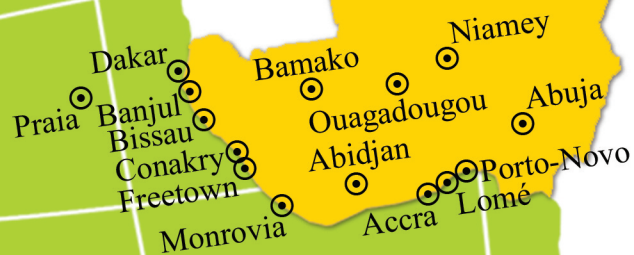


SOCIOECONOMIC PROFILE OF **WEST AFRICA**



A map of West Africa with a yellow shaded region covering the area from Senegal to Nigeria. Major cities are marked with small circles and labeled: Dakar, Praia, Banjul, Bissau, Conakry, Freetown, Monrovia, Bamako, Abidjan, Accra, Niamey, Ouagadougou, Abuja, Porto-Novo, and Lomé.



United Nations
Economic Commission for Africa

SOCIOECONOMIC PROFILE OF **WEST AFRICA**



A map of West Africa is shown, with the region highlighted in yellow. Major cities are marked with small circles and labeled: Dakar, Praia, Banjul, Bissau, Conakry, Freetown, Monrovia, Bamako, Ouagadougou, Abidjan, Niamey, Accra, Lomé, Porto-Novo, and Abuja.



United Nations
Economic Commission for Africa

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Acronyms and abbreviations

AfCFTA	African Continental Free Trade Area
ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
FDI	foreign direct investment
GDI	Gender Development Index
GDP	gross domestic product
HIPC	Highly Indebted Poor Countries
ILO	International Labour Organization
IMF	International Monetary Fund
ODA	official development assistance
UN DESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
WAEMU	West African Economic and Monetary Union
WHO	World Health Organization

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Executive summary

The compilation of a report on the economic and social profile of West Africa is a regular activity of the Subregional Office for West Africa of the Economic Commission for Africa. It seeks to assess the economic and social performance of the subregion and make recommendations aimed at promoting its sustainable development and structural transformation, and deepening its integration. Specifically, this profile gives an overview of the international economic environment and the current economic and social situation of the subregion, presents the outlook for 2020 and 2021, and on that basis makes recommendations for the subregion.

Macroeconomic overview of the West African subregion

In 2019, the 15 countries of the Economic Community of West African States (ECOWAS) accounted for about a quarter of African gross domestic product (GDP). The economic growth of the region was estimated at 3.6 per cent, compared to 3.5 per cent in 2018. This growth was fuelled by rising oil prices and oil production in Nigeria, vigorous private consumption and buoyant government expenditure in Ghana and by the dynamism of the West African Economic and Monetary Union (WAEMU) countries.

In 2020, the COVID-19 pandemic is likely to create negative shocks that will weigh upon the subregional economy. It is adding to the structural fragility of the subregion and will affect its economic performance through a combination of factors, including a decline in commodity prices, low financial flows, reduced tourism earnings and heightened volatility in financial markets.

Impact du COVID-19 sur la sous-région ouest-africaine

La pandémie de COVID-19 est également susceptible de créer des externalités négatives qui affecteront les secteurs productifs sous-régionaux (industries extractives, manufacturières, tourisme et transport), les secteurs extérieurs (commerce, investissements directs étrangers, aide publique au développement, transferts de fonds, etc.), les secteurs monétaires et les finances publiques. La sous-région sera également touchée par la baisse de la demande intérieure, le déclin du marché de l'emploi et donc l'augmentation de la pauvreté.

Impact of COVID-19 on the West African subregion

The COVID-19 pandemic is also likely to create negative externalities that will affect subregional productive sectors (extractive, manufacturing, tourism and transport industries), external sectors (trade, foreign direct investment (FDI), official development assistance (ODA), remittances, etc.), monetary sectors and public finances. The subregion will also be impacted by decreased domestic demand, a declining jobs market and hence increased poverty.

Impact on growth

The combined effects of these adverse events are expected to lead to a decrease in the average GDP growth rate of ECOWAS from 3.6 in 2019 to -2.5 per cent in 2020. This represents a decrease of about 6.1 points in a year. Nine of the 15 countries are projected to record negative growth in 2020 (Burkina Faso, Cabo Verde, the Gambia, Guinea-Bissau, Liberia, Mali, Nigeria, Senegal and Sierra Leone). Cabo Verde is likely to be the most severely impacted, with GDP expected to contract by 6.8 per cent, principally due to the decline in the tourism sector and the associated industries. It is followed by Nigeria, with GDP expected to contract by 4.3 per cent, mainly reflecting the large drop in oil prices and the impact of containment and mitigation measures on economic activity.

