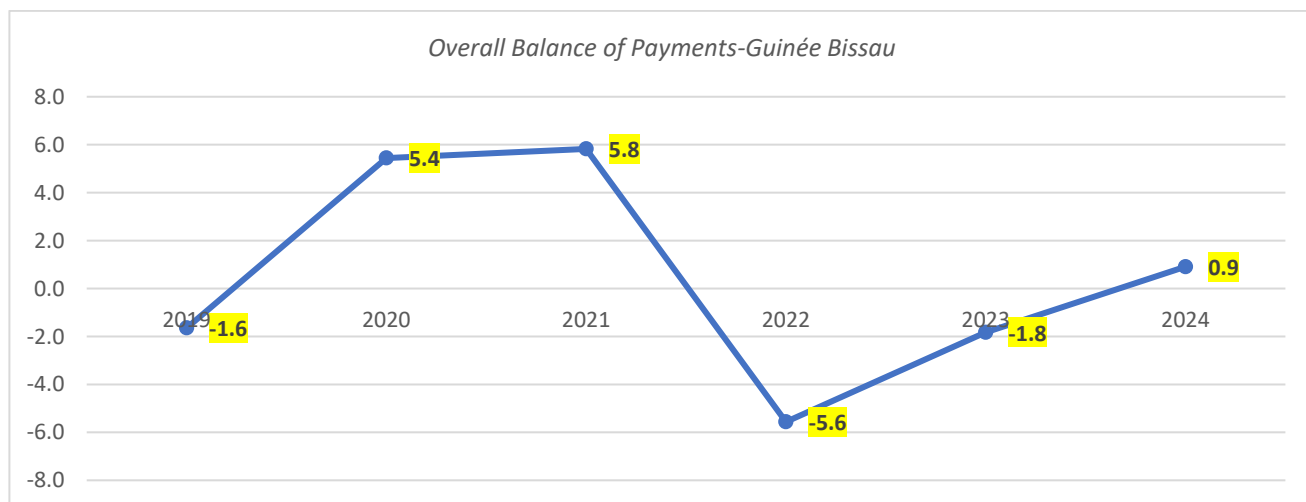
Graph 63: Public Debt to GDP of Guinea Bissau: 2019 – 2024



#### 4.7.3 External Sector

332. The external accounts show an overall balance of payments surplus of 11.7 billion (0.9% of GDP), compared to a deficit of 23.1 billion FCFA (1.9% of GDP) in 2023, linked to an improvement in the financial account and the current and capital account balances.

Graph 64: Overall Balance of Payments to GDP of Guinea Bissau: 2019 - 2024

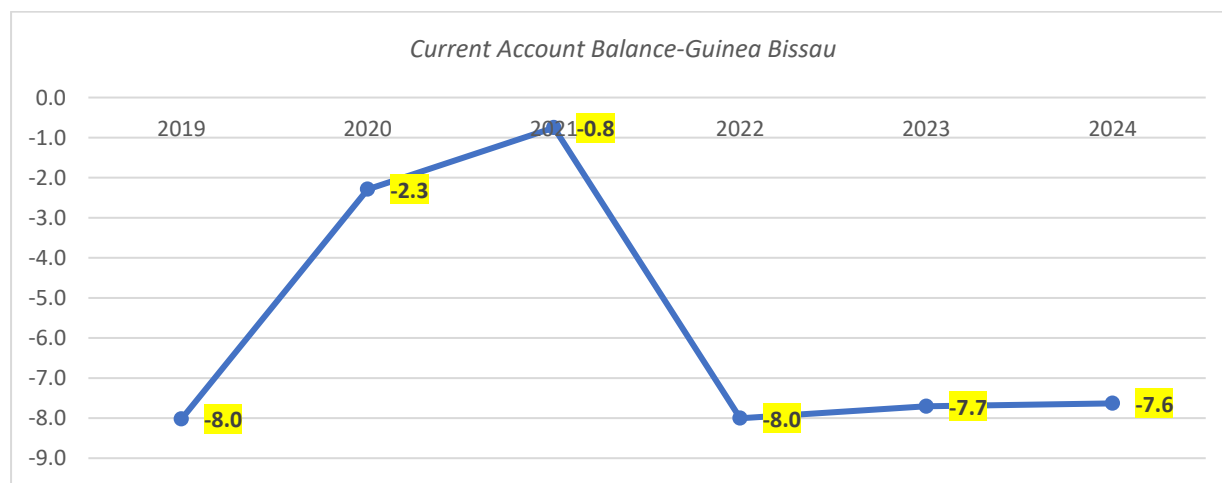


333. The current account deficit in 2024 increased slightly compared to 2023, rising from 97.2 billion (7.7% of GDP) in 2023 to 98.2 billion in 2024 (7.3% of GDP). This situation can be explained by the slight increase in the goods and services deficit, offset by an increase in the secondary and primary income account surpluses.
334. The trade balance showed a deficit of 111.6 billion FCFA (8.3% of GDP) in 2024, compared to 98.8 billion FCFA (7.8% of GDP) in 2023. Exports (FOB) are estimated at 139.1 billion FCFA (10.4% of GDP) in 2024, compared to 145.4 billion FCFA (11.5% of GDP) in 2023, in line with the decline in cashew nut exports. Imports (FOB) are projected to reach 250.7 billion FCFA (18.7% of GDP)

in 2024, compared to 244.2 billion FCFA (19.4% of GDP) in 2023, driven by purchases of petroleum products and intermediate goods and equipment.

335. The services deficit stood at 89.4 billion FCFA (6.7% of GDP), after a deficit of 87.7 billion FCFA (7.0% of GDP) in 2023, due to higher payments for other freight and insurance services.
336. The primary income account recorded a surplus of 10.5 billion FCFA (0.8% of GDP) in 2024, compared to a surplus of 7.1 billion FCFA (0.6% of GDP) in 2023. This change can be explained by the decrease in dividends paid to non-residents, offset by the increase in other primary income.

Graph 65: Current Account to GDP of Guinea Bissau: 2019 – 2024



337. The secondary income account surplus stood at 92.35 billion FCFA (6.9% of GDP) in 2024, following a surplus of 82.2 billion FCFA (7.8% of GDP) in 2023, linked to a 17.7% increase in transfers to the administration and a 10.8% increase in transfers to other sectors.
338. The capital account showed a surplus of 14.9 billion FCFA (1.1% of GDP) in 2024, compared to a surplus of 10.2 billion FCFA (0.8% of GDP) in 2023, driven by transfers to public administration, which increased by 59.8%.
339. The financial account recorded an increase in net liabilities of 93.0 billion FCFA (6.9% of GDP) in 2024, following an increase of 67.3 billion FCFA (5.3% of GDP) in 2023. The increase in liabilities in 2024 reflects the rise in foreign direct investment and portfolio investment, against a backdrop of declining net capital inflows in other investments. Direct investment rose from 15.0 billion FCFA in 2023 to 15.9 billion FCFA in 2024. Similarly, portfolio investment rose from 64.9 billion FCFA (5.1% of GDP) to 76.3 billion FCFA (5.7% of GDP). Other investment balances rose from 12.6 billion FCFA (1.0% of GDP) in 2023 to 0.8 billion FCFA (0.1% of GDP) in 2023, reflecting a 35.6% decrease in public administration withdrawals and a 44.8% decrease in investment in other sectors.
340. In 2024, the CFA francs exchange rate against the euro remained fixed at 655.970. Against the US dollar, it appreciated by 1.1%, from an average of 613.14 FCFA/USD in 2023 to 606.37 FCFA/USD in 2024. However, the CFA franc depreciated against the pound sterling, with the CFA franc/GBP exchange rate falling from an average of 753.97 in 2023 to 770.62 in 2024,

representing a depreciation of 2.7%. Similarly, it depreciated by 1.2% against the yuan, settling at an average of 86.72 FCFA/CNY in 2024, compared to 84.57 FCFA/CNY in 2023.

341. Based on average exchange rates observed in 2024, the CFA franc appreciated against the Gambian dalasi (GMD), the Nigerian naira (NGN), the Liberian dollar (LRD), the Sierra Leonean leone (SLL) and the Ghanaian cedi (GHC), while remaining stable against the Cabo Verdean escudo (CVE). As regards exchange rates at the end of December 2024, the CFA franc remained stable against the CVE, GMD, GHC and SLL, but depreciated against the LRD and the Guinean franc (FGN).
342. The relative strength of the CFA franc against other ECOWAS currencies is mainly attributable to the restrictive monetary policy implemented by BCEAO, sustained efforts to reduce excess liquidity in the banking system, and measures taken by member governments to contain inflation in the first half of 2024. These measures have helped to preserve, overall, the purchasing power of the CFA franc during the year under review.

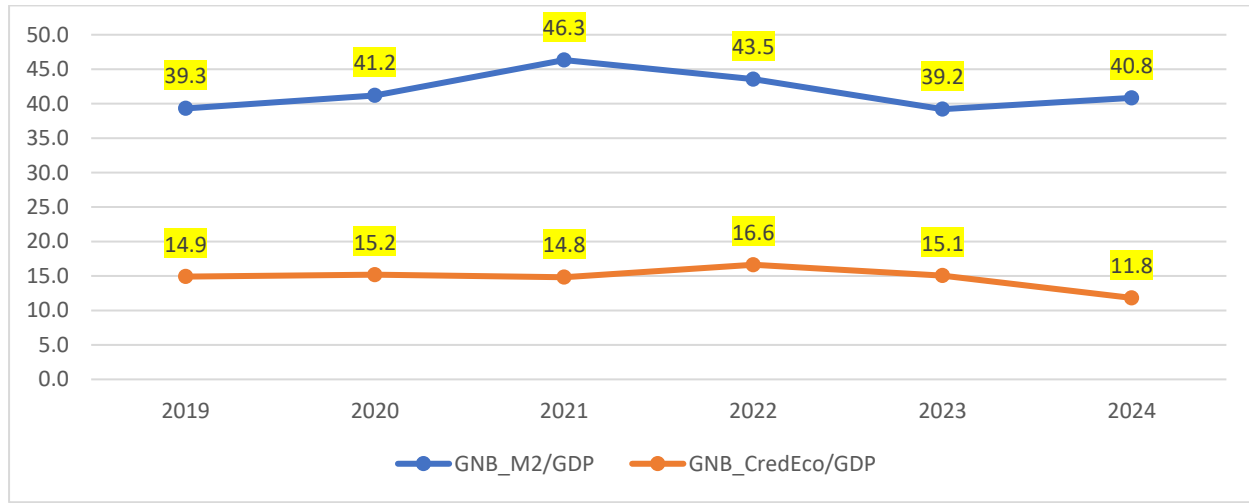
#### **4.7.4 Monetary Sector**

343. The monetary authorities of the West African Monetary Union (WAMU) kept their monetary policy stance unchanged in 2024. Thus, the main policy rate at which the Central Bank lends to banks and the interest rate on the marginal lending facility remain unchanged at 3.50% and 5.50% respectively. Similarly, the reserve requirement ratio has been kept unchanged at 3%. These policy rates have been in force since 16 December 2023.
344. The monetary situation is characterised by a 6.2% increase in money supply in 2024 to reach 524.9 billion FCFA, compared to a 1.1% decline in 2023, mainly resulting from the increase in net foreign assets and net domestic claims
345. Domestic claims increased by 3.0% to 324.7 billion FCFA at the end of 2024, following a 9.4% increase in 2023. This change is attributable to the increase in claims from the central government, the impact of which was mitigated by the decline in claims from the economy. Net claims on the central government accelerated by 37.9% in 2024 to reach 172.9 billion FCFA, after a 28.7% increase in 2023, attributable to the growth in claims of deposit banks. Claims on the economy fell by 20.0% to stand at 151.9 billion FCFA, after a decline of 0.8% in 2023, in line with the 20.6% decline in claims made by deposit banks to public and private enterprises.
346. Net foreign assets rose by 4.8% in 2024 to 254.9 billion FCFA, following a decline of 8.7% in 2023. This change was due to a 24.3% increase in the Central Bank's net foreign assets, offset by a 26.6% decline in those of deposit banks. This increase in net foreign assets is attributable to the upturn in the price of cashew nuts, the country's main export product on the international market, and to the increase in commitments to non-residents, as well as to the decline in claims on non-residents.
347. The decline in money supply was reflected in the decline in currency in circulation and other deposits, while transferable deposits increased. Currency in circulation rose by 1.6% to 292.3 billion FCFA (55.7% of money supply in 2024) compared to 287.7 billion FCFA (58.2% of money supply in 2023). Deposits with commercial banks increased by 11.3% in 2024 to reach 143.8

billion FCFA (27.4% of money supply), against 129.3 billion FCFA (26.2% of money supply) in 2023. Other deposits rose by 15.1% to reach 88.5 billion FCFA (16.9% of money supply) in 2024, compared to 76.9 billion FCFA (15.9% of money supply) a year earlier.

348. A 20% decline in lending to the economy linked to conservative measures taken by primary banks following difficulties in recovering loans granted to some categories of civil servants. There was also an increase in the net credit portfolio deterioration rate, rising from 8.8% in 2023 to 12.5% in 2024.

Graph 66: M2/GDP and Credit to the Economy/GDP of Guinea Bissau: 2019 - 2024



#### 4.7.5 Status of macroeconomic Convergence

349. The review of macroeconomic convergence criteria revealed that Guinea-Bissau has met all convergence criteria with the exception of those relating to the overall budget deficit, including grants, to nominal GDP ratio and the public debt to nominal GDP ratio.

##### - Primary criteria

350. Guinea-Bissau has met three primary criteria, namely central bank financing of budget deficit, average annual inflation rate and gross external reserves in months of imports of goods and services. However, it has not met the criteria relating to the budget deficit to GDP ratio.

##### - Secondary criteria

351. In terms of the secondary criteria, Guinea-Bissau met the criterion relating to exchange rate variation but did not meet the criterion relating to public debt to GDP ratio.

352. The table below provides data on macroeconomic convergence in Guinea-Bissau.

Table 18: Macroeconomic convergence in Guinea-Bissau

CRITERIA	TARGET	2020	2021	2022	2023	2024
<b>Primary Criteria</b>						
Budget deficit (commitment basis, including grants)	≤3%	8.8	7.2	6.4	8.6	8.5
Average annual inflation rate	≤5%	1.5	3.3	7.9	7.2	3.7
Central Bank financing of Budget Deficit	≥10%	0.0	0.0	0.0	0.0	0.0
Gross external reserves	≥3	5.4	5.0	4.1	3.5	4.6
<b>No. of Primary Criteria met</b>		<b>3.0</b>	<b>3.0</b>	<b>2.0</b>	<b>2.0</b>	<b>3.0</b>
<b>Secondary Criteria</b>						
Nominal exchange rate variation	±10%	1.0	1.5	-5.3	3.0	0.6
Public debt to GDP ratio	≤70%	66.3	77.2	77.3	79.1	88.6
<b>No. of Secondary Criteria met</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total Convergence Criteria Met</b>		<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>

#### 4.7.6 Prospects 2025

353. In 2025, Guinea-Bissau's economic performance is expected to improve, with a projected growth rate of 5.1%, compared to 4.8% in 2024, driven by all sectors. Economic activity would continue to be stable, with inflation rate anticipated to remain below 3%. However, several factors could weigh on these growth prospects, including the economy's low level of diversification, which increases its vulnerability to internal and external shocks, as well as persistent logistical constraints related to cashew nut exports, not to mention uncertainties surrounding price fluctuations on the international market. Furthermore, the consolidation of this recovery will remain closely linked to developments regarding the country's socio-political stability.
354. In terms of public finance, the overall deficit, on a commitment basis including grants, is projected at 5.3% of GDP, while the debt ratio is projected at 79.7% of GDP, compared to 87.1% of GDP in 2024.
355. In the external sector, the overall balance of payments is projected to strengthen, resulting in a surplus of 17.8 billion FCFA (1.2% of GDP) in 2025, following a surplus of 11.7 billion (0.9% of GDP) in 2024. This development would be linked to a reduction in the current account deficit and a strengthening of the capital account surplus.
356. In terms of macroeconomic convergence, the country would meet all macroeconomic convergence criteria with the exception of those relating to the budget deficit and debt ratio, just as in 2024.

#### 4.7.7 Conclusion and Recommendations

357. Despite structural challenges linked to limited export diversification, Guinea-Bissau's economy remains resilient, with real GDP growth estimated at 4.8% in 2024, up from 4.5% in 2023, driven by all sectors of the economy. This development has been achieved in a context of declining inflationary pressures. However, the public finance situation remains difficult, with the deficit and debt ratio exceeding Community targets.

358. In light of the foregoing, the recommendations hereunder are made:

- Consolidate socio-political stability and create conditions conducive to successful economic reforms, with a view to boosting confidence among foreign and domestic investors in order to support economic recovery efforts.;
- Take into account Community commitments in the development and implementation of economic policies. In this regard, increased revenue mobilisation and rationalisation of expenditure and exemptions are necessary to ensure that the budget deficit and public debt ratio are kept within the thresholds set by the Macroeconomic Convergence and Stability Pact among ECOWAS Member States;
- Promote diversification of the productive and export base, with a view to reducing the country's dependence on cashew nut exports. To this end, agricultural development is necessary to reduce the weight of food imports and their impact on inflationary pressures;
- Consider the possibility of developing value chains for cashew nuts in order to take advantage of the opportunities offered by the continental free trade area while resolving the problems that hinder the real profitability of cashew nut marketing, particularly logistical problems such as scanning, pressing and dredging at the port.

## **4.8 Economic and Financial Situation of Liberia**

359. The macroeconomic policy thrust of the Government of Liberia (GoL) was anchored on the national development agenda - the ARREST Agenda for Inclusive Development (AAID) 2025-2029; as enshrined in the 2024 national budget framework. The ARREST focuses on interventions in priority sectors, including agriculture, road infrastructure, rule of law, education, sanitation and health care, and tourism. In the medium term, the macroeconomic framework priorities include economic diversification, infrastructure development, fiscal consolidation, social protection, and human capital enhancement.
360. The 2024 fiscal operation was envisioned to expenditure switching; reducing recurrent expenditure while enhancing expenditure on capital projects and programmes. In line with these policy objectives, the broad macroeconomic targets for 2024 were as follows:
- Real GDP growth of 5.3 percent;
  - Average annual inflation of 9.9 percent;
  - End-period inflation of 8.0 percent;
  - Overall fiscal balance of 0.0 percent of GDP (i.e., a balance budget); and
  - Gross external reserves in months of imports cover of 3.0.
361. In 2024, available data indicate that real GDP growth rose to 4.8 percent from 4.6 percent in 2023, driven by stronger performance in the primary sector and resilient industry and services. Fiscal gains came from robust domestic revenue, despite lower grants, and a 10.8 percent cut in spending due to reduced recurrent expenditure. Inflation eased, prompting the Central Bank to lower the policy rate from 20 percent to 17.0 percent by year-end. Currency stability and improved remittances supported monetary stability. The current account posted a surplus, and the balance of payments deficit narrowed. Liberia met four out of six macroeconomic convergence criteria in 2024, up from just one in 2023.

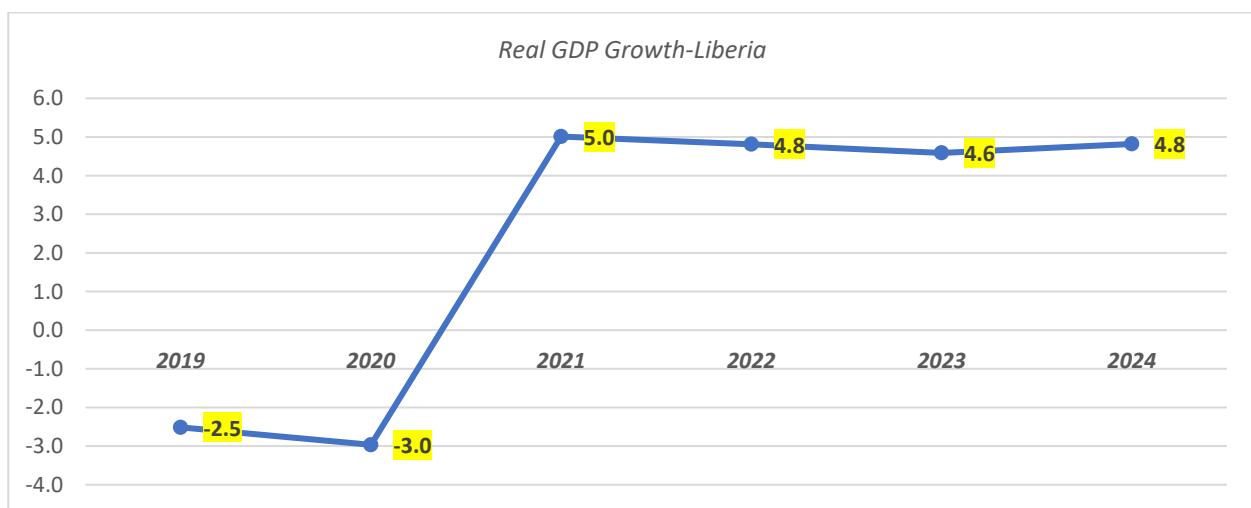
### **4.8.1 Real Sector**

#### **4.8.1.1 Growth**

362. Real GDP growth improved to 4.8 percent in 2024 from 4.6 percent in 2023, driven by the improvements in the primary sector, especially agriculture and fishing. Despite the slowdown, the secondary and tertiary sectors supported growth during the period.
363. The primary sector grew by 3.5 percent in 2024 compared with 0.9 percent in 2023 mainly driven by agriculture and fisheries subsector. Activity in agriculture and fisheries grew by 4.2 percent compared to the growth rate of 0.8 percent in 2023, largely induced by improvements in the production of rubber, rice, and cocoa.
364. Output in the secondary sector (industry) moderated. In 2024, industrial output grew by 5.6 percent, down from 6.5 percent in 2023, due to base effects from prior cement production. Cement output rose 6.1 percent to 706,629 metric tons, driven by stock accumulation. Beverage production surged 58.6 percent to 42.6 million liters, boosted by a new producer. Mining and panning grew 5.0 percent, down from 5.7 percent, due to reduced diamond output and a higher gold production base from improved reporting.

365. Activities in the tertiary (Services) sector slowed. In 2024, growth in Liberia’s services sector slowed to 5.6 percent, down from 7.1percent in 2023, due to weaker performance in electricity and water, trade, and other services. Electricity and water grew by 10.0 percent, a sharp decline from 70.0 percent the previous year. Trade and other services also saw lower growth at 7.5 percent and 4.0 percent, respectively. Government services contracted by 1.0 percent. However, construction and finance and Insurance grew by 9.5 percent and 3.5 percent, respectively. The increased in Constructions was supported by rising cement output.
366. In terms of sectoral shares, the tertiary sector remains the dominant sector, accounting for 38.7 percent of GDP in 2024, followed by the primary sector with 36.5 percent, and the industry sector with 24.8 percent compared to 38.4 percent, 37.0 percent, and 24.6 percent, respectively, in 2023.
367. Regarding contribution to GDP growth in 2024, services contributed the most to GDP growth (2.1 percentage points), followed by industry (1.4) and the primary sector (1.3). While contributions from services and industry declined from 2023 levels, the primary sector’s contribution rose, reflecting a shift in growth drivers toward agriculture and natural resource activities.

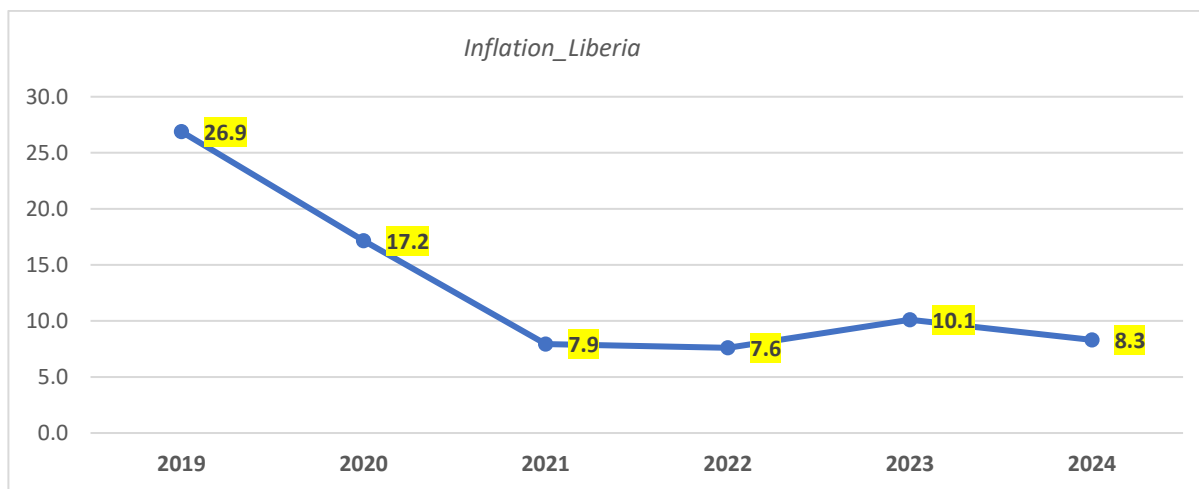
*Graph 67: Real GDP Growth of Liberia: 2019 - 2024*



#### **4.8.1.2 Inflation**

368. During the period, inflationary pressure moderated. In 2024, average inflation in Liberia eased to 8.3 percent from 10.1 percent in 2023, driven by exchange rate stability, which reduced import costs. Key contributors to the decline included furnishings, transport, clothing, and utilities. Improved monetary and fiscal policies also supported price stability. However, end-period inflation rose slightly to 10.7 percent due to rising costs in health services and hospitality (Restaurants & Hotels). Food inflation averaged 12.8 percent, up marginally from 12.3 percent, driven by domestic prices, but dropped sharply to 9.7 percent by year-end, due largely to appreciation of the Liberian dollar. Non-food inflation fell to 6.6 percent from 9.4 percent, aided by stable exchange rates, lower transport and production costs, and favorable global energy prices.

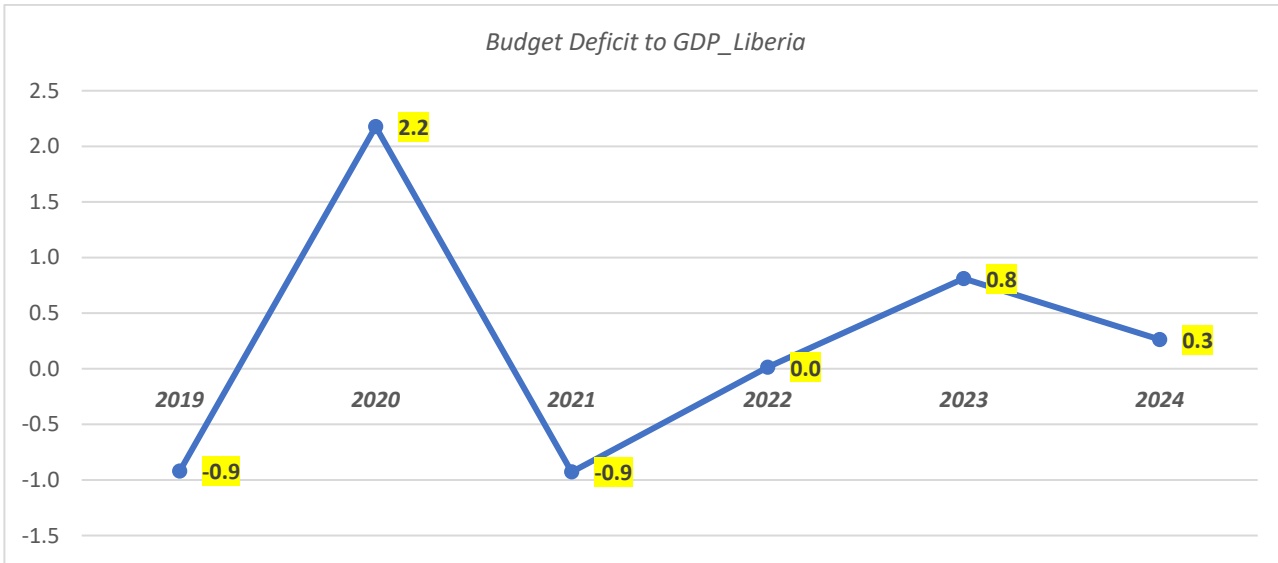
Graph 68: Inflation Rates of Liberia: 2019 - 2024



#### 4.8.2 Fiscal Sector

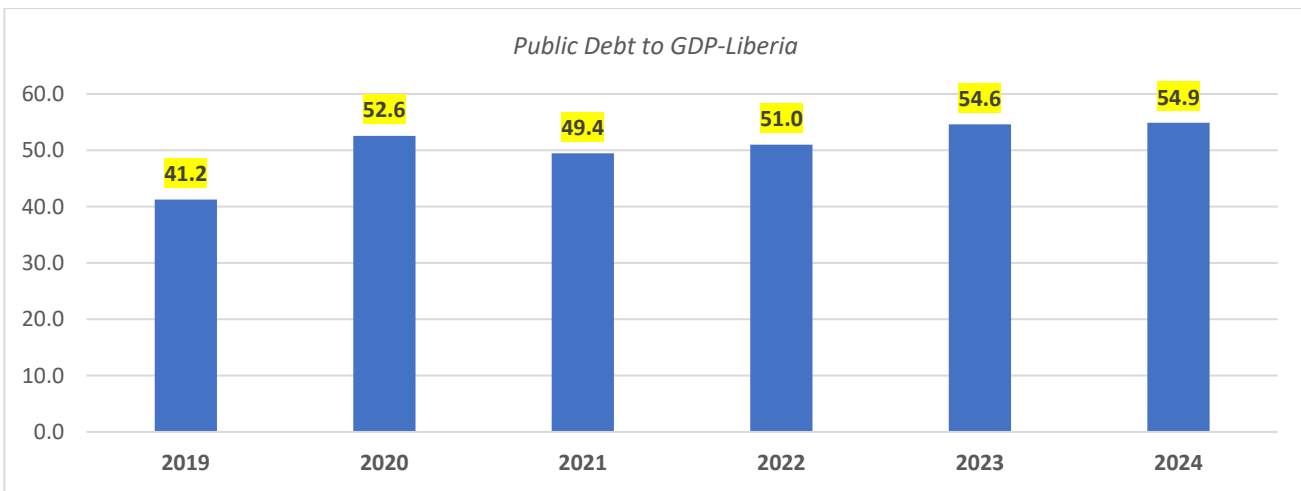
369. Fiscal operations in 2024 were primarily characterized by strong domestic revenue performance and reduction in total expenditure, especially recurrent expenditure. Total grants received during the period however declined significantly due to less than expected receipts in grants.
370. In 2024, total revenue and grants fell by 11.2 percent to US\$735.9 million (15.4% of GDP), down from US\$828.0 million (18.9% of GDP) in 2023, primarily due to a significant decline in grants. However, domestic revenue rose to US\$695.9 million (14.5% of GDP) from US\$611.9 million (13.9% of GDP), supported by growth in both tax and non-tax revenues. Tax revenue increased to US\$559.1 million (11.7% of GDP), while non-tax revenue rose to US\$136.8 million (2.9% of GDP), driven by higher collections from income taxes, import duties, enterprise income, asset sales, and administrative fees. Total expenditure declined by 10.8 percent to US\$735.4 million (15.4% of GDP), mainly due to a 15.3 percent drop in recurrent spending to US\$669.3 million (14.0% of GDP). This was caused by a 34.0 percent reduction in spending on goods, services, and transfers, and a 1.9 percent drop in wages and salaries. Interest payments rose by 19.7 percent, reaching 2.4 percent of GDP. Meanwhile, capital expenditure nearly doubled, rising by 93.6 percent to US\$66.1 million (1.8% of GDP), entirely funded by domestic sources. This shift reflects the government's commitment to rebalancing public spending toward infrastructure and supporting the national development agenda, particularly road construction and rehabilitation.
371. Accordingly, the overall budget deficit on commitment basis (including grants) stood at 0.0 percent of GDP in 2024 compared with 0.1 percent of GDP in 2023. Excluding grants, the deficit stood at 1.1 percent of GDP compared to 0.6 percent of GDP reported for 2023. However, the primary balance improved, recording a surplus of 1.5 percent of GDP against the deficit of 2.7 percent of GDP in 2023.

Graph 69: Budget Deficit to GDP of Liberia: 2019 - 2024



372. The stock of public debt stood at US\$2,627.1 million (54.9% of GDP) as at end-December 2024, compared to US\$2,397.3 million (54.6% of GDP) at end-December 2023. The growth in the stock of public debt emanated from both domestic and external sources. Domestic and external debt stocks stood at US\$1,074.9 million (22.5% of GDP) and US\$1,552.2 million (32.4% of GDP) at end-December 2024, compared to US\$1,021.7 million (23.3% of GDP) and US\$1,375.6 million (31.3% of GDP) respectively, as at end-December 2023.

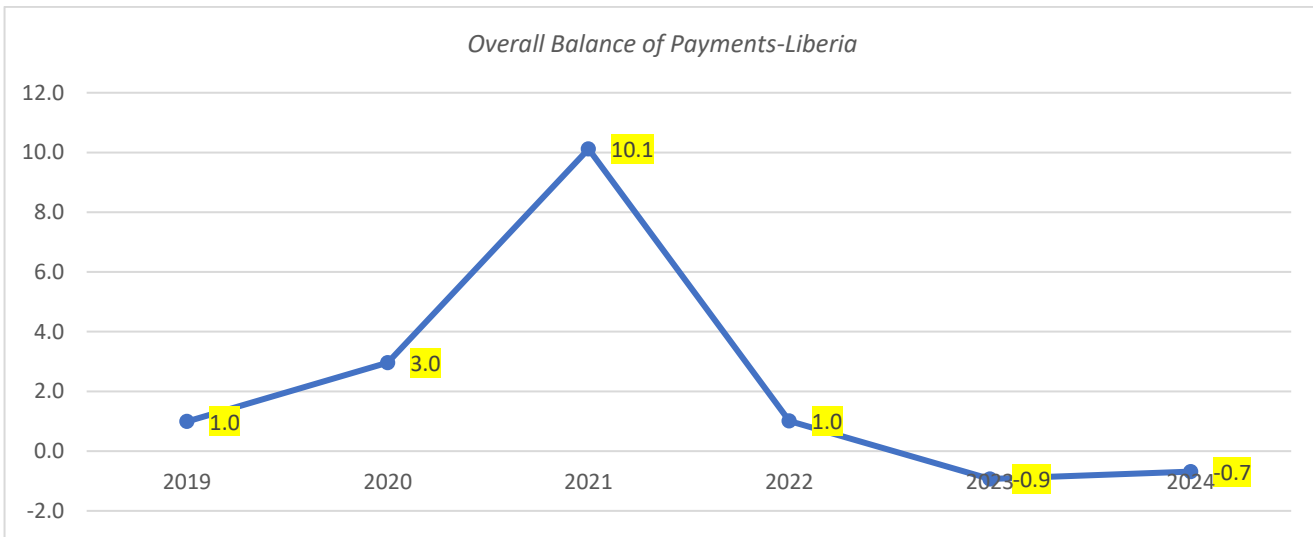
Graph 70: Public Debt to GDP of Liberia: 2019 – 2024



#### 4.8.3 External Sector

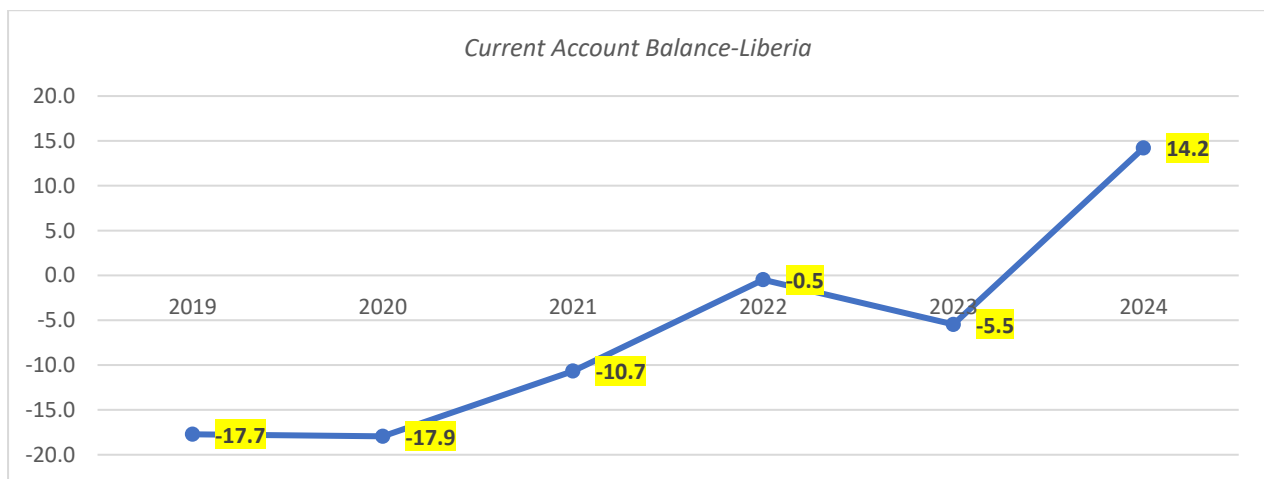
373. Liberia’s external sector performance improved in 2024, as the current account recorded a surplus following the deficit of 2023. Similarly, deficit in the overall balance of payment narrowed during the review period.

Graph 71: Overall balance of Payments to GDP of Liberia: 2019 - 2024



374. The current account a significant improvement in 2024; a surplus of US\$680.7 million (14.2 percent of GDP), from the US\$39.9 million deficit (5.5% of GDP) in 2023. This turnaround was driven by a significant reduction in the merchandise trade deficit and higher secondary income inflows. The trade deficit narrowed sharply to US\$207.6 million (4.3% of GDP) from US\$800.4 million (18.2% of GDP), due to a 21.0 percent decline in imports—down to US\$1,511.9 million from US\$1,912.9 million—and an increase in exports to US\$1,304.3 million (27.2% of GDP) from US\$1,112.5 million (25.3% of GDP). The services and primary income accounts both recorded lower net outflows: US\$84.8 million and US\$105.0 million, respectively, compared to US\$160.3 million and US\$114.6 million in 2023. Meanwhile, secondary income (net) saw a notable increase to US\$1,078.1 million (22.5% of GDP), up from US\$835.4 million (19.0% of GDP), reflecting stronger remittance inflows and donor support.

Graph 72: Graph 55: Current Account to GDP of Liberia: 2019 - 2024



375. The capital account also improved, rising to US\$495.5 million (10.4% of GDP) from US\$464.2 million (9.7% of GDP), driven by increased project grants and transfers from development

partners. As a result, the combined current and capital account posted a surplus of US\$1.18 billion (27.0% of GDP), up sharply from US\$224.3 million (5.6% of GDP) in 2023. This overall improvement highlights strengthened external sector performance, driven by better trade dynamics, rising transfers, and robust development financing.

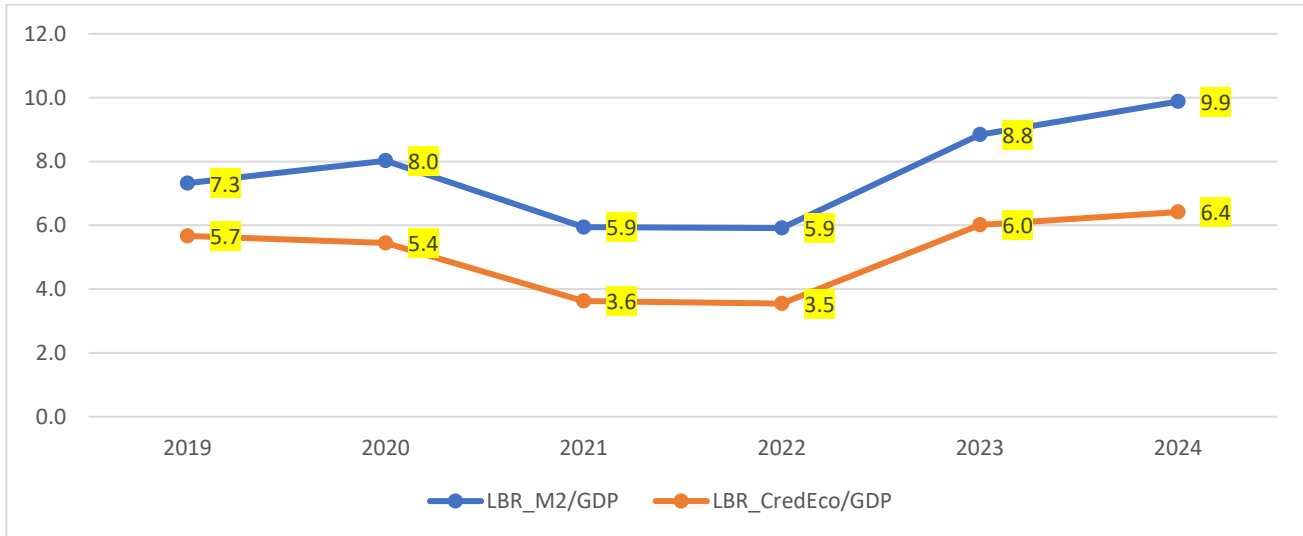
376. Financial account recorded net inflows (borrowing) of US\$707.0 million (14.8% of GDP) in 2024, slightly higher than US\$685.7 million (14.3% of GDP) in 2023. The increase was largely driven by a rise in foreign direct investment inflows to US\$706.0 million (14.7% of GDP) from US\$545.3 million (11.4% of GDP). However, other investments saw a net outflow of US\$31.9 million, reversing the US\$99.6 million inflow recorded in 2023. As a result, the overall balance of payments (BOP) deficit narrowed to US\$32.9 million (0.7% of GDP), down from US\$40.9 million (0.9% of GDP) in 2023.
377. Gross external reserves as at end-December 2024 declined slightly to US\$476.3 million (2.9 months of import cover) from US\$486.8 million (2.4 months) in 2023, mainly due to reduced SDR holdings, though supported by strong remittance inflows. Despite the drop in reserves, import cover improved due to lower import payments. The foreign exchange market remained stable, aided by prudent monetary policy and rising remittances. The Liberian dollar appreciated 2.0 percent year-end to L\$184.64/US\$1 but averaged a 9.3 percent depreciation over the year. Against the WAUA, the currency depreciated by 8.6 percent in 2024, an improvement from 12.6 percent in 2023.

#### **4.8.4 Monetary Sector**

378. The Central Bank of Liberia (CBL) monetary policy implementation in 2024 was focused on liquidity management and ensuring financial stability. The Bank maintained an accommodative Monetary Policy Stance, as the Monetary Policy Rate (MPR) was kept at 20.0 percent until August 2024, when it was reduced by 250 basis points to 17.5 percent. Consistent with the moderation in inflation and stability of the exchange rate, the MPR was subsequently reduced by 50.0 basis points to 17.0 percent in October 2024. This slight downward adjustment in the MPR was in recognition of the improvement in global financial condition, the stability in the foreign exchange market and moderation in inflation in the third quarter of the year.
379. Development in monetary aggregates revealed that in 2024, growth in broad money (M2) slowed significantly to 11.3 percent, down from 44.4 percent in 2023, largely due to a sharp deceleration in net domestic assets (NDA), which rose by only 4.3 percent compared to 51.1 percent the previous year. This slowdown was primarily driven by a 4.9 percent contraction in net claims on government, reversing the 48.0 percent growth recorded in 2023. Credit to the private sector also moderated, growing by just 6.3 percent compared with 63.7 percent in 2023. In contrast, net foreign assets (NFA) surged by 109.2 percent, following a 23.4 percent contraction in 2023. This rebound was supported by a 25.3 percent rise in commercial banks' NFA and a 38.5 percent increase in the CBL's foreign assets. The significant boost in the CBL's NFA was also aided by a US\$40 million disbursement under the Extended Credit Facility (ECF), enhancing the country's overall external reserves and foreign exchange stability. In the same vein, narrow money (M1) grew by 10.9 percent, a sharp slowdown from 50.3 percent in 2023, due to weaker growth in currency outside banks and demand deposits. Quasi money growth

also decelerated to 12.5 percent from 31.2 percent. Reserve money expanded by just 4.0 percent, down from 36.6 percent in 2023, reflecting the impact of tighter monetary policy aimed at controlling inflation and maintaining financial stability.

Graph 73: M2/GDP and Credit to the Economy/GDP of Liberia: 2019 - 2024



380. Development in the financial sector was mixed. At end-December 2024, commercial banks' credit to the private sector rose by 10.1 percent to L\$101.2 billion (11.1% of GDP), from L\$92.0 billion (12.0% of GDP) in 2023. Growth was driven mainly by personal loans, services, oil & gas, and other subsectors. The banking sector remained stable and resilient, supported by stronger balance sheets and increased financial intermediation. Total assets rose by 7.0 percent to L\$314.4 billion, aided by exchange rate depreciation. The capital adequacy ratio (CAR) stood strong at 30.2 percent, well above the 10.0 percent regulatory minimum, while the liquidity ratio improved to 50.9 percent from 44.1 percent in 2023. However, non-performing loans (NPLs) increased to 19.7 percent from 18.1 percent, remaining above the 10.0 percent benchmark and highlighting continued asset quality concerns. Despite infrastructural challenges, profitability improved. Return on Assets (ROA) increased to 4.3 percent from 2.4 percent and Return on Equity (ROE) rose to 30.6 percent from 17.7 percent in 2023. Net operating profit surged by 57.4 percent to L\$10.7 billion, up from L\$6.8 billion in 2023, reflecting improved operational efficiency within the sector.