Impact on foreign direct investment, overseas development assistance and tourism

Overseas development assistance and foreign direct investment are important sources of external financing for development in West Africa, which was the second most attractive subregion in 2017, behind North Africa, for such inflows, reaching a cumulative amount of about US\$ 23.5 billion in 2017, comprising US\$ 12.9 billion and US\$ 10.6 billion, respectively. A slowdown in foreign direct investment flows into West Africa, particularly from China, could therefore significantly affect the technology, textile and mining sectors in the subregion. Moreover, if nothing is done to mitigate the shocks, jobs will also be threatened, with resulting serious tax shortfalls.

The tourism sector in West Africa has expanded significantly in terms of international tourist arrivals, receipts and export revenues. In 2019, the region registered approximately 4.44 million tourists, representing US\$ 4 billion in revenues, 4.9 per cent of GDP and 4.5 per cent of total regional employment. Global restrictions on movement of people, travel bans and border closures will thus lead to important losses in tourism and transport in West Africa, particularly in the Gambia, Senegal and Cabo Verde. .

Inflation and current account imbalances

The fall in total production resulting from lockdown and restrictions, rising food prices resulting from disruption in trade logistics and exchange rate depreciation in major economies will amplify the inflationary effects of looser monetary and fiscal policies in West Africa. Average inflation is projected to increase by about 1.7 percentage points to 9.9 per cent in 2020.

The pandemic is also likely to worsen external imbalances across the region. The overall current account deficit for the West African subregion is forecast to be 4.6 per cent of GDP in 2020.

With intraregional trade very low, at about 10 per cent of total trade, the subregion is highly exposed to external shocks, including the negative effects of the pandemic on global supply chains.

Impact on fiscal policy and debt

Despite the fiscal measures taken by several countries in the region, the West African budget deficit increased slightly, from 4.3 to 4.4 per cent of GDP between 2018 and 2019 (above the 3 per cent of GDP recommended under the ECOWAS convergence criteria). This is due to both domestic structural issues

(low resources mobilization, about 10.8 per cent of GDP due to a low tax base, inefficient tax administrations and a large and active informal sector that remains outside official tax channels) and external shocks such as a slowdown in global growth that had adverse effects for commodity exporters, and factors related to climate change.

COVID-19 is likely to further hamper fiscal consolidation efforts, as governments increase spending on health care, with limited resources. On average, the fiscal deficit of the subregion is projected to increase by more than 40 per cent in 2020, to reach 7.3 per cent.

This would lead to a breach of debt covenants in many ECOWAS countries. The pace of growth of debt in the subregion over the past four years has already increased the risk of debt distress in some countries.

Indeed, the ECOWAS public debt-to-GDP ratio increased by nearly 40 per cent over the four years 2015–2019, from 26.3 per cent to 36.7 per cent. Additional fiscal stimulus resulting from the pandemic, realization of contingent liabilities, lower than expected growth, and currency depreciation caused by external pressures would lead to projected regional debt levels of 43 per cent in 2020 and 43.5 per cent in 2021. Overall, eight countries, compared to seven in 2019, are projected to have debt levels exceeding the 60 per cent debt-to-GDP threshold in 2020.

In the absence of corresponding declines in import demand by African countries, a decline in African exports resulting from a slowdown in the global economy could increase the debt burden and further reduce the fiscal space of the ECOWAS countries. Cabo Verde, the Gambia, Ghana, Guinea-Bissau, Sierra Leone and Togo are especially vulnerable to fiscal shocks from the impact of COVID-19 since they had debt to GDP ratios above 61 per cent of GDP, with fiscal deficits above 3 per cent of GDP.

Conclusion and policy implications

It is clear that short-, medium- and long-term policy measures are needed to mitigate these challenges and ensure that the progress achieved by many countries of the subregion toward enhanced sustainable economic development is not lost. Five sets of proposed emergency measures have been identified that would help West African countries to mitigate the negative effects of the COVID-19 pandemic and build forward better for more resilience and sustainable development: emergency economic stimulus measures; internal resource mobilization; economic diversification; human capital leveraging; and peace, security and governance improvements. Reducing the risk of civil unrest would also improve the business environment and render the subregion more attractive for long-term investments and tourism.

Introduction

The global growth outlook has weakened as a result of the outbreak of COVID-19 in China in early 2020 and its subsequent spread across the world. The World Health Organization (WHO) declared it a global pandemic in the first half of March 2020.