#### 4.8.5 Status of Macroeconomic Convergence

381. During the review period, Liberia met two (2) out of the four (4) primary convergence criteria, the criterion on budget deficit and Central Bank financing of the government deficit, indicating an improvement from one (1) in the corresponding period of 2023. The country also met two (2) of the secondary criteria (the criterion on public debt ratio and exchange rate variation). Overall, the country met four (4) out of the six (6) macroeconomic convergence criteria, compared to two (2) in 2023. The country is expected to sustain this performance in 2025, to meet three (3) primary criteria (budget deficit, central bank financing and gross external reserves) and both secondary criteria. The summary of the performance is presented below.

- **Primary criteria**

382. The budget deficit on a commitment basis, including grants, was 0.3 percent of GDP compared with 0.1 percent of GDP in 2023. The average annual inflation rate decline to 8.3 percent from 10.1 percent recorded in 2023, missing the 5.0 percent threshold set in the Macroeconomic Convergence and Stability Pact (MCSP). Gross external reserves rose to 2.9 months of imports of goods and services in 2024 from 2.4 months of imports in 2023, but missed the minimum of 3 months benchmark. Central bank financing of the budget deficit was estimated at 0.0 percent of previous year’s tax revenue, thus retaining the target of 10 percent.

- **Secondary Criteria**

383. The nominal exchange rate variation of the Liberian dollar against the WAUA in 2024 was 8.6 percent, which falls within the threshold of +/-10 percent. Similarly, the public debt stock stood at 54.9 percent of GDP in 2024 compared to 54.6 percent of GDP in 2023, hence satisfying the 70.0 percent threshold.

Table 19: Status of Macroeconomic Convergence in Liberia

CRITERIA	TARGET	2020	2021	2022	2023	2024
<b>Primary Criteria</b>						
Budget deficit (commitment basis, including grants)	≤3%	-2.2	0.9	0.0	-0.8	-0.3
Average annual inflation rate	≤5%	17.2	7.9	7.6	10.1	8.3
Central Bank financing of Budget Deficit	≥10%	0.0	0.0	0.0	64.2	0.0
Gross external reserves	≥3	-2.7	4.5	3.6	2.4	2.9
<b>No. of Primary Criteria met</b>		<b>2</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>Secondary Criteria</b>						
Nominal exchange rate variation	±10%	-3.5	12.6	15.8	-12.3	-8.2
Public debt to GDP ratio	≤70%	52.6	49.4	51.0	54.6	54.9
<b>No. of Secondary Criteria met</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Total Convergence Criteria Met</b>		<b>3</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>4</b>

#### 4.8.6 Prospects

384. Real GDP growth is projected to improve to 5.6 percent in 2025, 0.8 percentage points above the growth in 2024. In the medium-term (2026 - 2027), growth is expected to average 5.9 percent, on account of increased investment in mining and structural reforms in energy, trade, transportation, and financial services. Inflationary pressures which have generally stabilized in 2024 are expected to moderate to 9.4 percent with a +/-2% bandwidth in December 2025. The medium-term fiscal operation is projected to remain within the ECOWAS macroeconomic convergence benchmark of a deficit 3.0 percent of GDP given the consolidation efforts of government strategy in terms of the effective application of fiscal rules and travel ordinances and expenditure restraints under the new Extended Credit Facility (ECF) programme.

385. Key risks to the outlook, however, include the continuation of the geopolitical tensions involving Russia-Ukraine and Israel-Hamas wars, which could keep fuel and food prices up, and the deterioration of terms of trade on commodity exports with significant pass-through effect to domestic prices.

#### **4.8.7 Conclusion and Recommendations**

386. Liberia's real GDP grew by 4.8% in 2024, up from 4.6% in 2023 and supported agriculture and services. Government plans to boost investment in agriculture and social programs are set to further strengthen growth in 2025. Inflation eased during the year, aided by exchange rate stability, though a moderate rise is expected in 2025. Fiscal performance improved with strong domestic revenue and increased capital spending, despite declines in grants and recurrent expenditure. Public debt remains within sustainable limits, but rising debt service poses future risks. Monetary policy became more accommodative, with a 300-basis-point rate cut injecting liquidity. However, money supply growth slowed due to modest expansion in net domestic assets. External sector performance improved, as the current account recorded a surplus and the overall balance of payments deficit narrowed. On macroeconomic convergence, Liberia met two of four primary and both secondary criteria, an improvement over 2023.
387. Based on the macroeconomic developments in 2024 and prospects for the medium term, the following recommendations are proffered for consideration by the relevant Liberian authorities:
- **Control Inflation:** Continue efforts to curb inflation, including readiness to tighten monetary policy further if needed, balancing inflation control with support for private sector growth.
  - **Infrastructure Development:** Prioritize addressing critical infrastructure challenges, especially in energy and road networks, to stimulate economic productivity and growth.
  - **Support Productive Sectors:** Encourage financial institutions to increase credit to productive sectors by introducing sector-specific credit guarantees and blended financing models in partnership with development partners.
  - **Fiscal Consolidation:** Strengthen fiscal discipline by fully implementing fiscal rules and expenditure controls, while broadening the domestic tax base and improving tax administration for sustainable revenue mobilization.
  - **Public Debt Management:** Adopt a medium-term debt strategy focusing on concessional borrowing and productive investments, enhancing transparency, and strengthening the debt management framework to ensure sustainability.
388. In conclusion, there are strong indications that Liberia is making progress towards the full satisfaction of both the primary and secondary criteria for economic convergence. However, the momentum would be sustained if the above recommendations are taken into consideration and effectively implemented.

## **4.9 Economic and Financial Situation of Nigeria**

389. In 2024, Nigeria's macroeconomic policy thrust focuses on accelerating growth under the National Development Plan (NDP) 2021–2025. This plan targets economic diversification, robust MSME growth, and the creation of a resilient and conducive business environment. In parallel, the Renewed Hope Agenda (2023-Present) seeks to revitalize the economy through reforms in key sectors. It places a strong emphasis on industrialization, digitalization, and good governance.
390. The Gross Domestic Product (GDP) growth rate increased to 3.4 percent in 2024, from 2.9 percent recorded in 2023. Growth was mainly driven by improved performance in mining and quarrying (particularly crude petroleum), financial services, and Telecommunications & Information Services.
391. Annual average inflation rose to 33.2 percent in 2024, from 24.7 percent in 2023, mainly attributed to a rise in food and energy prices, exchange rate depreciation, higher transportation costs due to increased prices of petroleum motor spirit (PMS), and further upward adjustments in electricity tariffs.
392. The overall fiscal balance as a percentage of GDP narrowed slightly to 5.5 percent in 2024 from 5.6 percent in 2023, The deficit was financed by domestic borrowings.

### **4.9.1 Real Sector**

#### *4.9.1.1 Growth*

393. Real GDP growth accelerated by 3.43 percent in 2024, compared to 2.9 percent in 2023, driven mainly by the relative recovery in the non-oil sector.
394. The non-oil sector grew in real terms by 3.27 percent in 2024 as against 3.04 percent in 2023. The following non-oil activities witnessed the fastest growth in 2024: Metal Ores 72.23 percent, Rail Transport & Pipeline 44.14 percent, Financial Institutions 30.89 percent, Insurance 14.42 percent, and Water Transport 11.58 percent.
395. The oil sector equally improved during the period with a growth rate of 5.54 percent in 2024 compared to a contraction of 2.22 percent in 2023, driven by the increase in the average daily oil production to 1.49 mb/day, as compared to 1.43 mb/day reported in 2023. The increase in oil output was largely due to improved security along the oil pipelines.
396. On the structure of the Nigerian economy, a detailed analysis of the three broad sectors, namely, the Primary, Secondary, and Tertiary sectors, showed that there is a sustained effort in the diversification of the economy. The services sector contributed the highest to the GDP in 2024 at 56.89 percent as against 56.18 percent in 2023. The primary sector came a distant second at 24.63 percent of the GDP in 2024, compared to 25.18 percent in 2023, indicating a marginal contraction. The Secondary sector's share of the GDP was the least; 18.47 percent in 2024 compared to 18.65 percent in 2023, indicating a marginal decline.
397. The performance of the primary sector increased slightly to 1.2 percent in 2024 from 1.1 percent in 2023, mainly influenced by crop production, which grew by 1.6 percent during the review period. Output in livestock and fishing contracted by 4.6 percent and 0.7 percent, respectively,

in 2024. However, activity in forestry grew by 2.4 percent compared to the growth rate of 1.8 percent in 2023.

- 398. Performance in the secondary sector continued to be strengthened, posting a growth rate of 2.4 percent in 2024 compared to 0.7 percent in 2023. This improvement was mainly driven by mining and quarrying, which grew by 4.8 percent against the contraction of 2.8 percent in 2023. Output in manufacturing remained unchanged while those of electricity, gas, and steam air conditioning supply, as well as water supply, sewage, waste management, and remediation activities, and construction slowed during the review period.
- 399. The Tertiary Sector recorded a growth of 4.7 percent, up from 4.2 percent in 2023, mainly supported by increased output in accommodations and food services, as well as finance and insurance and public administration during the period. Activities in trade, information and communication, real estate and art, entertainment and recreation slowed during the review period.

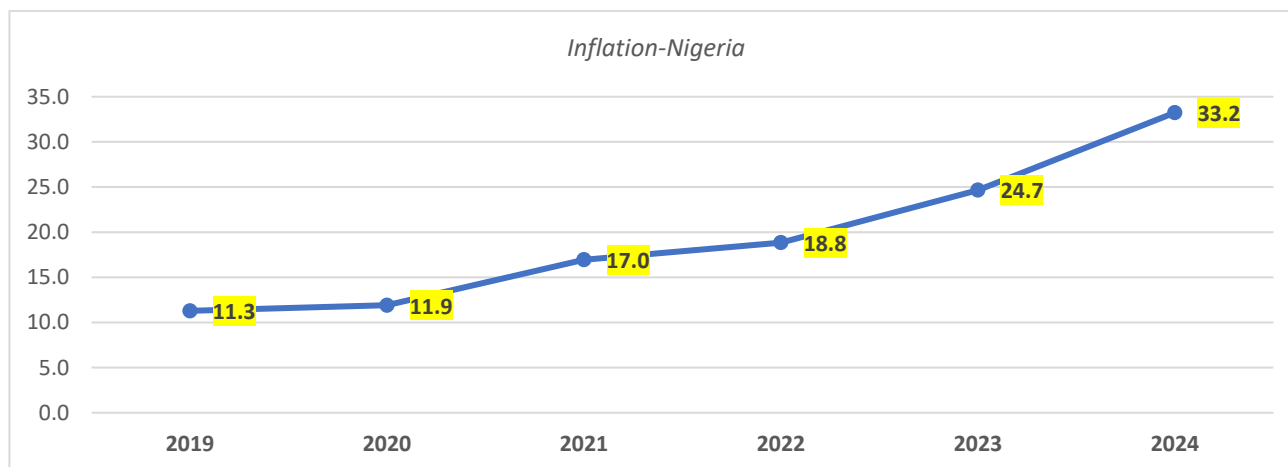
Graph 74: Real GDP Growth of Nigeria



**4.9.1.2 Inflation**

- 400. The high inflationary pressure seen in 2023 continued in 2024, with inflation recording double digits in all the months within the period under review. Headline inflation was 34.80 percent on a year-on-year basis, 5.87 percentage points higher than 28.92 percent at end of 2023. While annual average inflation in 2024 was 33.24 percent, compared to an average of 24.66 percent in 2023. The increases in inflation were mainly driven by Food & Non-Alcoholic Beverages, Transport, and Miscellaneous Goods & Services. The trend of the average annual inflation during the period is presented below:
- 401. The upward trend was also driven by exchange rate depreciation, high energy prices, specifically the Premium Motor Spirit (PMS), Automated Gasoline Oil (AGO), and Liquefied Petroleum Gas (LPG) due to the deregulation of the downstream petroleum sector.

Graph 75: Inflation rates of Nigeria: 2019 - 2024

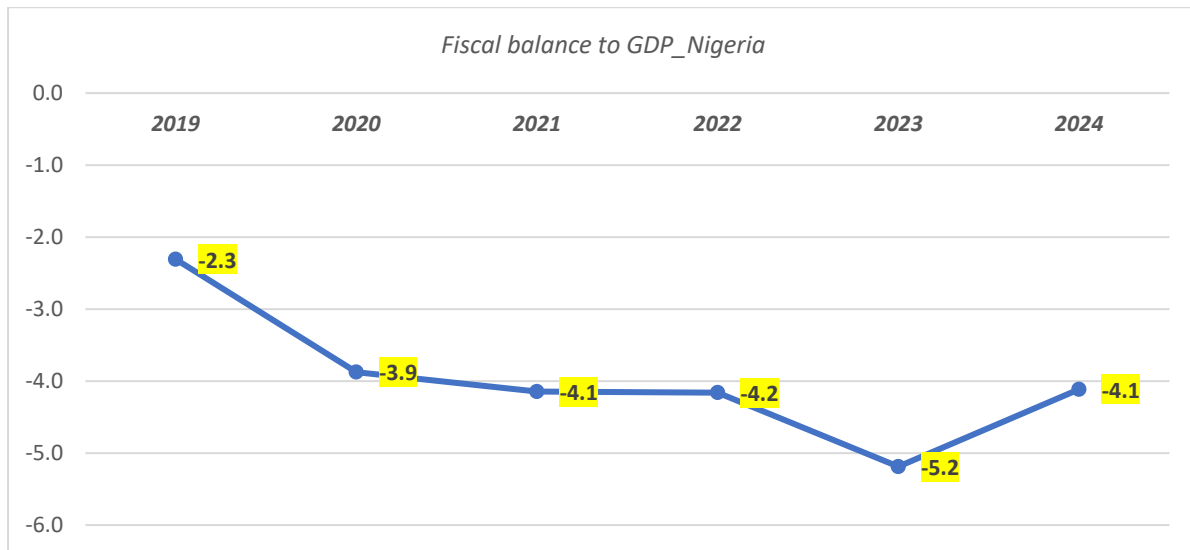


#### 4.9.2 Fiscal Sector

402. Nigeria's revenue generation improved significantly in the 2024 fiscal year compared to the outturn in 2023. Gross federally collected revenue in the period was ₦28.70 trillion, which is 7.2 percent of GDP, indicating a record increase of 68.99 percent, compared to ₦16.4 trillion, which is 7.0 percent of GDP in 2023.
403. Gross oil revenue during the review period was ₦6.5 trillion, reflecting an increase of 59.94 percent over the ₦4.04 trillion generated in 2023. The increased oil revenue during the review period reflected significant growth recorded in all key broad categories of oil revenue, driven by a reduction in cost deductions relating to the under-recovery policy of the government.
404. Total tax revenue increased by 18.8 percent in 2024 to 21.7 trillion, which is 5.4 percent of GDP compared to 12.3 trillion, which is 5.3 percent of GDP in 2023. Similarly, non-tax revenue in nominal terms increased by 71.5 percent to ₦7.0 trillion in 2024, which is 1.7 percent of GDP, compared to ₦4.1 trillion in 2023, which is still 1.7 percent of GDP in 2023. Tax revenue constitutes 75.6 percent of all total revenue collected by the Federal Government.
405. The Federal Government retained revenue in nominal terms was ₦8.19 trillion (2.0 percent of GDP). This is only 28.5 percent of total revenue collected in 2024, representing a 36.50 percent increase from the ₦6.00 trillion (2.6 percent of GDP) in 2023. The increase in performance in 2024, compared to 2023 receipts, is attributable to improved collection efficiency and other fiscal reforms, including the removal of the PMS subsidy in the review period.
406. Total Federal Government nominal expenditure in the 2024 fiscal year was ₦24.65 trillion, which is an increase of 32.46 percent from the ₦18.61 trillion recorded in 2023. However, in actual terms, it decreases to 6.2 percent of GDP in 2024, compared to 7.7 percent of GDP in 2023. A breakdown of the total outflow indicates that total recurrent expenditure was ₦20.36 trillion (5.1 percent of GDP), compared to 5.6 percent of GDP in 2023. This includes recurrent non-debt expenditure and recurrent debt expenditure. Capital expenditure for the period was ₦4.99 trillion, which is 1.2 percent of GDP, compared to the ₦4.49 trillion, which is 1.9 percent of GDP, recorded in 2023.

407. The consolidated fiscal operation of the Federal Government in the 2024 fiscal year resulted in a deficit of ₦16.46 trillion, an increase of about 30.53 percent higher than the ₦12.61 trillion recorded in 2023. This translates to a budget deficit-to-GDP ratio of 4.1 percent in 2024, which is an improvement compared to the 5.2 percent budget deficit to GDP recorded in 2023. The deficit was financed to the tune of ₦7.49 trillion (81 percent) from domestic borrowings and ₦1.76 trillion (19 percent) from foreign borrowings.

Graph 76: Fiscal balance to GDP of Nigeria: 2019 – 2024



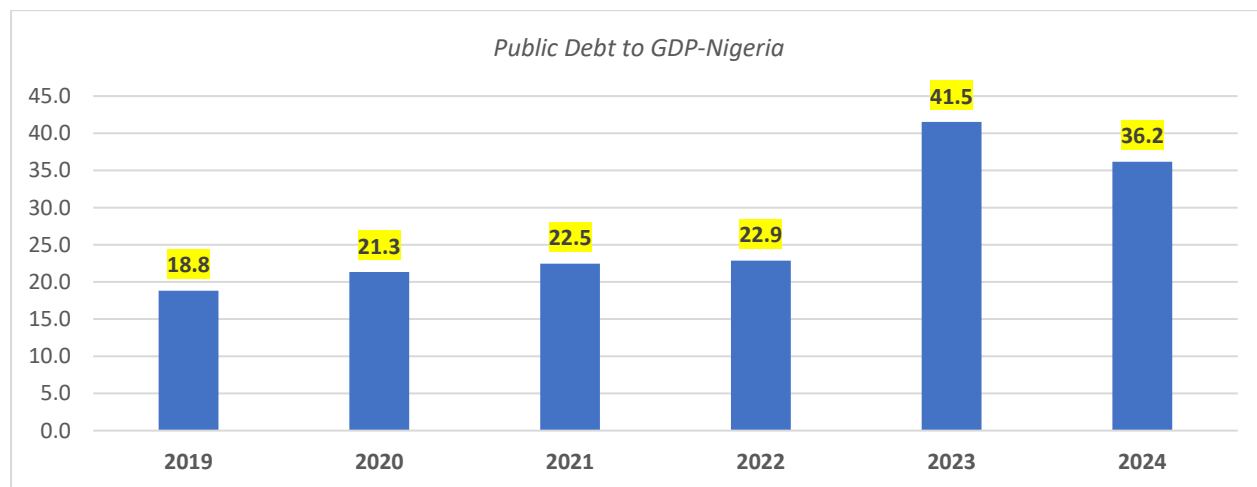
### Public Debt Performance

408. Nigeria’s Total Public Debt, as of December 31, 2024, stood at ₦144.67 trillion (US\$94.23 billion), which is an increase of 48.62 percent, compared to ₦97.34 trillion (US\$108.23 billion) as of December 31, 2023. However, in USD Terms, the Total Public Debt was lower by US\$14.00 billion or 12.94 percent, largely due to the devaluation of the naira.
409. The total external debt component was US\$45.78 billion as of December 31, 2024, and represents an increase of USD3.29 billion when compared to US\$42.50 billion recorded as of December 31, 2023. In real terms, the country’s indebtedness reduced to 36.2 percent of GDP as of end December 2024, compared to 41.5 percent of GDP as of end December 2023. Primarily, the increase in nominal term is attributed to Nigeria’s issuance of USD2.2 billion Eurobond in December 2024, and cumulative drawdown of US\$4.19 million from other Creditors, including the US\$1.5 billion loan from the World Bank, despite principal repayments of US\$1.63 billion to the IMF, US\$270 million Syndicated Loan and US\$899.05 million to other Multilateral, Bilateral and Commercial Creditors.
410. The total domestic debt component was ₦74.34 trillion (20.4 percent of GDP) as of December 31, 2024, an increase of 25.81 percent, compared to ₦59.12 trillion (27.0 percent of GDP) as of December 31, 2023. The increase in the domestic debt was primarily due to the new borrowings by the Federal Government of Nigeria (FGN). Similarly, the external debt as a percentage of GDP

increased from 14.5 percent at the end of December 2023 to 15.7 percent of GDP as at the end of December 2024.

411. On the Nigerian debt sustainability, the total public debt-to-GDP ratio as of December 31, 2024, was 36.2 percent. The Ratio is within the ECOWAS threshold, also the World Bank and International Monetary Fund (IMF) Market Access Countries Debt Sustainability Framework (MAC-DSF) Threshold.

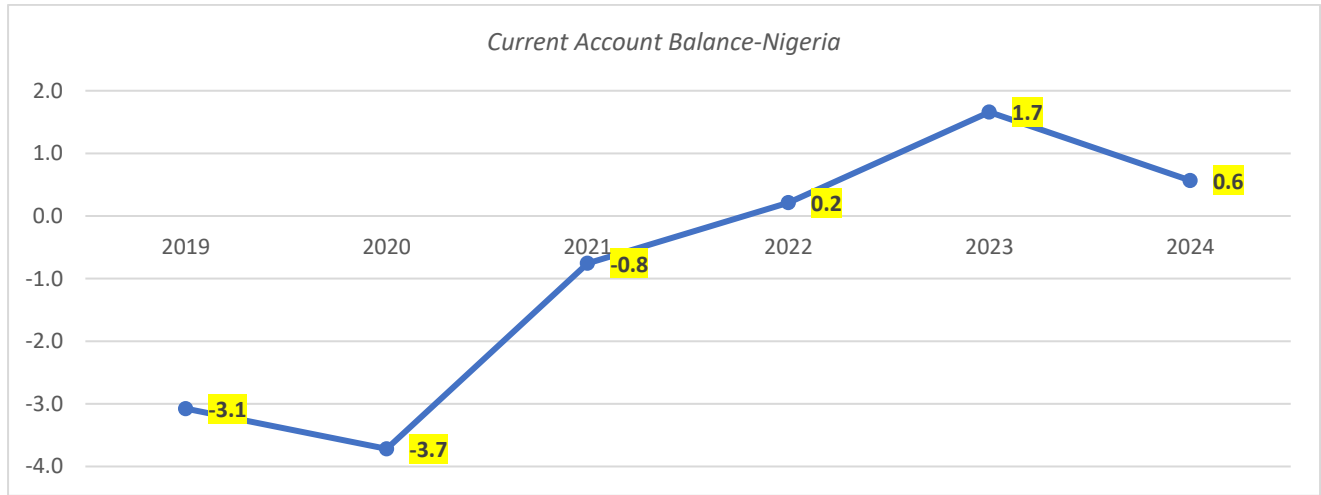
*Graph 77: Public Debt to GDP of Nigeria: 2019 – 2024*



#### **4.9.3 External Sector**

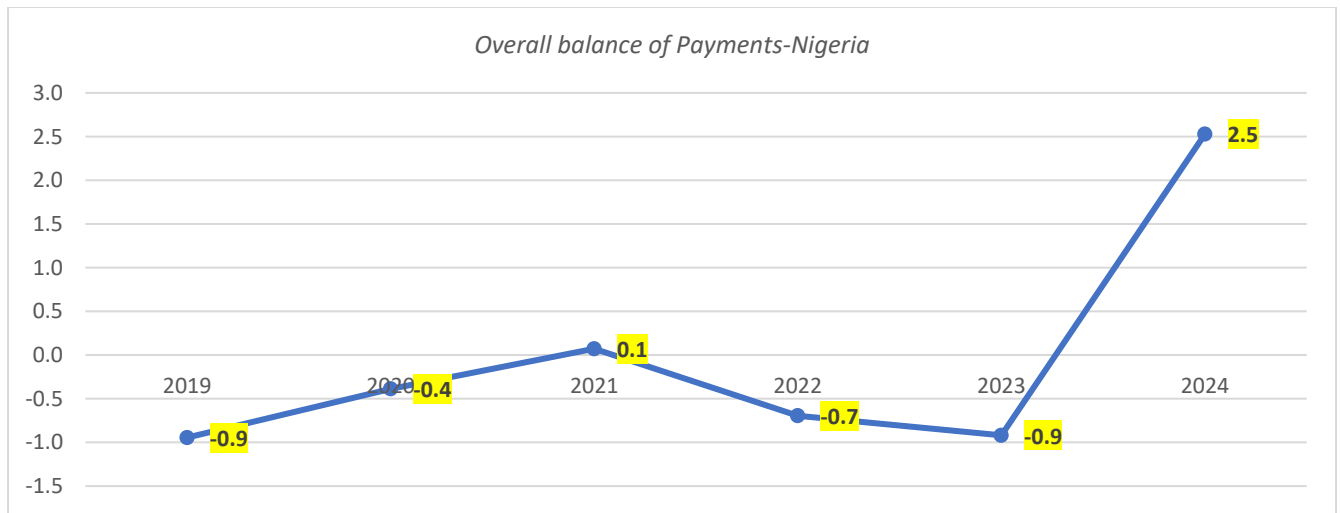
412. Nigeria’s total foreign trade was ₦138.03 trillion in 2024, which reflects a rise of 106.56 percent from ₦66.83 trillion recorded in the 2023 fiscal year. The continued rebound in trade follows the sustained recovery in global economic activities, including foreign trade and travel, but more importantly, the impact of the foreign exchange reforms of the CBN. Exports expanded significantly, overtaking the import expansion in the review period. Exports were ₦77.42 trillion in the review period, indicating an increase of 115.34 percent from the ₦35.96 trillion recorded in 2023. Imports also increased by 96.32 percent to ₦60.59 trillion in 2024, from ₦30.86 trillion recorded in 2023.
413. Therefore, Nigeria’s trade balance remained in surplus for three consecutive years. The Nigerian trade balance was US\$13.4 billion (about N16.85 trillion), indicating an increase of 63.1 percent over the US\$8.1 billion (about ₦5.10 trillion) surplus recorded in 2023. The improvement in trade balance was attributed to the impact of the current trade policies to shore up exports, including oil production.
414. The current account recorded a surplus of \$17.2 billion, which is 0.6 percent of GDP in 2024. The services account posted a wider deficit of \$13.4 billion in 2024, an increase of 0.9 percent over US\$3.2 recorded in 2023. However, the deficit on the primary income account reduced to US\$6.6 billion, a reduction of 41 percent, compared to \$10.9 billion recorded in 2023. The secondary income account recorded a surplus income of US\$24.0 billion in 2024, an increase of 8.7 percent over US\$22.1 billion recorded in 2023.

Graph 78: Current Account to GDP of Nigeria: 2019 – 2024



415. In terms of the Capital and financial account, it posted a net incurrence of liability of US\$3.1 billion in 2024, a significant reduction from the US\$5.3 deficit recorded in 2023.
416. Nigeria’s overall balance stood at a surplus of \$6.83 billion (2.5 percent of GDP) in 2024, up from a deficit of US\$3.34 billion (0.9 percent of GDP) in 2023.

Graph 79: Overall Balance to GDP of Nigeria: 2019 - 2024



417. Nigeria’s external reserve was US\$40.19 billion as of December 31, 2024, an increase relative to the US\$33.09 billion recorded on December 31, 2023. The months of import cover also rose from 9.44 to 11.99 within the same period. The accretion of reserves can be attributable to the foreign exchange inflows from both the oil and non-oil sectors, (including the service sector and improvement in remittances), on the back of sustained implementation of the policy reforms by the Bank.

#### 4.9.4 Monetary Sector

418. In the light of the prevailing economic situation at both the global and domestic levels, the CBN’s monetary policy in 2024 focused on reining in inflation while attracting foreign inflows to

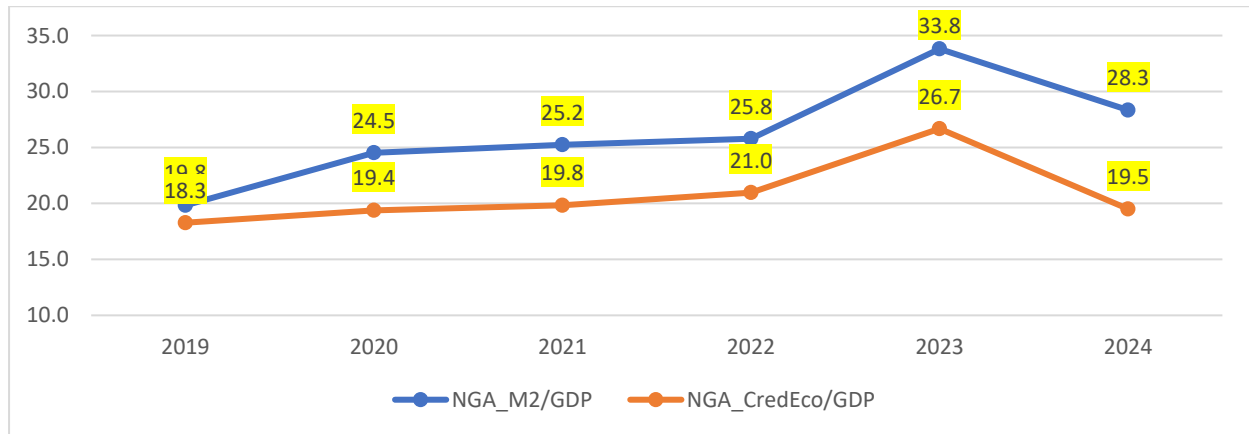
improve supply in the foreign exchange market and stabilize the exchange rate. Accordingly, the Monetary Policy Committee (MPC) maintained a tight policy stance to achieve the Bank's primary mandate of price stability.

419. In 2024, the MPC raised monetary policy rates (MPR) six (6) times by a cumulative of 875 basis points to 27.50 percent and the cash reserve ratio (CRR) two (2) times by a cumulative of 1750 basis points to 50 percent and CRR for merchant banks by 600 basis points to 16 percent to rein in inflation. It also adjusted the asymmetric corridor three (3) times to +100/-700, +100/-300, and +500/-100 basis points around the MPR. The MPC, however, retained the liquidity ratio at 30 percent. The decisions were also aimed at providing a stable macroeconomic environment and dampening inflation expectations.
420. In 2024, the key money market rates exhibited significant fluctuations but generally trended upwards. This portrays excess liquidity in the financial system, which led to eventual mopping up to sustain market confidence.
421. The average interbank call rate (IBR) rose to 30.29 percent in May 2024 from 16.43 percent in January 2024. After exhibiting peaks and troughs, it closed at 29.31 percent by year-end December 2024. Furthermore, the average prime lending rate rose slightly by 2.28 percentage points to 16.29 percent in 2024 (January-December 2024) from 14.01 percent in the preceding year (January-December 2023). Similarly, the maximum lending rate rose slightly by 1.21 percentage points to 29.19 percent in the current period (January-December 2024) from 27.98, the preceding period (January-December 2023).
422. More so, the 91-, 180- and 364-days' Treasury-bills rate rose from an average of 3.72, 5.68 and 9.96 percent in January 2024 to 18.00, 18.50 and 22.87 percent respectively, in December 2024 while the average savings rate also trended upward from 5.28 percent to 7.51 percent during the same period of January 2024 to December 2024.
423. The broad money supply (M2 and M3) maintained an upward trajectory in the review period. M3 grew by 42.70 percent to ₦113.09 trillion as at end-December 2024 from ₦79.25 trillion as at end-December 2023, similar to a growth rate of 51.9 percent recorded by end December 2023. The growth in money supply (M3) was mainly supported by net foreign assets, which grew by a staggering 242.3 percent, reflecting increased inflows evident in the Foreign Currency Deposits of the ODCs; this was in addition to the growth in NDA by about 13.93 percent in the same period. Narrow Money (M1) increased by 28.86 percent to ₦38.81 trillion as at end-December 2024, from ₦30.12 trillion in the corresponding period of 2023, mainly driven by expansion in currency outside the banking system and transferable deposits by about ₦1.33 trillion and ₦0.45 trillion, respectively.
424. Net Foreign Assets (NFA) increased to ₦33.44 trillion as at end-December 2024, representing a growth of 258.08 percent when compared with the corresponding period of 2023.
425. Net Domestic Assets (NDA) grew by 13.93 percent for the period ended December 2024 compared to the growth rate of 44.6 percent for the corresponding period of 2023. This marked slowdown was mainly attributed to net claims on the Government, which contracted by 27.7 percent at end-December 2024 against the growth of 41.6 percent at end-December 2023.

Growth in the claims on the private sector moderated to 31.4 percent from 57.7 percent at the end of December 2023.

426. On the liabilities side, growth in currency outside banks accelerated to 48.3 percent at end-December 2024 from 33.7 percent at end-December 2023. However, demand deposits grew by 25.4 percent at end-December 2024, lower than the growth rate of 46.8 percent at end-December 2023.

Graph 80: M2/GDP and Credit to the Economy/GDP of Nigeria: 2019 – 2024



#### 4.9.5 Status of Macroeconomic Convergence

427. In 2024, Nigeria met two primary criteria, the Central Bank financing of budget deficit ( $\leq 10\%$  of previous year's tax revenue) and the gross external reserve ( $\geq 3$  months of import criteria). The country, however, failed to meet the inflation rate ( $\leq 5\%$ ) and fiscal deficit (including grant) as a percentage of GDP ( $\leq 3\%$ ) criteria. On the secondary criteria, Nigeria met one of the two secondary criteria. The total public debt as percent of GDP of  $\leq 70$  percent criterion was met while the country did not meet the nominal exchange rate fluctuation at  $\pm 10$  percent criteria.
428. The Country's performance under the convergence criteria is highlighted as follows

##### Primary Convergence Criteria

- **Fiscal Deficit (including grants)/GDP ratio ( $\leq 5\%$ ):** Nigeria could not meet this criterion during the 2024 fiscal year. The budget deficit to GDP ratio declined to 4.1 percent of GDP from 5.5 percent in 2023.
- **Average inflation rate  $\leq 5\%$ :** Nigeria did not meet this criterion as the average inflation rate stood at 33.2 percent in 2024, compared to 24.66 percent in 2023.
- **Central Bank Financing of Budget Deficit (Percentage of previous year's tax revenue)  $\leq 10\%$ :** Nigeria met this criterion both in 2023 and 2024 as there was not central bank financing of the deficit during these periods.
- **Gross External Reserve (Months of Import)  $\geq 3$  months:** Nigeria met this criterion during the period under review. Gross external reserves stood at US\$ US\$40.19 billion as at December 2024, which translates to 12.0 months of import cover.

### Secondary Convergence Criteria

- **Stability of the Nominal Exchange Rate  $\pm 10\%$ :** Nigeria could not meet the stability of the nominal exchange rate criterion in 2024 as the Naira on average depreciated by 56.2 percent against the West African Unit of Account (WAUA). The depreciation in the exchange rate largely results from the Central Bank of Nigeria’s adoption of a uniformity in the foreign exchange market.
- **Total Public Debt as Percent of GDP  $\leq 70\%$ :** Nigeria achieved the total public debt as a percent of GDP convergence criterion in the 2024 fiscal year. The nation’s ratio of total public debt portfolio to GDP remained at 52.1 percent in the review period, though slightly edging up, when compared to 41.5 percent as at end-December 2023.

Table 20: Macroeconomic Convergence for Nigeria 2021 – 2025

CRITERIA	TARGET	2019	2020	2021	2022	2023	2024
<b>Primary Criteria</b>							
Budget deficit (commitment basis, including grants)	$\leq 3\%$	2.3	3.9	4.1	4.2	5.2	4.1
Average annual inflation rate	$\leq 5\%$	11.3	11.9	17.0	18.8	24.7	33.2
Central Bank financing of Budget Deficit	$\geq 10\%$	0.0	34.0	28.4	94.4	0.0	0.0
Gross external reserves	$\geq 3$	6.6	8.4	9.6	6.9	7.6	12.0
<b>No. of Primary Criteria met</b>		<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>
<b>Secondary Criteria</b>							
Nominal exchange rate variation	$\pm 10\%$	2.2	-9.7	-19.5	2.9	-34.3	-60.9
Public debt to GDP ratio	$\leq 70\%$	18.8	21.3	22.5	22.9	41.5	36.2
<b>No. of Secondary Criteria met</b>		<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>Total Convergence Criteria Met</b>		<b>5</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>

#### 4.9.6 Prospects

429. The development in the global economic environment, together with domestic developments, including security, will continue to influence the direction of Nigeria’s economic performance.
430. In the domestic front, positive developments are expected. Firstly, GDP growth rate is expected to accelerate by 4.6 percent in 2025, based on the improved oil output, investments in infrastructure, and continued improvements in the services sector.
431. The rebased Consumer Price Index already indicated that the headline Inflation is down to 24.48 percent in January 2025, from 34.80 percent in December 2024. The average annual inflation is expected to ease to 15.0 percent in 2025. This has already been reflected in the market as the domestic interest rates started to drop from January 2025.
432. Similarly, the stability in the Naira Exchange rate witnessed since Q4 2024 and the slowdown in hikes in the Monetary Policy Rate by the Central Bank of Nigeria (CBN), are positive developments for economic activities and debt sustainability.

433. The proposed rebasing of the GDP is expected to result in a lower Debt-to-GDP Ratio and other macroeconomic indicators. Of course, this will be a result of the base effect, but the authorities will be able to assess funding from both the local and external sources.

#### ***4.9.7 Challenges, Recommendations and Conclusions***

##### **Challenges**

434. The Nigerian economy continued to face both internal and external challenges, which impacted developments in the period under review. Some of the challenges are highlighted as follows:
- i. Security challenges experienced in some parts of the country have slowed food production & business activities, thereby impacting negatively on revenue collection and the Gross Domestic Product;
  - ii. Persistent underperformance of oil production against the budget benchmark, impacting government revenue; and
  - iii. Low compliance with tax law by the Nigerian populace, leading to the lowest tax revenue to GDP in the region

##### **Recommendations**

435. To address the above challenges, the following recommendations are proposed:
- i. Adopt a strategy to curb insecurity and create an enabling environment to protect lives and properties and the environment for business to thrive.
  - ii. Strengthen the implementation of the Strategic Revenue Growth Initiative to drive revenue and minimize fiscal deficit, borrowing, and debt service to revenue ratio;
  - iii. Accelerate efforts on the passage of crucial bills to transform and open up the economy to engender competition, and improve efficiency;
  - iv. Enhancement of tax collection mechanisms and enforcement of tax laws; and
  - v. Ensure full implementation of the National Development Plan (NDP) 2025 – 2028.

##### **Conclusions**

436. The domestic macroeconomic situation in the review period was impacted by developments in the global economy. Heightening downside risks, including a high rate of inflation and interest rate hike, as well as impacts of domestic policy on fuel subsidy removal and exchange rate unification, which continued to impact development in the review period. The economy, however, continued to recover, expanding by 3.40 percent in 2024 from 2.74 percent in 2023, with the oil sector recovering from a decline of 2.2 percent in 2023 to a growth of 5.54 percent in 2024, while non-oil sector growth remained robust at 3.27 percent.
437. Economic activities are projected to improve further in the near term due to government efforts at addressing structural issues impacting economic growth in the country. The fiscal position

of the economy has remained stable but continued to be strained with a rise in debt and debt servicing due to a higher fiscal deficit. Risks to growth, therefore, remained on the downside.

438. Overall, the macroeconomic environment in the review period was redefined by the impact of the fiscal and monetary reforms of the new administration, the increasing level of uncertainties confronting the recovery of the global economy as well as insecurities in parts of the country. The economy is, however, projected to remain stable in the medium term, driven by the fiscal and monetary reforms. Sustained efforts to address legacy issues in crude oil production, as well as the deepening of reforms in various sectors of the economy, remained critical to recovery.

#### **4.10 Economic and Financial Situation of Senegal**

439. Senegal's economic vision aims to transform the country into a competitive, prosperous and inclusive economy, with a focus on sustainable development and poverty reduction. Key objectives include sustained economic growth, higher per capita GDP, greater integration into the global economy and improved living standards for citizens, particularly through better access to education, healthcare and economic opportunities.
440. In 2024, Senegal's economy grew by 6.1% compared to 4.3% in 2023, mainly driven by the secondary and tertiary sectors. Inflation stood at 0.8% compared to 5.9% at the end of 2023. Public finance management showed an overall budget deficit (commitment basis) of 10.4% of GDP, compared to 16.8% of GDP in 2023. This situation led to an improved budget deficit in 2024, due to lower public spending. The external accounts recorded an overall balance of payments surplus of 77.2 billion FCFA (0.39% of GDP) in 2024, against a surplus of 80.7 billion FCFA (0.43% of GDP) in 2023. This change is largely explained by the 32.7% decline in the current account deficit, combined with the slowdown in the financial account surplus. On the monetary front, the situation was characterised by a 3.9% increase in money supply to 10,206.5 billion FCFA at the end of 2024, compared to 9,827.6 billion FCFA at the end of December 2023. This development was driven both by a rise in net foreign assets and the consolidation of net domestic claims.
441. In terms of convergence, Senegal met four (04) ECOWAS convergence criteria in 2024.

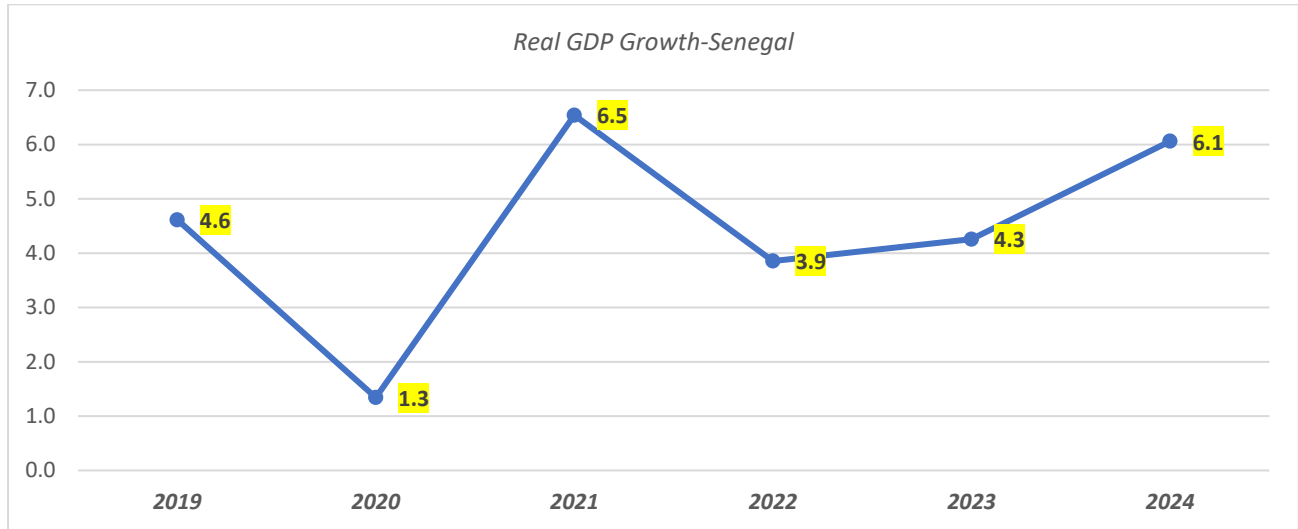
##### **4.10.1 Real Sector**

###### **4.10.1.1 Growth**

442. In Senegal, real GDP growth is estimated at 6.1% in 2024, compared to 4.3% in 2023, mainly driven by the secondary and tertiary sectors. The secondary sector recorded an increase of 18.7% in 2024, driven by extractive industries, which grew by 187.5%. The rise in extractive industries was offset by refining activities, which fell by 5.5% in 2024. The value addition of the 'chemical manufacturing' and construction materials sectors also declined, by 0.7% and 0.2% respectively in 2024. By contrast, the 'Electricity and Gas', 'Water, Sanitation and Waste Treatment' and 'Construction' activities increased by 12.1%, 6.2% and 0.4% respectively in 2024.
443. In the tertiary sector, value addition rose by 3.5% in 2024, compared to 3.8% in 2023, offset by a decline in specialised, scientific and technical activities (-3.3%). This growth was driven by increases in value addition in financial and insurance activities (+8.3%), transport (+5.3%), hostels and restaurants (+4.1%) and trade (+2.9%).
444. The primary sector declined by 3.0%, attributable to a 6.3% drop in value addition in agriculture. However, the contraction in the primary sector was mitigated by increases in value addition in livestock farming (+4.6%), fishing (+2.7%) and forestry (+2.6%).
445. On the demand side, economic growth is mainly driven by final consumption, which increased by 4.3% compared to 2023. Investment fell by 3.2% in 2024. Similarly, net exports of goods and

services (in volume terms) declined by 40.4%. Exports of goods and services rose by 23.1%, while imports of goods and services dropped by 13.4%.