As of 1 November 2020, 46,500,057 confirmed cases of COVID-19 and 1,200,310 deaths had been recorded worldwide, while 1,795,781 cases and 43,175 deaths had been reported in Africa. West Africa had recorded 190,680 cases (10.6 per cent of African cases) and 2,771 deaths.¹ The average case fatality rate for West Africa as of 1 November 2020 stood at 1.5 per cent compared to 2.4 per cent for the Africa region and 2.6 per cent globally.²

As a result of the pandemic, the global economy was projected to contract sharply, by 3.2 per cent in 2020,³ far more than during the 2008–2009 financial crisis. At the regional level, average GDP growth in Africa for 2020 will decrease from the 3.2 per cent estimated before the pandemic to 1.8 per cent. At the subregional level, in 2020, the West African economy was expected to contract from its 2019 level by 6 percentage points to a negative –2.5 per cent.⁴ This is largely due to the region's strong economic ties with external markets, notably through its raw materials and services sector activities. Overall, the pandemic is set to seriously impede the growth prospects of West Africa and the continent as a whole.

This report analyses the socioeconomic situation of the West African subregion in 2019, the forecast for 2020 and the outlook for 2021, with a view to informing the immediate and longer-term actions of member States. In so doing, it analyses the impact of the pandemic on the socioeconomic sectors of the subregion and long-lasting structural issues. These include the potentialities for: high rates of mortality, poverty and inequality; high rates of unemployment and impact on vulnerable jobs; low rates of access to education and health services; undiversified economic structures; and the risk of a debt crisis and insecurity issues. The report also defines the appropriate mix of measures and actions to respond to the pandemic at the national and subregional levels and short-, medium- and long-term policy measures to mitigate the challenges and enhance sustainable economic development in West Africa.

This study adopts a methodological approach to the West African context, drawing on stylized factual analysis from data collected from country and subregional platforms. The report is in three parts: the first reviews the global economic situation and its implications for Africa; the second examines the economic and social situation and the outlook for West Africa; and the third provides a policy framework and recommendations for the subregion

¹ Available at <https://ncov2019.live/data/africa>.

² African Development Bank (2020). *Weekly Data Flash on Covid-19 in Africa, as of November 1, 2020*.

³ International Monetary Fund (2020a). *Regional Economic Outlook: October Update—A Difficult Road to Recovery*. October 2020. Washington: IMF.

⁴ *Ibid.*

I. Global economic situation and its implications for Africa

A. Global context

1. The negative impact of COVID-19 has reinforced slowing trends of trade, world industrial production and global manufacturing activity. Global growth slowed to an estimated 10-year low of 2.6 per cent in 2019. In 2019, GDP growth declined in nearly two thirds of countries compared to 2018. In the developed countries, the growth momentum has substantially decelerated since mid-2018 (1.7 per cent in 2019 compared to 2.2 per cent in 2018). A contraction in GDP growth was also observed across developing countries (3.4 per cent in 2019, against 4.2 per cent in 2018) and transition economies (1.9 per cent in 2019, against 2.7 per cent in 2018).⁵ This growth deceleration was underpinned by a slowdown in industrial production, weaker international trade partly reflecting trade disputes between the United States of America and China, and a deterioration of economic sentiment and business confidence indicators amid a high degree of uncertainty in the international policy environment. At the regional level, sustained growth in 2019 was supported by moderate increases in commodity prices, particularly oil prices, sustained investment in infrastructure and strong private consumption.
2. The COVID-19 pandemic has further impeded global economic growth, which is projected to fall sharply to -3.2 per cent in 2020 (figure 1). It is then projected to recover to 4.2 per cent in 2021, well above trend, reflecting the normalization of economic activity from very low levels (baseline scenario).⁶ This scenario assumes that ongoing policy measures will slow the spread of the disease before the end of the second quarter and successfully restore global demand, leading to a revival of global economic activity from the third quarter onwards. A more optimistic scenario assumes a complete relaxation of restrictions before the end of the second quarter, leading to a recovery in global demand in the second half of 2020. This would lead to a lower contraction of -1.4 per cent in world output in 2020 and a more robust rebound of 6.1 per cent in 2021. In a worst-case scenario, the major economies would face a second wave of the pandemic, leading to the extension of lockdowns and the enforcement of restrictions until early 2021. Under these assumptions, global economic growth would plunge sharply by 4.9 per cent in 2020, followed by a slight upturn of 0.5 per cent growth in 2021.
3. The pandemic is disrupting global supply chains and international trade. The exponential spread of the virus and the subsequent uncertainties concerning its overall economic impact and the effectiveness of policy responses have shaken global financial markets. This has resulted in high financial market volatility surpassing the peak of the 2008–2009 global financial crisis. It has also led to asset and oil prices falling to their lowest levels in years.
4. Financial market turmoil is affecting the overall economy, principally through investment and credit channels. Falling stock prices increase the debt-to-equity ratios of overleveraged companies, reducing their likelihood of accessing new finance and increasing the probability of default and bankruptcy. Intensified deleveraging pressures due to credit strain are exacerbating the slowdown in economic activity and worsening credit and financial conditions still further. In addition, the increasing default rates of consumer credit and corporate loans could lead to deterioration in bank balance sheets, further exacerbating the credit conditions and increasing the fragility of banking systems.
5. The services sectors – such as leisure, transportation and aviation, and retail trade – are particularly hard-hit by restrictions on the movement of people and border closures. This is likely to lead to a