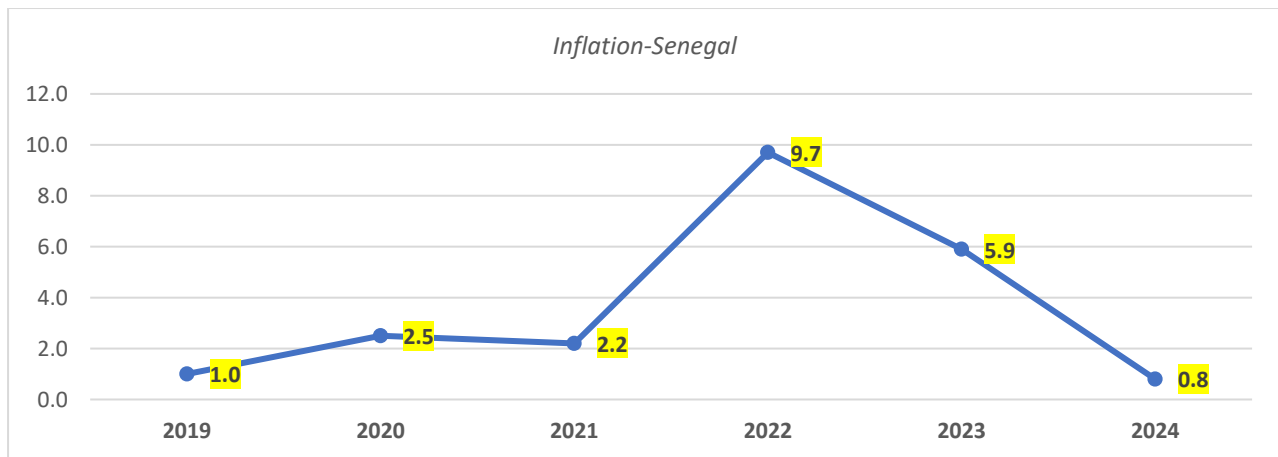
Graph 81: Real GDP Growth of Senegal: 2019 - 2024



#### 4.10.1.2 Inflation

446. Economic activity took place in an environment characterised by a downward trend in the general level of consumer prices, bringing average annual inflation to 0.8%, compared to 5.9% at the end of 2023.

Graph 82: Inflation Rates of Senegal: 2019 - 2029



#### 4.10.2 Fiscal Sector Developments

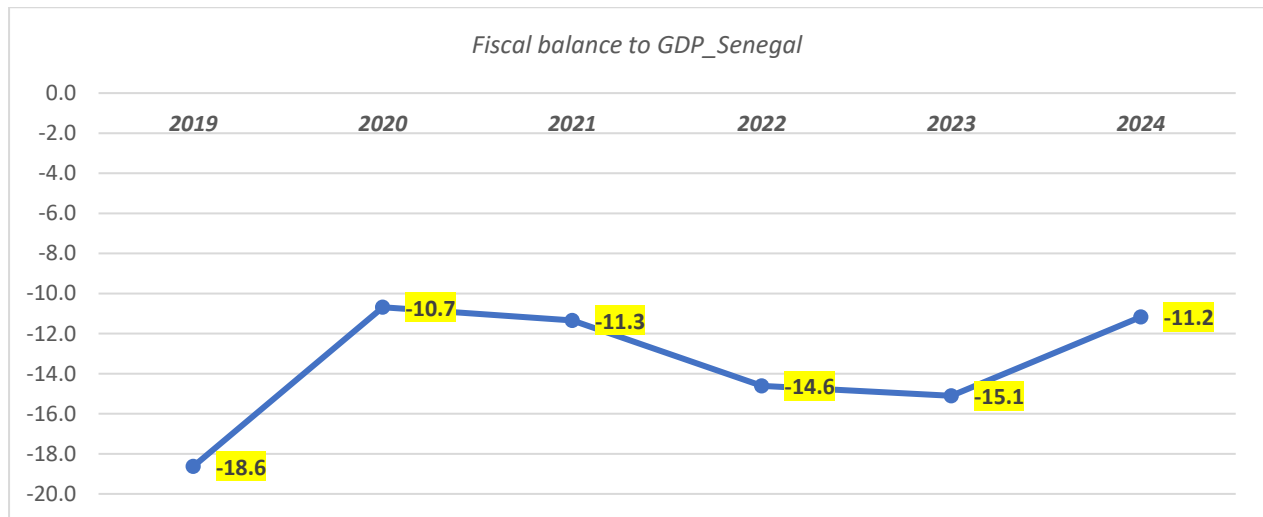
447. The analysis of government's financial operations is based on provisional data, pending reconciliation of the audit data. Despite good performance in budget revenue collection, public finance management in 2024 shows an overall budget deficit (commitment basis) of 11.2% of GDP, compared to 15.1% of GDP in 2023. Following the audit, which revealed errors in the fiscal records of public debt, total expenditure was revised upwards in 2023. This situation led to an improved budget deficit in 2024, resulting from a decline in public expenditure.

448. The tax administration has initiated reforms to combat tax fraud, improve tax compliance and increase government revenue. These include electronic invoicing for real-time, automated monitoring of transactions subject to value added tax (VAT) and tax clearance within 30 days to encourage foreign companies to carry out taxable transactions in accordance with their tax obligations. In terms of customs, measures to discourage fraud have focused on digitising surveillance and stepping up customs files identification by strengthening research, controls and human capital.
449. In this context of ongoing reforms, total revenue and grants increased by 130.2 billion (+3.4%) to 3,990.0 billion, compared to 3,859.8 billion in 2023, due to a 6.7% rise in tax revenue, which amounted to 3,692.1 billion, compared to 3,461.8 billion in 2023. This strong performance is attributable to both domestic tax revenue and duties.
450. Domestic tax revenue was mainly driven by a 13.6% improvement in income, profit and capital gains tax collections, which reached 1,278.7 billion francs CFA, up from 1,126.4 billion francs CFA in 2023. Tax collection from goods and services contributed moderately to the strong performance of domestic tax revenue, with a slight increase of 1.6% from 1,723.1 billion francs CFA in 2024 to 1,750.4 billion francs CFA in 2023. The continued implementation of measures against the high cost of living affected the performance of taxes on goods and services and caused a shortfall of 40.1 billion francs CFA.
451. Despite trade tensions linked to the Russia-Ukraine crisis, tax revenue, mainly consisting of import duties, also increased by 9.3% to 498.4 billion francs CFA, compared to 456.0 billion a year earlier, due to the creation of a dedicated office for vehicle customs clearance and the strengthening of anti-fraud measures. However, revenue collection in the customs border zone was adversely affected by the waiver of customs duties on some consumer products, which cost 109 billion francs CFA.
452. Grants saw a reduction of 40.2% to 112.9 billion francs CFA in 2024, compared to 188.6 billion francs CFA the previous year. This decline is mainly due to the fall in budgetary support caused by the suspension of the programme with the Bretton Woods institutions.
453. Compared to its exceptionally high level in 2023, total expenditure and net lending slowed to 5,962.6 billion francs CFA, against 6,835.4 billion francs CFA in 2023. This sharp decline in total expenditure is attributable to the drop in capital expenditure to 1,166.9 billion francs CFA in 2024, following the peak of 2,134.0 billion francs CFA reached in 2023, offsetting the modest 2% increase in current expenditure.
454. Driven by higher wages (+10.7%), purchases of goods and services (+2.6%) and debt interest payments (+32.7%), current expenditure rose by 94.3 billion francs CFA to 4,795.0 billion francs CFA, compared to 4,701.4 billion francs CFA. Interest payments on debt climbed sharply by 32.7% or 202.6 billion francs CFA, driven in particular by interest payments on external debt, which soared to 822.3 billion, after 619.7 billion francs CFA in 2023. Transfers also rose from 1,702.1 billion francs CFA to 1,942.7 billion francs CFA, an increase of 240.5 billion francs CFA.
455. Capital expenditure totalled 1,166.8 billion francs CFA in 2024, down 967.1 billion francs CFA from the exceptionally high level of 2,134.0 billion francs CFA reached in 2023. This significant

decline is the result of combined decreases in public investment expenditure financed by external and internal resources of 783.8 billion francs CFA and 183.4 billion francs CFA, respectively.

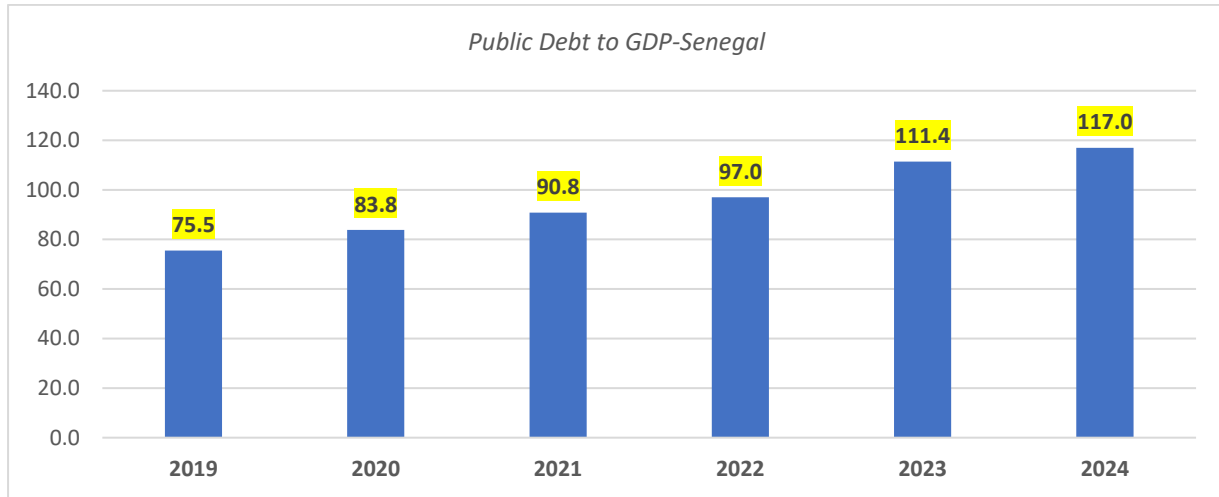
456. Thus, following favourable developments in rising revenue and falling public expenditure in 2024, the overall budget deficit (commitment basis) stood at 1,972.6 billion francs CFA (10.4% of GDP), against 2,975.6 billion francs CFA in 2023 (16.8% of GDP), an improvement of 1,003.0 billion. However, this budget deficit remains high compared to the ECOWAS convergence criterion, which sets the deficit at a maximum of 3% of GDP.
457. To finance the deficit, Senegal resorted to both domestic and external financing. In terms of domestic resource mobilisation, the use of debt securities (treasury bills and bonds) on the regional financial market made it possible to mobilise a total of 867.2 billion, compared to 609.1 billion, an increase of 258.0 billion. This gain was offset by other borrowing. In terms of external financing, the country mobilised Eurobonds totalling 581 billion in 2024. However, in connection with the suspension of programmes with the IMF, programme loan drawdowns were significantly reduced, falling from 365.6 billion to 81.8 billion.

*Graph 83: Fiscal balance to GDP of Senegal: 2019 – 2024*



458. At the end of December 2024, the provisional outstanding public debt stood at 23,273.4 billion francs CFA, compared to 20,738.1 billion francs CFA in 2023, representing an increase of 2,535.3 billion. In terms of percentage of GDP, the debt ratio in 2024 stands at 117.0% of GDP, against 111.4% of GDP in 2023. This ratio is well above the 70% of GDP threshold set by the ECOWAS Community Framework.

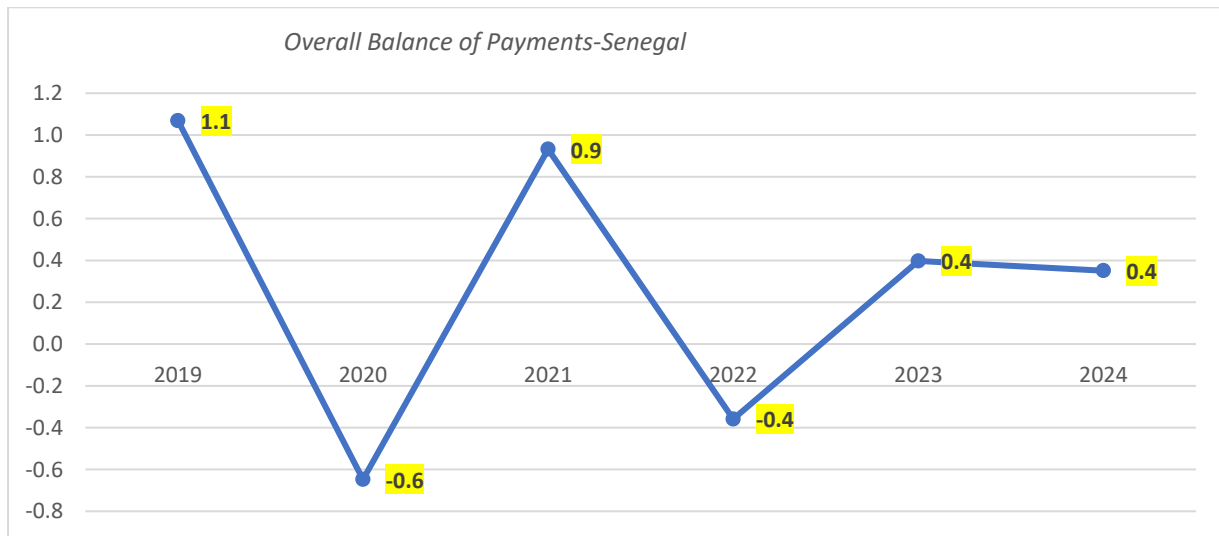
Graph 84 : Public Debt to GDP of Senegal: 2019 - 2024



#### 4.10.3 External Sector Developments

459. Senegal's trade with the rest of the world is expected to result in a global balance of payments surplus of 77.2 billion francs CFA (0.39% of GDP) in 2024, compared to a surplus of 80.7 billion francs CFA (0.43% of GDP) in 2023. This change is largely explained by the 32.7% decline in the current account deficit, combined with the slowdown in the financial account surplus, which is lower than the improvement in the current account deficit, in a context marked by a slight increase in the capital account surplus.

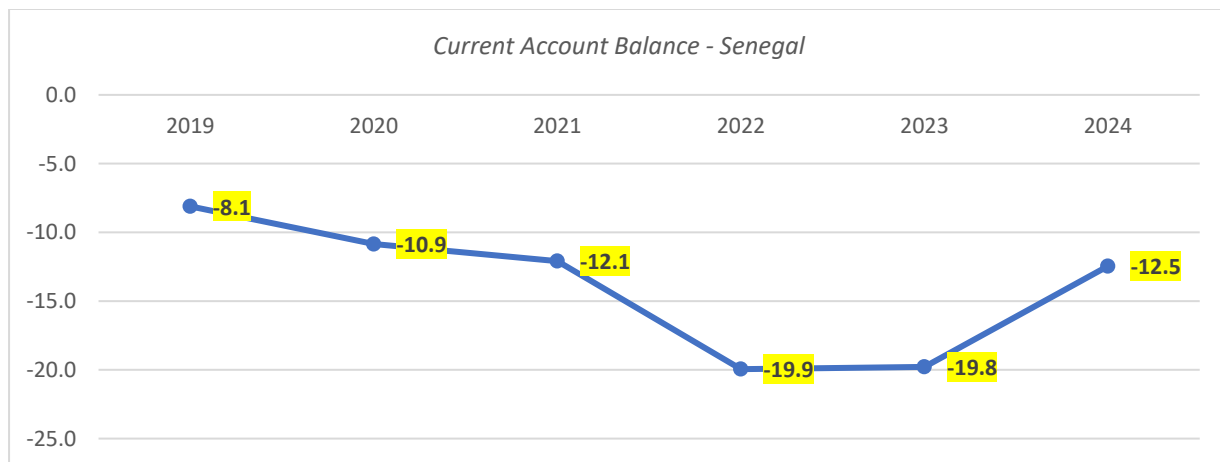
Graph 85: Overall Balance to GDP of Senegal: 2019 - 2024



460. The financial account balance is expected to show a surplus of 2,370.5 billion francs CFA (11.92% of GDP) in 2024, compared to 3,585.0 billion francs CFA (19.25% of GDP) in the previous year, representing a reduction of 33.9% in line with the decline in foreign direct investment (-56.6%). The decline in FDI is believed to be related to the completion of some exploration work linked to oil and gas projects in Senegal.

461. The current account balance is expected to show a deficit of 2,477.9 billion francs CFA (12.46% of GDP) compared to the deficit 3,528.3 billion francs CFA (18.9% of GDP) in 2023, a decrease of 32.7%. This situation would be attributable both to the improvement in the trade balance (12.8% of GDP), the services balance (6.3% of GDP) and the primary income balance (4.5% of GDP) and to the increase in the secondary income account surplus (11.1% of GDP).
462. The trade deficit is expected to improve by 21.0%, to 2,551.1 billion francs CFA (12.8% of GDP) in 2024, compared to 3,227.4 billion francs CFA (17.3% of GDP) in 2023, in line with the increase in exports (+633.1 billion), which was greater than that of imports of goods (-43.2 billion). The 18.9% increase in exports to 3,981.5 billion (20.1% of GDP) would be explained by the rise in the value of sales abroad of petroleum products (+599.3 billion), non-monetary gold (+65.7 billion), zircon (16.3 billion), titanium (+13.0 billion) and cement (+2.3 billion). Conversely, exports of fishery and horticultural products fell by 16.3 billion and 50.1 billion respectively. The 0.7% decline in imports of goods to 6,532.6 billion (32.8% of GDP) is mainly in line with the decline in foreign purchases of petroleum products (+199.5 billion).

*Graph 86: Current Account to GDP of Senegal: 2019 - 2024*

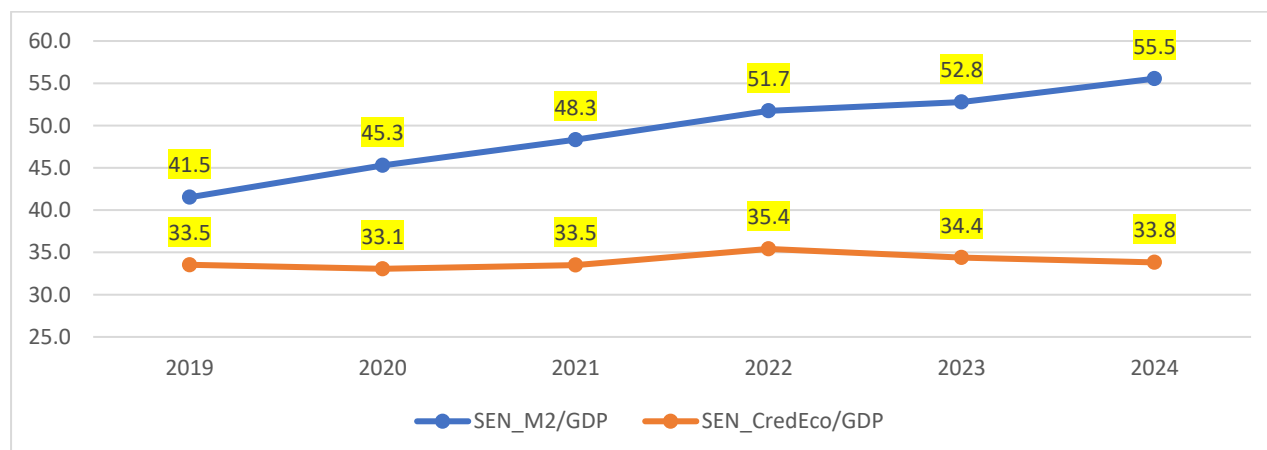


463. The capital account balance would show a surplus of 169.9 billion francs CFA (0.85% of GDP) in 2024, compared to 165.6 billion (0.89% of GDP) in 2023, due to a slight increase (+4.3 billion) in acquisition/disposal of non-financial assets and capital transfers to the public administration.
464. Based on current account and capital account balances, a financing requirement of 2,308.1 billion (11.6% of GDP) may arise in 2024, compared to 3,517.7 billion francs CFA (18.9% of GDP) in 2023. This financing requirement was met by net capital flows from (i) foreign direct investment amounting to 1,242.6 billion francs CFA (6.3% of GDP), (ii) portfolio investment amounting to 458.2 billion francs CFA (2.3% of GDP) and other investment amounting to 677.1 billion francs CFA (3.4% of GDP). As a result of these flows, the financial account balance is expected to show a surplus of 2,370.5 billion francs CFA (11.9% of GDP) compared to 3,585.0 billion francs CFA (19.3% of GDP) in 2023.
465. The ratio of gross foreign exchange reserves to imports of goods and services is expected to reach 4.6 months in 2024, after 3.5 months in 2023.

#### 4.10.4 Monetary Sector

466. The monetary authorities of the West African Monetary Union (WAMU) maintained their monetary policy stance in 2024. The main policy rate at which the Central Bank lends to banks and the interest rate on the marginal lending facility remained unchanged at 3.50% and 5.50% respectively. Similarly, the reserve requirement ratio was kept unchanged at 3%. These main policy rates have been in force since 16 December 2023, when the Union's monetary policy resulted in an increase in main policy rates to combat inflation.
467. In this context, monetary aggregates were marked by a 3.9% increase in money supply, reaching 10,206.5 billion FCFA at the end of 2024, compared to 9,827.6 billion at the end of December 2023. This change was driven by both an increase in net foreign assets and the consolidation of net domestic claims.
468. The net foreign assets of monetary institutions rose by 3.8% to 2,118.5 billion FCFA in 2023, compared to 2,041.3 billion FCFA at the end of December 2023. This change can be explained by the 29.7% increase in the net foreign assets of the Central Bank, the impact of which was mitigated by the 22.5% decline in those of primary banks.
469. Net domestic claims rose by 5.1% to 10,320.0 billion, compared to 9,821.9 billion FCFA a year earlier. This change is linked to the 5.1% increase (+172.7 billion) in net claims on the central government, alongside the consolidation of 5.1% (+325.3 billion) in loans to the economy. The increase in net claims on the public administration is due to commercial banks' subscription to government securities issued by the Treasury, as well as loans granted by credit institutions to the government. The change in loans to the economy follows the increase in lending to the non-banking financial sector and the public sector, with loans to the private sector declining slightly by 0.9%.
470. The change in money supply was reflected in its components, with (i) a 14.4% increase in currency in circulation to 29.7% of money supply, compared to 24.4%; (ii) a 3.3% decrease in transferable deposits, bringing them to 49.1% of total liquidity, compared to 50.8% in 2023; and (iii) an 8.2% increase in other deposits included in the money supply, reaching 26.8% of money supply, compared to 24.8% a year earlier.

Graph 87: M2/GDP and Credit to the Economy/GDP of Senegal: 2019 - 2024



#### 4.10.5 Status of Macroeconomic Convergence

471. With regard to macroeconomic convergence for 2024, Senegal has met all criteria with the exception of those relating to the budget deficit and public debt as a percentage of GDP. The situation is as follows;

##### Primary criteria

- **Budget deficit based on commitments, including grants**, stands at 11.2% of GDP, compared to 15.1% in 2023.
- **Average annual inflation rate** stood at 0.8% compared to 5.9% in 2023, below the 5% threshold set in the Macroeconomic Convergence and Stability Pact.
- **Foreign exchange reserves** are estimated at 4.6 months of imports of goods and services in 2023, compared to 3.5 months, thus meeting the minimum requirement of 3 months;
- No **financing of the budget deficit** was contracted with the Central Bank during 2024.

##### Secondary criteria

- **Outstanding public debt** stood at 117.0% of GDP, compared to 111.4 % of GDP in 2023, failing to meet the 70% threshold set out in the Macroeconomic Convergence and Stability Pact among ECOWAS Member States.
- **Average nominal exchange rate variation** of the CFA franc against the WAUA in 2024 is 0.6% compared to 3.0% in 2023, thus within the target of +/-10%.

Table 21: Senegal's convergence situation

CRITERIA	TARGET	2020	2021	2022	2023	2024
<b>Primary Criteria</b>						
<i>Budget deficit (commitment basis, including grants)</i>	≤3%	10.7	11.3	14.6	15.1	11.2
<i>Average annual inflation rate</i>	≤5%	2.5	2.2	9.7	5.9	0.8
<i>Central Bank financing of Budget Deficit</i>	≥10%	0.0	0.0	0.0	0.0	0.0
<i>Gross external reserves</i>	≥3	5.4	5.0	4.1	3.5	4.6
<b>No. of Primary Criteria met</b>		<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>
<b>Secondary Criteria</b>						
<i>Nominal exchange rate variation</i>	±10%	1.0	1.5	-5.3	3.0	0.6
<i>Public debt to GDP ratio</i>	≤70%	83.8	90.8	97.0	111.4	117.0
<b>No. of Secondary Criteria met</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total Convergence Criteria Met</b>		<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>

#### 4.10.6 Projections 2025

472. In 2025, growth is projected at 8.0%, down from the 8.8% initially set in the 2025 Finance Act (LFI). This growth is expected to be driven by all sectors of the economy. The value addition of the secondary sector is anticipated to increase by 18.8%, in line with growth in extractive and

manufacturing production. The primary and tertiary sectors will grow by 7.2% and 3.3% respectively in 2025.

473. Public finance for 2025 is based on the Finance Act. Tax revenue is expected to continue its upward trend, due to stronger measures to combat fraud and the broadening of the tax base. The Government has also taken measures to control public spending. As a result, the budget deficit is predicted to slow from 11.2% of GDP in 2024 to 7.8% of GDP in 2025.
474. In terms of convergence, Senegal is expected to meet all convergence criteria with the exception of the budget deficit and public debt ratio.

#### **4.10.7 Conclusion and Recommendations**

475. At the end of 2024, economic activity grew by 6.1% after 4.3% in 2023, mainly driven by the secondary and tertiary sectors. The budget deficit improved due to efforts to consolidate public finance. The current account also improved, mainly due to the improvement in the goods and services deficit and the primary income balance, as well as the increase in the secondary income surplus.
476. In respect of macroeconomic convergence, Senegal has met all convergence criteria with the exception of the budget deficit and public debt ratio.
477. In order to improve the macroeconomic situation, the Senegalese authorities are encouraged to:
- Maintain growth momentum by adopting strategies for sound management of oil and gas resources that aim to optimise oil use, ensuring both its conservation for the future and sustainable economic development. This requires strategic planning, transparent revenue management and adaptation to industry-related risks. Also take steps to continue implementing policies to modernise and transform local production for greater value addition;
  - Continue fiscal consolidation and implement strategies to optimise debt management, focusing on domestic solutions and mobilising domestic resources;
  - Step up the implementation of tax reforms to generate revenue and ensure sound public expenditure management in order to reduce the budget deficit over the period 2025-2027;
  - Continue to implement policies aimed at driving the establishment of industrial units for processing local products and/or commodities with a view to creating value-added chains.

## **4.11 Economic and Financial Situation of Sierra Leone**

478. The macroeconomic policy thrust in Sierra Leone, as outlined in the 2024 Government Budget, focused on restoring economic stability while protecting the poor and vulnerable. This agenda was anchored on the broader Medium-Term National Development Plan (MTNDP) for 2024–2030, which outlines a transformative strategy aimed at revitalising key sectors such as agriculture, manufacturing, human capital development, and job creation. In line with these policy priorities, the macroeconomic targets for 2024 included real GDP growth of 4.7 percent, annual average inflation of 33.6 percent, an overall fiscal deficit of 2.4 percent of GDP, and a public debt-to-GDP ratio of 83.7 percent.
479. The economy grew by 4.4 percent in 2024, driven by strong performances in agriculture and services. Annual average inflation eased significantly to 28.5 percent, down from 46.7 percent in 2023, largely due to tight monetary policy, fiscal consolidation, exchange rate stability, and improved supply conditions. The fiscal deficit widened to 5.2 percent of GDP, from 4.8 percent in 2023, while the public debt-to-GDP ratio rose to 48.8 percent from 44.5 percent. The overall balance of payments recorded a deficit of 0.01 percent of GDP in 2024, an improvement from 8.84 percent in 2023. Regarding macroeconomic convergence, Sierra Leone did not meet any of the primary convergence criteria but fulfilled both secondary criteria by the end of 2024.

### **4.11.1 Real Sector**

#### **4.11.1.1 Output growth**

480. The economy grew by 4.0 percent in 2024, compared to 5.7 percent in 2023. This growth was largely due to improved performance in the agricultural and services sectors. The slowdown in growth relative to 2023 was attributed to weaker performance in the industry sector, stemming from falling global prices for iron ore and slower mining, manufacturing, and construction activities. The agricultural sector grew by 3.6 percent in the review period, compared to 2.4 percent in the previous year, reflecting improvement across key subsectors. The crops and livestock subsectors grew by 4.1 percent and 3.7 percent in 2024, compared to 3.2 percent and 2.4 percent in 2023, respectively boosted by programs under the “Feed Salone” initiative. Similarly, the forestry and fishing subsectors recorded improved growth of 2.6 percent and 3.0 percent in 2024, compared to 2.1 percent and 1.2 percent in 2023 respectively, due to ease in restriction on logging and fishing activities.
481. Industrial sector growth slowed significantly to 3.5 percent in 2024, from 14.4 percent in 2023 reflecting slower growth in the mining, manufacturing, and construction subsectors. The mining and manufacturing subsectors grew by 7.8 percent and 1.1 percent in 2024, compared to 48.3 percent and 2.0 percent in 2023, respectively; while the construction subsector contracted by 0.6 percent in 2024, from 2.7 percent in 2023. The services sector registered increased growth of 5.7 percent, compared to 4.7 percent in 2023, mainly driven by a pickup in trade, financial services, and tourism related activities.
482. In terms of contribution to GDP growth in 2024, the agriculture sector contributed 1.2 percent, industry 0.7 percent, and services 2.4 percent. In terms of share, services were the dominant

sector, accounting for 45.2 percent of GDP, followed by agriculture at 34.4 percent, and industry 20.4 percent.

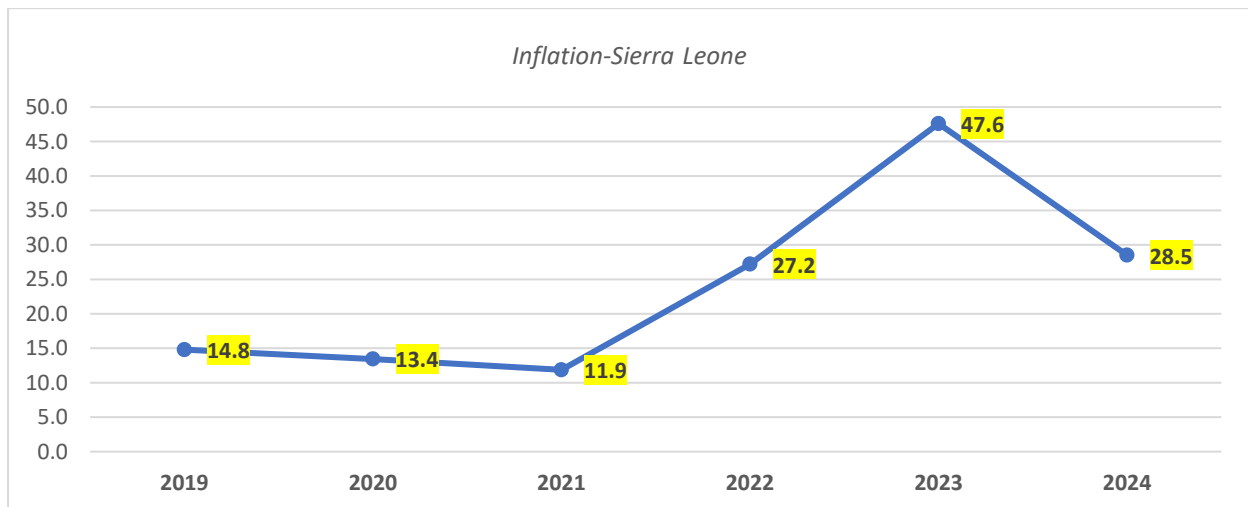
Graph 88: Real GDP Growth of Sierra Leone



#### 4.11.1.2 Inflation

483. Headline inflation decreased to 13.8 percent in December 2024, from 52.2 percent in December 2023. This development was underpinned by a combination of factors, which include tight monetary policy stance by the BSL, fiscal consolidation efforts, relative exchange rate stability, as well as improved food production and supply conditions. The decline was broad-based, with both food and non-food inflation dropping to 13.9 percent and 13.7 percent, respectively, in December 2024, from 57.2 percent and 48.3 percent in December 2023. In line with this, annual average inflation dropped to 28.5 percent in 2024, from 47.6 percent in the previous year.

Graph 89: Inflation rates of Sierra Leone: 2019 – 2024



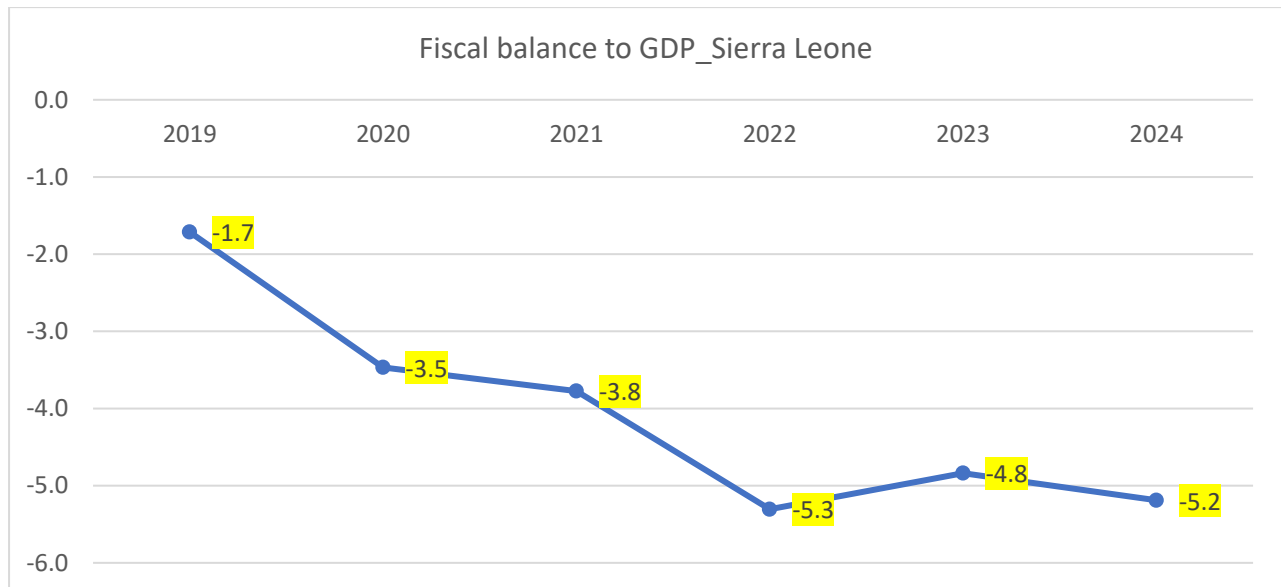
#### 4.11.2 Fiscal Sector

484. Total revenue and grants rose to NLe19.53 billion (13.7% of GDP) in 2024, from NLe14.27 billion (10.5% of GDP) in 2023, reflecting gains in domestic revenue mobilisation and improved

disbursement of grants. Domestic revenue recorded a notable increase to NLe14.56 billion (10.2% of GDP), from NLe10.10 billion (7.4% of GDP) in 2023. This performance was supported by the implementation of targeted tax policy reforms under the 2023 and 2024 Finance Acts, enhanced enforcement, the digitalisation of tax administration, and some one-off revenue inflows mainly from clearance of arrears. Grant inflows also improved, rising to NLe4.97 billion from NLe4.17 billion in 2023, driven by increased project grants and budgetary support, reflecting stronger engagement from development partners.

485. Total government spending amounted to NLe26.94 billion (18.8% of GDP) in 2024, up from NLe20.87 billion (15.3% of GDP) in the previous year. The expansion in expenditure was mainly attributed to increased capital investments and a rise in interest payments. Recurrent spending increased to NLe18.09 billion (12.7% of GDP) from NLe14.04 billion (10.3% of GDP). Meanwhile, interest payments increased by 42.1 percent to NLe4.54 billion, compared to NLe3.20 billion in 2023, largely due to the rising cost of servicing domestic debt. Capital expenditure also rose to NLe8.85 billion (6.2% of GDP), from NLe6.83 billion (5.0% of GDP), reflecting intensified infrastructure investments and the implementation of key programmes under the “Feed Salone” initiative.
486. Consequently, the overall fiscal deficit (including grants) widened to NLe7.97 billion (5.6% of GDP) in 2024, from NLe6.67 billion (4.9% of GDP) in 2023, with the domestic banking system providing the primary source of deficit financing.

Graph 90: Fiscal balance to GDP of Sierra Leone: 2019 - 2024



### Public Debt

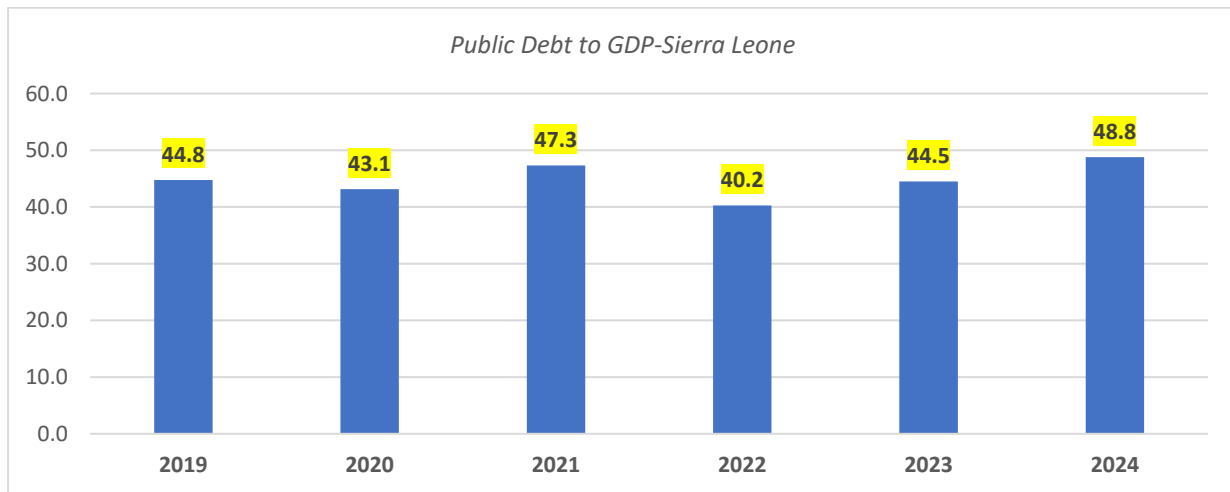
487. The total public debt stock stood at NLe69.86 billion (48.8% of GDP) at end-December 2024, compared to NLe63.69 billion (44.5% of GDP) at the same period in 2023. This increase was largely driven by increased domestic borrowing, including the issuance of new securities and utilisation of ways and means advances to cover fiscal shortfalls. As a result, domestic debt

surged to NLe28.39 billion (19.9% of GDP) from NLe20.78 billion (15.2% of GDP) at end-December 2023, leading to a notable rise in interest payment obligations.

488. In contrast, external debt declined to NLe41.47 billion (29.0% of GDP) from NLe42.91 billion (31.4% of GDP) at end-December 2023, reflecting significant repayments to the IMF under multilateral loan agreements.

489. In terms of composition, external debt constituted 59.4 percent of the total, while domestic debt made up the remaining 40.6 percent. The burden of debt servicing, especially from domestic sources, continued to rise, underscoring growing fiscal vulnerabilities.

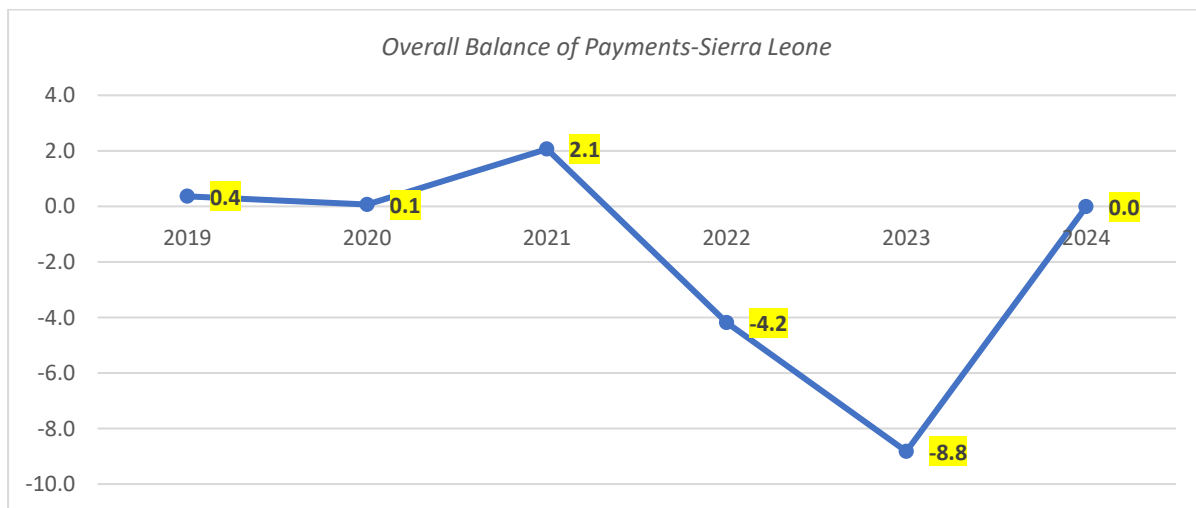
Graph 91: Public Debt to GDP of Sierra Leone: 2019 – 2024



#### 4.11.3 External sector

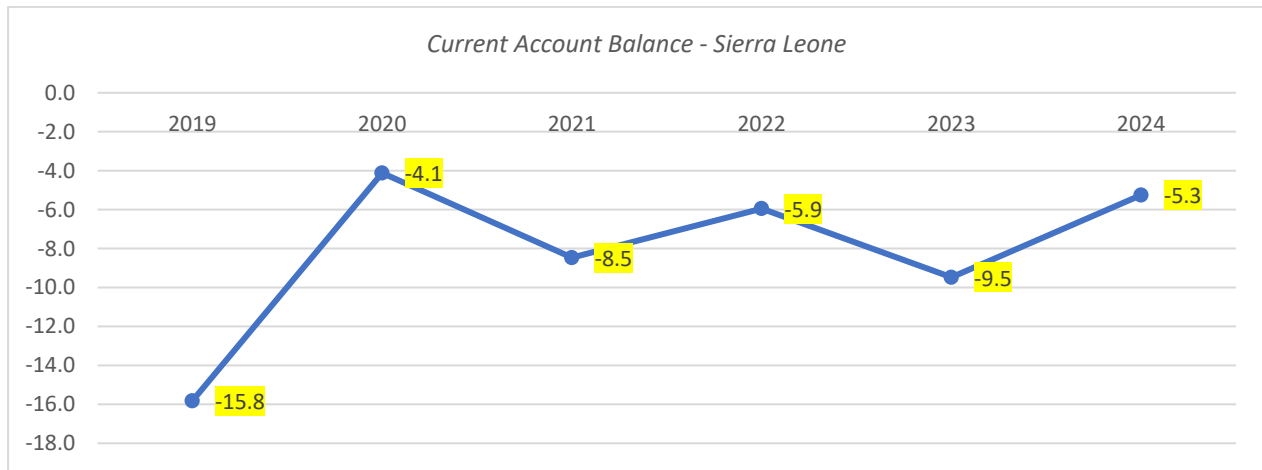
490. The overall balance of payments deficit narrowed to an estimated US\$0.8 million (0.01% of GDP) in 2024, down from US\$564.6 million (8.8% of GDP) in 2023. This improvement was largely driven by favourable trends in both the current account and financial account.

Graph 92: Overall Balance of BOP to GDP of Sierra Leone: 2019 – 2024



491. The current account deficit narrowed to US\$332.52 million (5.3% of GDP) in 2024, from US\$606.35 million (9.5% of GDP) the previous year. This positive shift was mainly underpinned by an improved trade balance, reflecting strong growth in exports and a slowdown in imports. Total exports of goods rose to US\$1.55 billion (24.5% of GDP), up from US\$1.34 billion (21.0% of GDP) in 2023. The growth in exports was driven by increased earnings from palm oil, cocoa, and iron ore, supported by both higher production and favourable global cocoa prices. Meanwhile, merchandise imports grew moderately to US\$2.05 billion (32.4% of GDP), compared to US\$1.92 billion (30.0% of GDP) in 2023, reflecting subdued domestic demand and ongoing import substitution measures.

*Graph 93: Current Account to GDP of Sierra Leone: 2019 – 2024*

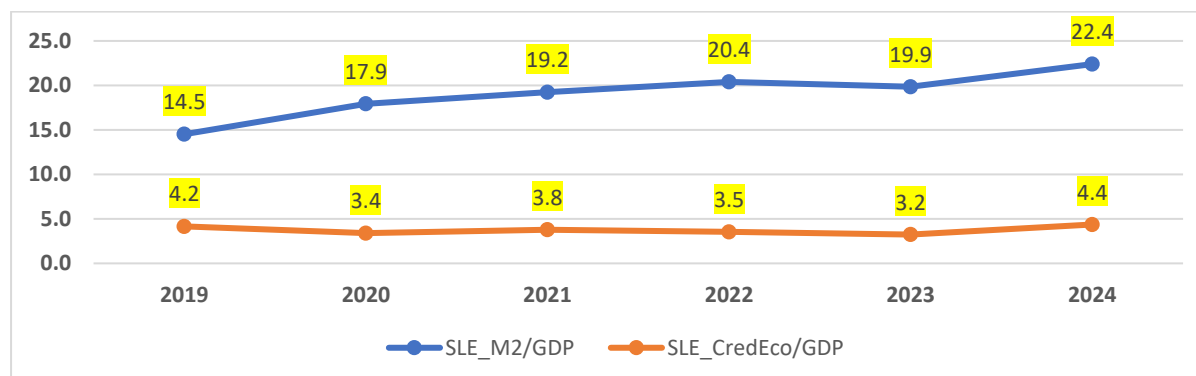


492. The capital account posted a surplus of US\$208.5 million (3.3% of GDP) in 2024, down from US\$381.0 million (6.0% of GDP) in 2023, largely due to lower inflows of capital transfers, particularly project-related grants. Conversely, the financial account turned positive, registering a surplus of US\$70.0 million (1.1% of GDP) in 2024, in contrast to a deficit of US\$282.3 million (4.4% of GDP) in 2023. This reversal was attributed to improved investor confidence, resulting in stronger net inflows from both foreign direct investment and portfolio investments.
493. Gross external reserves declined to US\$410.95 million by end-December 2024 (2.1 months of import cover), compared to US\$468.35 million (2.5 months of import cover) in 2023. The decline in reserves was partly due to external debt service payments.
494. Exchange rate conditions remained relatively stable throughout the review period. The Leone was broadly steady against major international currencies, supported by a prudent monetary policy stance and declining speculative pressures in the foreign exchange market. As a result, the Leone depreciated only modestly, by 5.6 percent against the US dollar and 5.1 percent against the West African Unit of Account (WAUA), a marked improvement from the steep depreciations of 26.1 percent and 33.9 percent recorded in 2023, respectively.

#### 4.11.4 Monetary sector

495. The Bank of Sierra Leone maintained a tight monetary policy stance during the review year to rein in inflation and stabilize expectations. As part of this effort, the Monetary Policy Rate (MPR) was raised by a cumulative 250 basis points, reaching 24.75 percent from 22.25 percent in December 2023. In tandem, the Standing Lending Facility and Standing Deposit Facility rates were also increased by 250 basis points, to 27.75 percent and 18.25 percent, respectively.
496. Broad money supply (M2) expanded by 18.2 percent at end-December 2024, marking a slowdown from the 32.8 percent growth recorded a year earlier. This deceleration was primarily driven by a sharp 23.2 percent contraction in Net Foreign Assets (NFA), which reversed the 21.5 percent growth observed at end-December 2023.
497. Net Domestic Assets (NDA) of the banking sector increased by 31.0 percent in 2024, down from 36.8 percent in the previous year. The moderation was largely due to a slower expansion in net claims on the central government by the banking system, which rose by 33.6 percent compared to 40.6 percent in 2023. In contrast, credit to the private sector recorded a strong growth, accelerating to 41.2 percent from 25.0 percent, indicating a gradual improvement in lending towards private sector activities.
498. Reserve money growth also slowed significantly, declining to 17.2 percent at end-December 2024 from 44.0 percent the previous year. This reflected both the decline in the BSL's NFA and the moderation in NDA growth. On the liability side, the slowdown was driven by reduced growth in currency circulation and a decline in commercial banks' reserve deposits with the central bank.
499. The banking sector remained stable, sound, and safe during the review period, supported by strong regulatory oversight from the Bank of Sierra Leone. Key financial soundness indicators remained well within prudential norms, with the Capital Adequacy Ratio at 40.9 percent and the liquid asset to volatile funds ratio at 137.0 percent at end-December 2024, compared to 41.7 percent and 131.8 percent respectively in 2023. Profitability improved, buoyed by higher returns from government securities and loan portfolios. Return on Assets (ROA) and Return on Equity (ROE) were recorded at 9.9 percent and 31.9 percent, respectively. Asset quality also recorded gains, with the Non-Performing Loan (NPL) ratio declining to 8.9 percent, comfortably below the regulatory ceiling of 10 percent.

Graph 94: M2/GDP and Credit to the Economy/GDP of Sierra Leone: 2019 - 2024



#### 4.11.5 Macroeconomic Convergence

500. Sierra Leone did not meet any of the primary macroeconomic convergence criteria during the review period but successfully complied with both secondary criteria. A summary of the performance is outlined below:

- **Primary Criteria**

501. The fiscal deficit on a commitment basis, including grants, stood at 5.2 percent of GDP in 2024, compared to 4.8 percent in 2023. The average annual inflation rate declined to 28.5 percent, from a high of 47.6 percent in the previous year. Gross external reserves covered 2.1 months of imports of goods and services, down from 2.5 months in 2023. Central bank financing of the fiscal deficit amounted to 15.0 percent of the previous year's tax revenue. Additionally, gross external reserves covered 2.1 months of imports and services, down from 2.5 months in 2023.

- **Secondary Criteria**

502. The nominal exchange rate of the Leone against the West African Unit of Account (WAUA) depreciated by 5.1 percent in 2024 and was well within the acceptable margin of  $\pm 10$  percent. The public debt-to-GDP ratio increased to 48.8 percent in 2024 from 44.5 percent in the previous year, comfortably meeting the 70 percent ceiling set under the ECOWAS Macroeconomic Convergence and Stability Pact (MCSP).

Table 22: Status of convergence in Sierra Leone

CRITERIA	TARGET	2020	2021	2022	2023	2024
<b>Primary Criteria</b>						
Budget deficit (commitment basis, including grants)	$\leq 3\%$	-3.5	-3.8	-5.3	-4.8	-5.2
Average annual inflation rate	$\leq 5\%$	13.4	11.9	27.2	47.6	28.5
Central Bank financing of Budget Deficit	$\geq 10\%$	21.9	20.0	55.5	50.3	15.0
Gross external reserves	$\geq 3$	5.1	5.4	3.2	2.5	2.1
<b>No. of Primary Criteria met</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>Secondary Criteria</b>						
Nominal exchange rate variation	$\pm 10\%$	-8.4	-5.1	-20.9	-33.9	-5.1
Public debt to GDP ratio	$\leq 70\%$	43.1	47.3	40.2	44.5	48.8
<b>No. of Secondary Criteria met</b>		<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>
<b>Total Convergence Criteria Met</b>		<b>3</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>2</b>

#### 4.11.6 Prospects

503. Sierra Leone's economic outlook remains favourable, anchored on the effective implementation of the new Medium-Term National Development Plan (MTNDP) 2024–2030 and a sustained commitment to sound macroeconomic management. Real GDP growth is projected to rise to 4.5 percent in 2025 and stabilize around 4.7 percent in both 2026 and 2027. Inflation is expected to ease further, averaging about 8.8 percent in 2025 and staying within single-digit territory in the near to medium-term. The fiscal deficit is expected to narrow to 3.9 percent in 2025, reflecting ongoing fiscal consolidation efforts.

504. However, risks to the outlook remain. Externally, heightened global economic uncertainty, driven by trade disputes such as the U.S. tariff measures and tighter global financial conditions,

could dampen export earnings and investor confidence. Domestically, the effects of tight macroeconomic conditions and increasing climate-related vulnerabilities may continue to constrain growth potential.

#### **4.11.7 Conclusion and Recommendations**

505. The economy demonstrated resilience in 2024, recording solid growth of 4.4 percent, supported mainly by strong performance in the agriculture and services sectors. However, sluggish growth in the industrial sector tempered the overall expansion. The macroeconomic outlook remains encouraging, with real GDP expected to grow by 4.5 percent in 2025 and 4.7 percent in the subsequent two years. Inflation declined sharply to 28.5 percent in 2024 from 47.6 percent in 2023 and is projected to fall further into single digits over the medium-term. The fiscal deficit stood at 5.6 percent of GDP in 2024, with expectations for fiscal improvement going forward.
506. Considering the recent developments and the outlook, the following policy recommendations are proposed:
- Fast-track the operationalization of the Mineral Wealth Fund (MWF) and implement the strategic framework for state participation in mining through production-sharing agreements, to support long-term, inclusive growth.
  - Scale up investments in climate-resilient infrastructure and agricultural productivity, to mitigate climate risks and enhance long-term economic resilience, food security, and rural employment.
  - Strengthen domestic revenue mobilisation by streamlining tax exemptions and deepening expenditure reforms, including payroll verification, more effective targeting of subsidies, and enhanced procurement oversight, to advance fiscal consolidation.
  - Adopt a proactive debt management strategy focused on refinancing expensive short-term debt with longer-term, lower-cost instruments, while reinforcing fiscal discipline to reduce reliance on high-cost borrowing and ensure debt sustainability.
  - Promote foreign exchange inflows by supporting value-added exports, attracting foreign direct investment, and boosting remittances through greater diaspora engagement and financial inclusion. The Bank of Sierra Leone should also expedite efforts to acquire and manage gold assets to reinforce external reserves.

## **4.12 Economic and Financial Situation of Togo**

507. Togo's economic activity took place against the backdrop of the implementation of the 2025 Togo Government Roadmap. The roadmap is structured around three pillars comprising ten goals sub-divided into 36 projects, six reforms and three strategic priorities relating to security.
508. Thus, in 2024, growth is expected to reach 6.3%, compared to 6.4% in 2023, driven by all sectors, mainly the tertiary sector (including taxes and duties), which will contribute 4.1 percentage points to growth. The contributions to growth from the secondary and primary sectors were 1.1 and 1.0 percentage points, respectively. In 2025, growth is projected to slow slightly to 6.2%. In 2024, growth was accompanied by a decline in inflation, which fell from 5.3% in 2023 to 2.9% in 2024.
509. With regard to the conduct of government's financial operations at the end of December 2024, the overall deficit improved by 1.2 percentage point and stood at 5.5% of the GDP compared to 2023 but remained above the Community target. In terms of convergence in 2024, Togo is expected to meet five (05) of the six (06) convergence criteria in 2024; the criterion relating to the budget deficit to GDP ratio will not be met despite the efforts made.

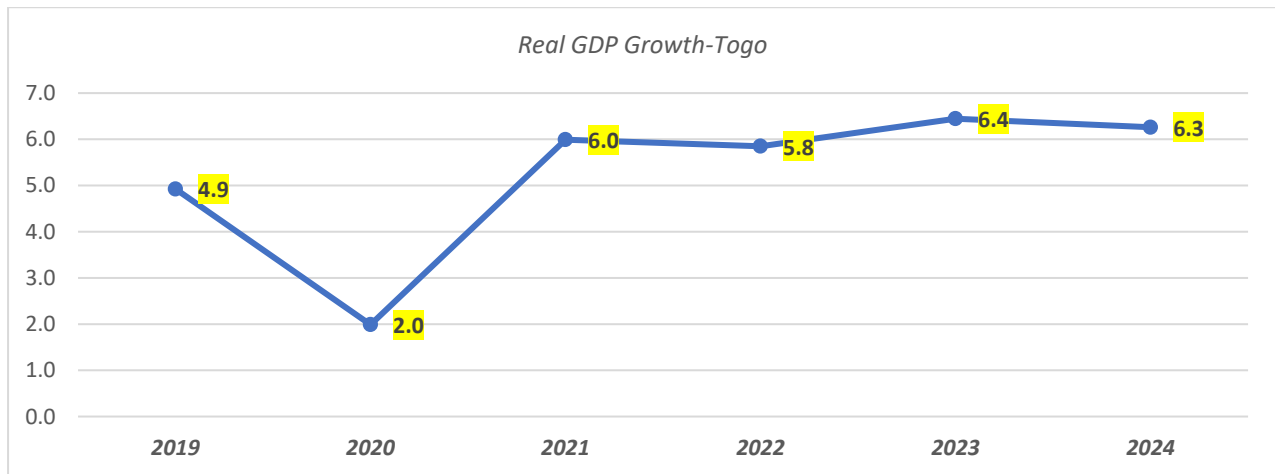
### **4.12.1 Real Sector**

#### *4.12.1.1 Growth*

510. Economic activity in Togo grew by 6.3% in 2024, following a 6.4% increase a year earlier. This growth was mainly driven by the tertiary sector. It was achieved against a backdrop of declining inflationary pressures. On the supply side, sectoral developments compared to 2023 are as follows:
511. The value addition of the primary sector is expected to increase by 4.8% in 2024, compared to a rate of 6.4% recorded in 2023. This growth will be driven by results in agriculture (5.0% in 2024 after a 6.6% increase in 2023) and livestock farming, with growth of 6.0% after 6.9% in 2023. Regarding fishing, its value addition is projected to decline by 3.5%, compared to growth of 3.6% a year earlier.
512. The primary sector's contribution to GDP growth in 2024 is expected to be 1.0 percentage point, compared to 1.3 percentage points in 2023.
513. The growth in value addition of the secondary sector is projected to reach 5.7% in 2024, compared to 6.3% a year earlier. The change in 2024 would be attributable to momentum across all sectors, with the exception of water and electricity production. Extractive activities are expected to grow by 5.6%, compared to a decline of 0.9% in 2023, manufacturing activities are set to increase by 6.2%, compared to 5.9% in 2023, and construction activities are expected to increase by 5.7%, compared to a decline of 1.4% in 2023. With regard to water, electricity and gas production, value addition would see a sharp decline in its growth rate, posting a rate of 4.3% following the 14.4% increase recorded in 2023.
514. The contribution of the secondary sector to GDP growth is projected to be 1.1 percentage points in 2024, after 1.3 percentage points in 2023.

515. The tertiary sector is expected to maintain its growth rate, with value addition rising by 6.9% in 2024 following a 6.6% increase in 2023. This growth is attributable to the performance of the ‘Trade’ sector (+7.9% compared to 5.7% in 2023), ‘Transport and communications’ (+5.8% compared to 4.9% in 2023), financial activities (7.5% compared to 7.2% in 2023) and hostels and restaurants (8.4% compared to 3.7% in 2023). Regarding non-market services, growth is expected to be 6.9% in 2024, compared to 8.8% a year earlier.

Graph 95: Real GDP Growth of Togo: 2019 – 2024



516. The tertiary sector (including taxes and duties net of subsidies) is expected to be the main contributor to GDP growth in 2024. Its contribution is projected to be 4.1 percentage points, against 3.9 percentage points in 2023.

517. On the demand side, in 2024, real GDP growth is expected to be driven by final consumption and investment. Trade, on the other hand, would contribute negatively to real GDP growth. The growth rate of final consumption expenditure is expected to accelerate in 2024 to 5.2% after increasing by 4.2% in 2023, driven mainly by private final consumption expenditure (+6.0% compared to +4.6% in 2023). final public consumption expenditure would slow to 0.2% compared to +2.0% in 2023. Investment, driven by both the public and private sectors, would increase by 14.7% in value addition compared to 4.9% in 2023. Public investment is projected to increase by 19.8% compared to 0.8% a year earlier, while private investment would rise by 10.3% compared to 8.5% in 2023. Trade would be characterised by a 5.6% increase in imports compared to a 4.0% decline in 2023, and a 1.8% increase in exports in 2024 compared to 0.4% in 2023.

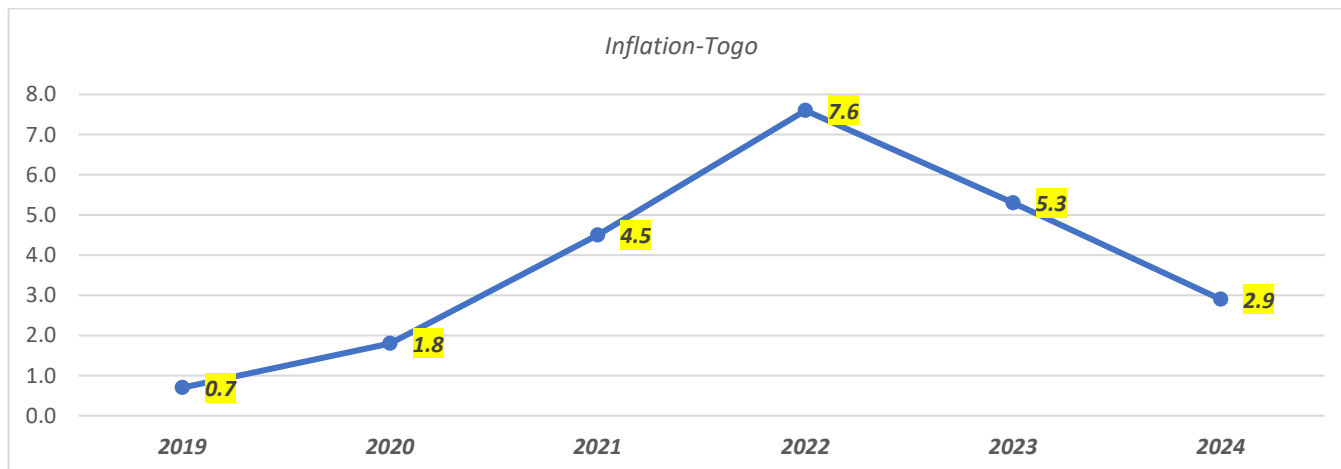
518. In terms of contribution to real GDP growth in 2024, final consumption, investment and trade are expected to contribute 4.4 percentage points, 3.3 percentage points and -1.4 percentage points, respectively, compared to 3.7 percentage points, 1.1 percentage points and 1.6 percentage points in 2023.

#### 4.12.1.2 Inflation

519. Economic activity in 2024 took place against a backdrop of easing inflationary pressures. As a result, average annual inflation for 2024 stood at 2.9%, compared to 5.3% in 2023. Inflation in

2024 was driven mainly by the ‘Food and non-alcoholic beverages’ (+1.94 percentage points), ‘Restaurants and hotels’ (+0.30 percentage points) and ‘Clothing and footwear’ (+0.20 percentage points) sub-sectors.

Graph 96 : Inflation Rates of Togo: 2019 - 2024



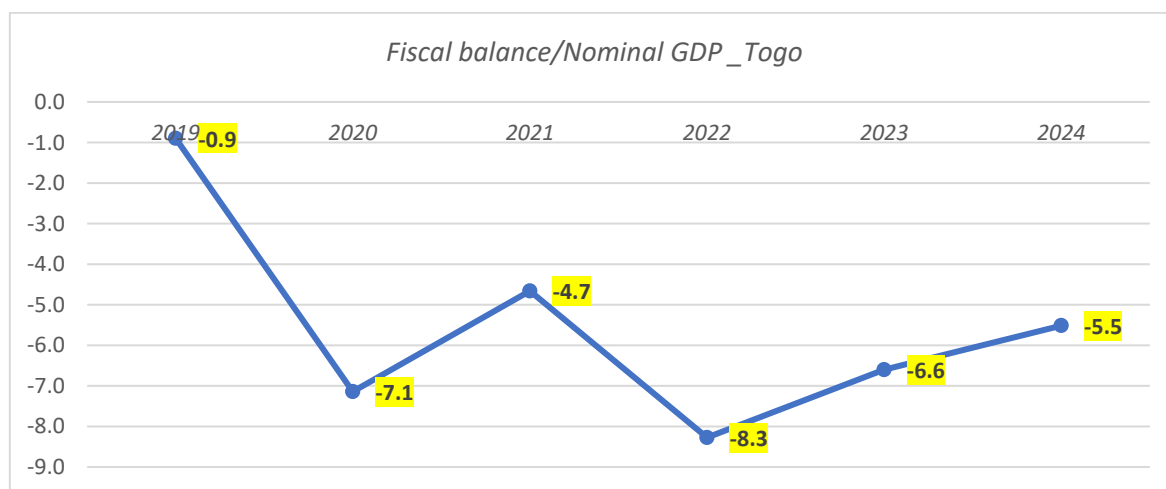
#### 4.12.2 Public Finance and Debt

520. The conduct of government's financial operations in 2024 resulted in a reduction in the overall deficit and the overall deficit excluding grants. The overall deficit stood at 336.3 billion FCFA (5.5% of GDP) in 2024, following a deficit of 370.5 billion FCFA (6.6% of GDP) recorded in 2023. Excluding grants, the deficit stood at 453.7 billion FCFA (7.4% of GDP) at the end of December 2024, compared to a deficit of 539.7 billion FCFA (9.6% of GDP) in the same period in 2023. This change is linked to a 2.9% increase in total revenue and grants, combined with a 0.1% decline in total expenditure and net loans.
521. Total revenue and grants mobilised in 2024 increased by 2.9% compared to the same period in 2023. They amounted to 1,125.2 billion FCFA (18.5% of GDP) compared to 1,093.0 billion FCFA (19.5% of GDP) in the same period in 2023. This increase is attributable exclusively to the mobilisation of total revenue (+9.1%), with the mobilisation of grants down 30.6% compared to 2023.
522. Net tax revenue amounted to 881.1 billion FCFA (14.4% of GDP) at the end of 2024, compared to 812.3 billion FCFA (14.5% of GDP) a year earlier, representing an increase of 8.5%. The increase was attributable, among other things, to the mobilisation of: (i) income taxes, (ii) profits and capital gains (+7.0%), and (iii) domestic taxes and duties on goods and services (+15.6%). These results are linked to the continuation or implementation of fiscal administration and policy measures, including: (i) an increase in the excise duty rate on imported energy drinks, beer and alcoholic beverages, (ii) the introduction of excise duties on imported plastic bags (5%) and food bouillons (15%), (iii) raising the VAT rate from 10% to 18% on services provided by hotels, restaurants and similar establishments, as well as approved tour operators, (v) increasing the IMF collection rate on used vehicles from 1% to 2% (vi) the introduction of a technical evaluation system for auditors in order to assign the best auditors to high-stakes cases, (vii) the

strengthening of the risk analysis system and the capacity of auditors in the tax control of specific sectors, (viii) the extension of electronic filing of financial statements via the single window for filing financial statements (GUDEF) to all taxpayers in the actual tax system, (ix) the modernisation and digitisation of procedures and the decentralisation of services, and (x) the introduction of a 5% tax on telecommunications and information and communication technology companies (TETTIC).

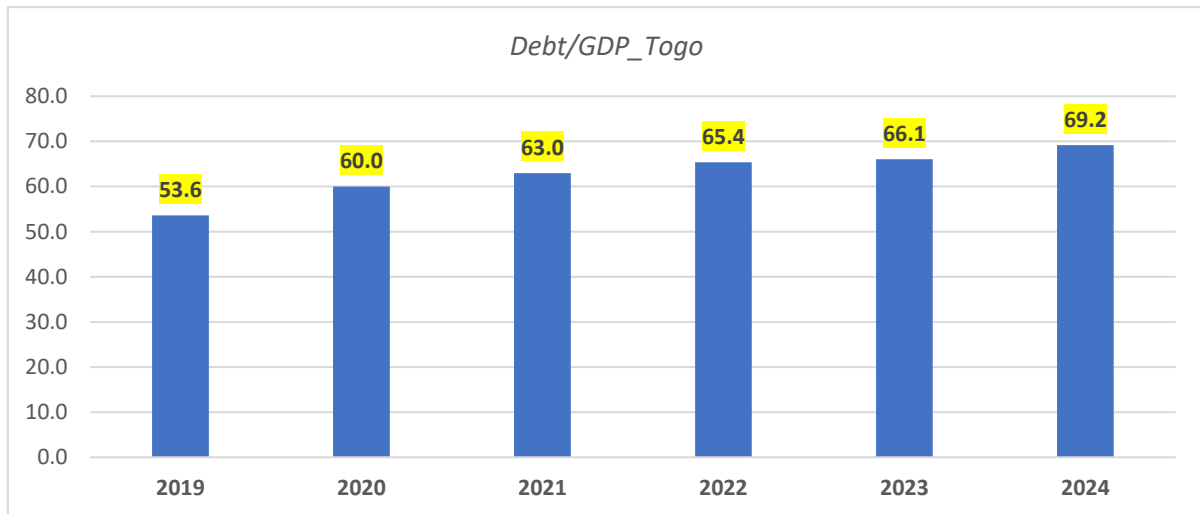
523. Non-tax revenue increased by 25.9% to 120.6 billion Franc CFA (2.0% of GDP) in 2024, compared to 95.8 billion Franc CFA (1.7% of GDP) in the same period in 2023. This increase is mainly due to the exceptional collection of mining royalties, rents and dividends from some public companies.
524. Grants mobilised in 2024 were down 30.6% compared to the amount mobilised in 2023. Grants amounted to 117.9 billion Franc CFA (1.9% of GDP) in 2024, compared to 169.1 billion Franc CFA (3.0% of GDP) in 2023. This change is attributable solely to capital grants, which fell by 34.0%, while programme grants increased by 23.0% compared to 2023.
525. Total expenditure and net loans committed at the end of 2024 stood at 1,461.5 billion Franc CFA (24.0% of GDP), down by 0.1% compared to expenditure committed in the same period in 2023. This change is attributable to a 3.5% decline in capital expenditure, offset by a 1.9% increase in current expenditure.
526. Current expenditure at the end of December 2024 amounted to 959.0 billion Franc CFA compared to 941.3 billion Franc CFA a year earlier. This increase is due, on the one hand, to the rise in expenditure commitments for: (i) salaries and wages (+4.2%), (ii) goods and services (+35.5%) and (iii) debt interest payments (+14.2%) and, on the other hand, a decrease in expenditure commitments for transfers and subsidies (-24.0%).
527. Investment expenditure fell by 3.5% at the end of December 2024, attributable to both capital expenditure commitments from domestic resources (-0.5%) and capital expenditure from external resources (-6.2%).

Graph 97: Fiscal balance to GDP in Togo 2019-2024



528. Concerning public debt, the outstanding amount is estimated at 4,217.7 billion Franc CFA as of 31 December 2024 (69.2% of GDP), compared to 3,707.8 billion Franc CFA in the same period in 2023 (66.6% of GDP), representing an increase of 13.8%. At the end of December 2024, outstanding public debt was made up of 2,432.6 billion Franc CFA of domestic debt (57.7%) and 1,785.2 billion Franc CFA francs of external debt, or 42.3%.

Graph 98 : Public Debt to GDP of Togo: 2019-2024



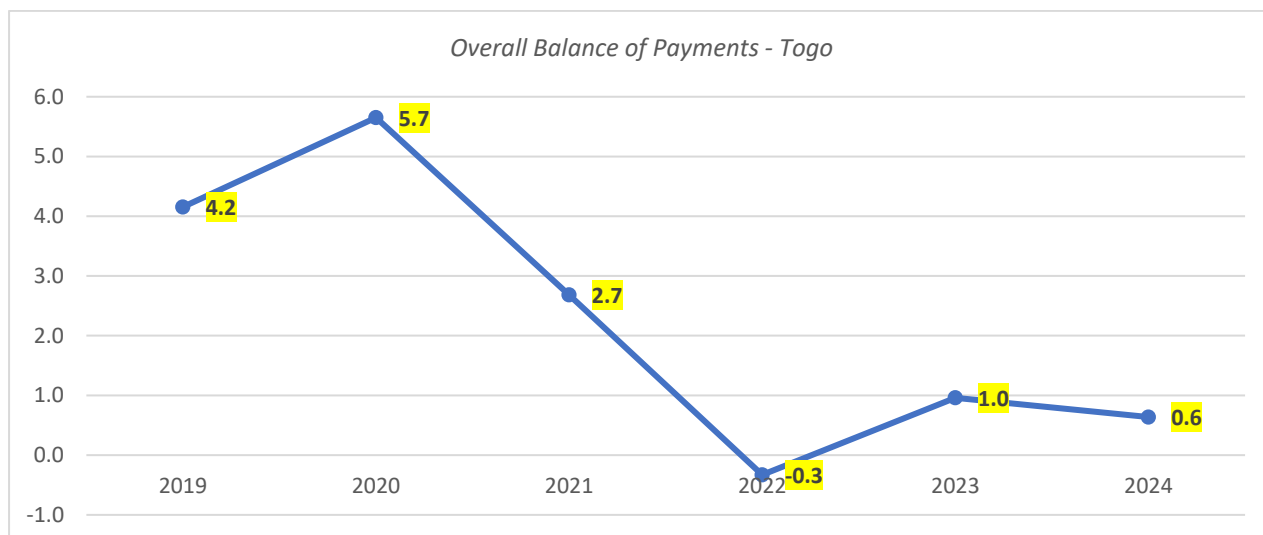
529. At the end of December 2024, a total of 633.9 billion Franc CFA had been paid in debt servicing, of which 488.6 billion Franc CFA (77.1%) was for domestic debt and 145.2 billion Franc CFA (22.9%) was for external debt.

530. As a ratio of GDP, Togo's outstanding public debt in 2024 stood at 69.2%, compared to 66.1% a year earlier.

#### 4.12.3 External Sector

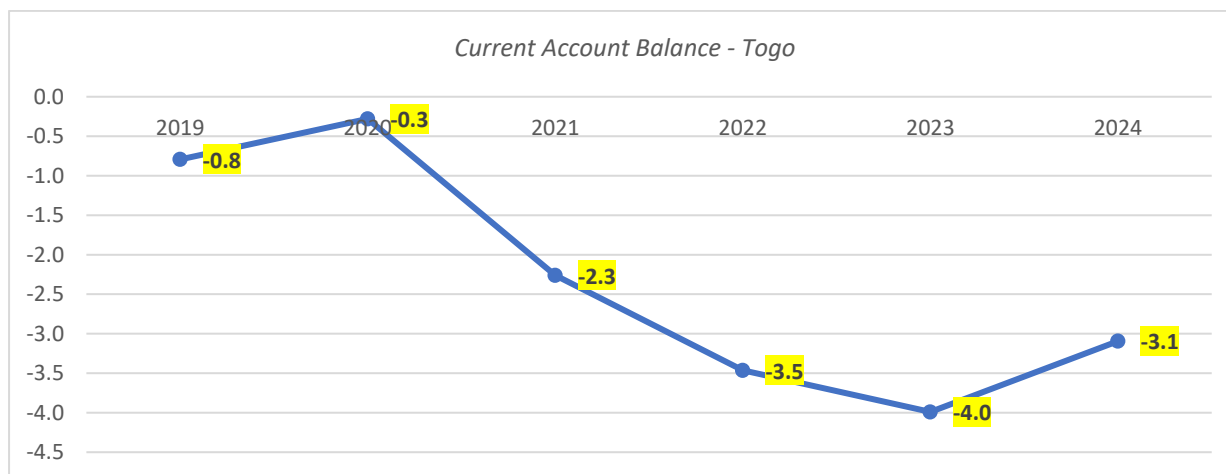
531. In 2024, the current account deficit is projected to decline by 33.3 billion to 188.7 billion FCFA, mainly due to a reduction in the trade deficit (-11.4 billion), coupled with increases in the primary income surplus (+13.4 billion FCFA) and services (+9.0 billion FCFA). The 11.4 billion FCFA improvement in the trade balance would stem from a 45.7 billion Franc CFA increase in exports of goods, which is greater than the 34.3 billion Franc CFA increase in imports of goods.

Graph 99: Overall Balance of Payments to GDP of Togo: 2019 - 2024



532. The strong performance of goods exports was driven in particular by higher external demand for other exported products (+79.9 billion FCFA), cocoa (+2.4 billion FCFA) and coffee (+1.9 billion FCFA), offset mainly by a decline in re-exports of petroleum products (-18.4 billion FCFA), as well as exports of phosphates (-14.7 billion FCFA) and clinker (-2.6 billion FCFA).
533. The increase in imports of goods is mainly attributable to higher foreign purchases of food products (+11.7 billion FCFA), capital goods (+8.3 billion), electrical energy (+4.7 billion FCFA), and raw materials and semi-finished products (+2.6 billion FCFA).
534. The increase in the services balance is mainly attributable to the continued reduction in the transport deficit and the increase in the travel surplus, against a backdrop of continued strong growth in passenger air traffic.
535. The primary income balance is projected to increase by 13.4 billion Franc CFA, from 5.9 billion Franc CFA in 2023 to 19.4 billion FCFA a year later, mainly due to higher investment income.
536. Concerning secondary income, the balance is expected to stand at 405.4 billion FCFA in 2024, against 405.9 billion FCFA in 2023, due to the combined effect of the decline in grants mobilised by the public administration and revenue increase from other sectors.
537. In this context, the current account deficit excluding grants to current GDP ratio would drop by 0.8 percentage points to 3.3%.

Graph 100: Current Account to GDP of Togo: 2019 – 2024



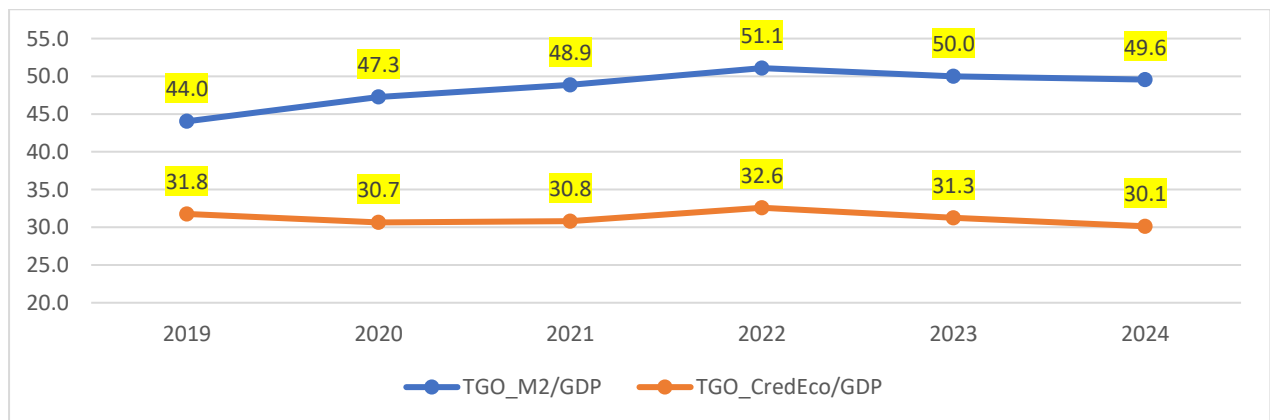
538. The capital account surplus is expected to decrease by 61.9 billion FCFA to 297.8 billion FCFA in 2024, mainly due to the decline in the mobilization of project grants by the public administration and net capital transfers received by financial and non-financial corporations, as well as households and non-profit institutions serving households (NPISHs).
539. The financial account balance, at 70.3 billion FCFA, is projected to be down by 16.2 billion FCFA as against the level reached in 2023, due to the decrease in net outflows from direct investment (-71.2 billion FCFA) and other investments (-198.2 billion FCFA), exacerbated by the decline in net inflows from portfolio investment (-253.2 billion FCFA).
540. Togo's balance of payments is expected to record a surplus of 38.9 billion FCFA, following a surplus in the capital account of 297.8 billion FCFA, offset by a current account deficit of 188.7 billion FCFA and net capital outflows of 70.3 billion FCFA under the financial account.

#### 4.12.4 Monetary Sector

541. In the conduct of monetary policy, the Central Bank of West African States (BCEAO) maintained its main monetary policy rates in 2024, in line with the economic upturn, in order to support growth while keeping inflation under control. In 2024, lending to the economy grew by 5.6% to reach 1,837.54 billion FCFA, reflecting the strong performance of economic activity and banks' confidence in financing the economy.
542. In this context, the monetary situation at the end of December 2024 shows an 8.7% increase in money supply compared to the end of December 2023. This increase is due to the rise in net foreign assets (+3.4%), net claims on the central government (+107.4%) and claims on the economy (+5.7%). In general, domestic claims increased by 16.9% compared to 2023. Non-monetary liabilities rose by 30.2%. These counterparts of money supply contributed to the growth of money supply as follows: domestic claims contributed 11.9 percentage points, with 8.3 percentage points from claims on government and 3.6 percentage points from claims on the economy. Net foreign assets contributed 1.4 percentage points, while non-monetary liabilities contributed 4.4 percentage points.

543. With regard to the components of money supply, currency in circulation rose by 3.6% compared to 15.8% in 2024. This change is linked to the sharp increase in bank deposits (16.5% compared to -8.1% in 2023), as well as treasury deposits, which rose sharply by 289.1% compared to a decline of 25.4% in 2023. Transferable deposits rose by 2.4% compared to a decline of 3.6% in 2023, while other deposits included in money supply increased by 16.3% in 2024, compared to an increase of 15.0% in 2023.
544. In the banking sector, 2024 saw a continued improvement in the quality of banks' loan portfolios, with the gross loan loss ratio falling to 7.1% at the end of December 2024, down from 7.7% a year earlier and 8.1% at 31 December 2022. The net loan portfolio deterioration rate stood at 2.8% in 2024, after 2.2% in 2023. Credit risk remains persistent, given that, just like a year earlier, as at 31 December 2024, 10 out of the 14 banks in operation had gross credit portfolio deterioration rates above 5.0%. The sector's profitability rose sharply, with a provisional net profit of 41.1 billion FCFA in 2024, after 36.7 billion FCFA in 2023, due to the control of risk costs (-52.7% to 11.2 billion FCFA), offset by a slight decline in net banking income of 1.1% to 195.3 billion FCFA.

Graph 101 : M2/GDP and Credit to the Economy/GDP of Togo: 2019 - 2024



#### 4.12.5 Status of Macroeconomic Convergence

545. At the end of 2024, Togo had met five (05) convergence criteria, including three primary criteria and two secondary criteria. The budget deficit criterion was not met. The situation is as follows:

##### Primary criteria

- **Budget deficit ratio including grants (commitment basis) to gross domestic product ratio ( $\leq 3\%$ ):** the overall deficit to GDP ratio stood at 5.5% in 2024, compared to 6.6% in 2023, against the Community target of a maximum of 3%;
- **Average annual inflation rate ( $\leq 5\%$ ):** in 2024, average annual inflation stood at 2.9%, compared to 5.3% in 2023;
- **Gross reserves ( $\geq 3$  months of imports):** BCEAO's foreign exchange reserves stood at 4.6 months of imports of goods and services, compared to 3.5 months in 2023, in line with the Community target of a minimum of 3 months;

- **Central Bank financing of budget deficit ( $\leq 10\%$ )** of the previous year's tax revenue): Like other UEMOA Member States, Togo no longer uses this type of financing.

#### Secondary criteria

- **Outstanding debt to nominal GDP ratio ( $\leq 70\%$ )**: the outstanding public debt ratio increased compared to 2023, reaching 69.2% of GDP, compared to 66.1% in 2023, with a Community target of 70% maximum;
- **Nominal exchange rate variation ( $\pm 10\%$ )**: the average nominal exchange rate variation of the CFA franc against the WAUA at the end of 2024 was 0.6% compared to 3.0% in 2023.

Table 23: Togo's convergence situation

CRITERIA	TARGET	2020	2021	2022	2023	2024
<b>Primary Criteria</b>						
Budget deficit (commitment basis, including grants)	$\leq 3\%$	7.1	4.7	8.3	6.6	5.5
Average annual inflation rate	$\leq 5\%$	1.8	4.5	7.6	5.3	2.9
Central Bank financing of Budget Deficit	$\geq 10\%$	0.0	0.0	0.0	0.0	0.0
Gross external reserves	$\geq 3$	5.4	5.0	4.1	3.5	4.6
<b>No. of Primary Criteria met</b>		<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>
<b>Secondary Criteria</b>						
Nominal exchange rate variation	$\pm 10\%$	1.0	1.5	-5.3	3.0	0.6
Public debt to GDP ratio	$\leq 70\%$	60.0	63.0	65.4	66.1	69.2
<b>No. of Secondary Criteria met</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total Convergence Criteria Met</b>		<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>5</b>

#### 4.12.6 Projections 2025

546. According to the information available to date, the Togolese economy is expected to continue its robust growth in 2025, with a projected rate of 6.2%. This growth is expected to be driven mainly by the tertiary (including taxes) and secondary sectors, with 3.7 percentage points and 1.4 percentage points contributions to growth, respectively. The primary sector's contribution to GDP growth is anticipated to be 1.1 percentage points.
547. The primary sector is expected to record a 5.6% increase in value addition in 2025, compared to 4.8% in 2024. This growth will be driven by all sub-sectors, with 5.7% for agriculture, 6.4% for livestock farming and 5.0% for fishing. The secondary sector is expected to grow by 7.0% compared to 5.7% in 2024, and the value addition of the tertiary sector is expected to increase by 6.2% compared to 6.9% a year earlier.
548. In terms of public finance, forecasts for 2025 point to fiscal consolidation with a deficit of 3.0% compared to a deficit of 5.5% in 2024. This performance would be achieved through greater mobilisation of total revenue and grants, which would increase by 15.7% compared to 2024, against a smaller increase in total expenditure and net loans, which are expected to rise by 2.5% compared to 2024. Total revenue and grants are expected to reach 19.7% of GDP in 2025,

compared to 18.5% a year earlier, while the total expenditure and net loans to nominal GDP ratio is expected to decline to 22.6% in 2025, against 24.0% in 2024. In terms of taxation, it is projected a tax burden of 15.5% in 2025, compared to 14.4% in 2024. Based on revenue and expenditure in 2025, the deficit is anticipated to be 2.9 %, against 5.5% in 2024, in line with the Community target.

549. With regard to debt to GDP ratio, it is expected to stand at 65.2% in 2025, as against 69.2% a year earlier. Thus, in terms of convergence, Togo would meet all six convergence criteria in 2025.

#### **4.12.7 Conclusion and Recommendations**

550. The implementation of projects and programmes outlined in the 2025 Togo Government Roadmap spurred the Togolese economy to achieve an average growth of 6.1% between 2021 and 2024. In 2024, growth stood at 6.3%, following the 6.4% rate recorded in 2023. This growth was achieved against a backdrop of easing inflationary pressures. This trend, both for growth and inflation, is expected to continue in 2025, given the ongoing implementation of the measures initiated under the 2025 Togo Government Roadmap, which is currently under review.

551. In terms of public finance and debt management, the implementation of measures contained in the 42-month programme agreed between the country and the IMF in March 2024 has led to better coordination of revenue mobilisation and control of public expenditure. As a result, the budget deficit to nominal GDP ratio has been reduced compared to 2023, even though the Community target has not been met. Togo plans to achieve fiscal consolidation in 2026. However, efforts are being made to achieve this consolidation in 2025.

552. With regard to debt, both its structure and level are a cause for concern and the country is urged to take measures to restructure it. In terms of compliance with convergence criteria, Togo met five convergence criteria in 2024, including three primary criteria.

553. In light of the economic situation and the challenges facing or likely to face the country, recommendations are made as follows:

- Continue to operationalise the Adétikope Industrial Platform (PIA) for local transformation and the development of agropoles and ZAAPs for the benefit of the population;
- Continue fiscal and budgetary reforms conducive to expenditure control and revenue enhancement in order to bring the budget deficit within the convergence criterion by the deadline;
- Continue efforts to restructure the current debt through a prudent and efficient debt policy;
- Strengthen control and supervision of DFS, with a view to curbing the risk of slippage and breaches of prudential rules in the microfinance sector.

## GENERAL CONCLUSION AND RECOMMENDATIONS

554. Growth in the region accelerated to 4.4 percent in 2024 from 3.6 percent in 2023, generally supported by improvements in the secondary and tertiary sectors. Growth is expected to further strengthen to 5.1 percent in 2025, premised on sustained performance in the mining sub-sector, services sector and recovery in agriculture. Inflationary pressures continue to trend downwards in most Member States, however, the aggregate annual average annual inflation rose to 24.8 percent in 2024 from 22.5 percent in 2023, induced by price developments in Nigeria. The decline in average inflation in Most Member States was occasioned by stability in the exchange rate, moderation in food and fuel prices, supported by the generally tight monetary policy stance.
555. Fiscal policy implementation focused on strengthening fiscal consolidation efforts, which have been underway over the past years. Significant effort was made in the area of domestic revenue mobilization, supported by expenditure rationalization in the majority of Member States. Consequently, the budget deficit including grants and on commitment basis narrowed to 4.7 percent of GDP from 5.3 percent in 2023. Similarly, the debt-to-GDP ratio also improved to 46.7 percent of GDP at end-December 2024 from 49.8 percent of GDP at end-December 2023, mainly reflecting the base-drift effects in a number of Member States. However, debt service payments continue to account for a significant portion of the recurrent expenditure, hence posing a drag on fiscal operations.
556. Member Central Banks generally pursued tight monetary policy stance in 2024 so as to sustain the downward trend in inflationary pressures. However, trends in key rates were mixed. Growth in money supply slowed to 30.2 percent in the 12-month period ended December 2024 from 33.2 percent in the corresponding period of 2023, reflecting developments in net domestic assets. Aggregate credit to the economy was lower at 28.2 percent at end-December 2024 compared to 37.9 percent in the same period of 2023. Growth in net foreign assets of the Community more than tripled during the review period.
557. The current account deficit narrowed to 0.6 percent of GDP from 1.2 percent in 2023, mainly induced by the trade balance and secondary income, especially remittance inflows during the period. The overall balance of payment recorded a surplus of 2.4 percent of GDP in 2024 against the deficit of 0.9 percent of GDP in 2023. With regard to the assessment of the macroeconomic convergence, a modest improvement was made. Two Member States met all four primary criteria in 2024 against one in 2023. However, the number of countries that met at least three primary criteria increased to six from three in 2023.
558. To consolidate and strengthen the macroeconomic situation and improve performance on the macroeconomic convergence scale, the authorities are urged to consider the following recommendations:
- Promote agricultural productivity: Strengthen the agricultural sector, which has high growth potential, and improve productivity and value addition through the implementation of targeted and incentive policies, facilitation of access to inputs and development of extension services;

- Promote diversification of the productive and export base, with a view to reducing the country's dependence on monocrops. To this end, agricultural development is necessary to reduce the weight of food imports and their impact on inflationary pressures;
- Scale up climate-smart agriculture and irrigation investments to mitigate the impact of adverse weather on crop output, while improving food security;
- Fiscal Consolidation: Strengthen fiscal discipline by fully implementing fiscal rules and expenditure controls, while broadening the domestic tax base and improving tax administration for sustainable revenue mobilization. Sustain revenue generation by leveraging modern technology to develop new and more sustainable revenue sources and ensure efficient tax administration and compliance;
- Continue to carry out customs reforms to improve customs revenue mobilisation by strengthening the valuation of new vehicles and extending the selectivity mechanism based on artificial intelligence (AI) and video surveillance;
- Public Debt Management: Adopt a medium-term debt strategy focusing on concessional borrowing and productive investments, enhancing transparency, and strengthening the debt management framework to ensure sustainability;
- Sustain the tight monetary policy stance and fiscal discipline to help contain inflationary pressures and further anchor inflation expectations; and
- Promote foreign exchange inflows by supporting value-added exports, attracting foreign direct investment, and boosting remittances through greater diaspora engagement and financial inclusion. The Bank of Sierra Leone should also expedite efforts to acquire and manage gold assets to reinforce external reserves.