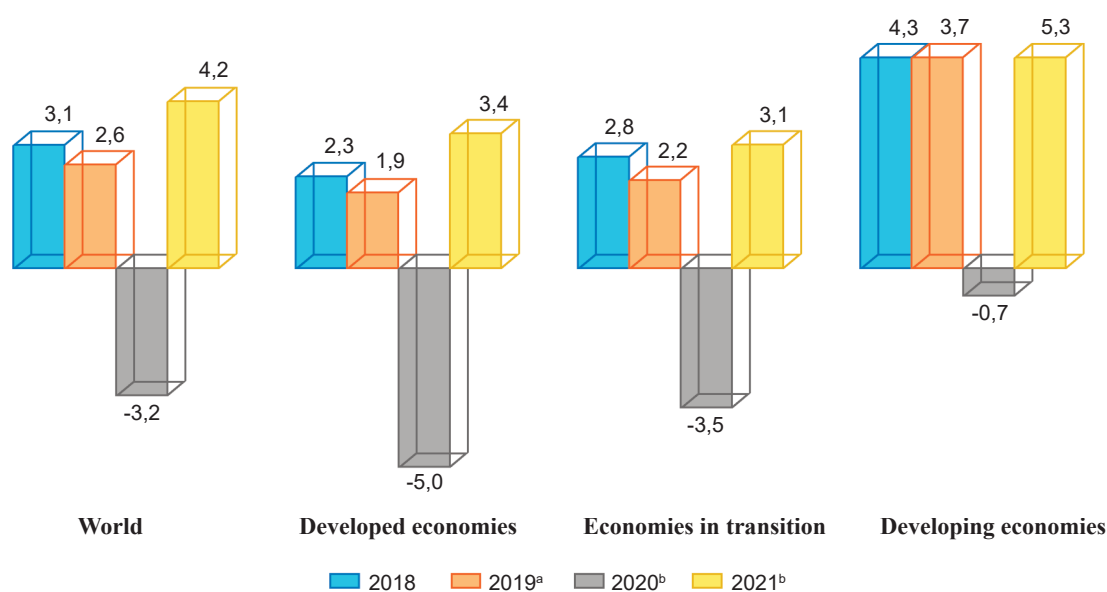
⁵ UN DESA (2020). *Update of the World Economic Situation and Prospects 2020*.

⁶ This paragraph is based on statistics from UN DESA (2020), op. cit.

significant rise in unemployment that will transform the supply-side shock to a wider demand-side shock of the global economy.

6. Growth is projected to be -5 per cent in 2020 across the developed countries, which are most severely impacted by lockdowns and restrictions on mobility.⁷ The policy support measures they have introduced are projected to lead their growth to rebound to 3.4 per cent in 2021, however. In the group of economies in transition, growth is projected to contract by 3.5 per cent in 2020, before rebounding to a positive 3.1 per cent in 2021. Across the developing countries, a plunge in growth is also expected in 2020 (-0.7 per cent) before a recovery in 2021 forecast at 5.3 per cent (figure 1).

Figure 1: Recent economic global growth trends and forecasts (%)



Source: UN DESA (2020).

Note: ^a Partly estimated; ^b Forecast.

B. Recent developments and prospects in Africa

7. Africa registered GDP growth of 2.9 per cent in 2019, compared to 2.7 per cent in 2018, but the decade ended with average GDP per capita growth of only 0.5 per cent, which is well below the average growth of the previous decade and only marginally higher than in the 1980s and 1990s.⁸ The continent therefore faces difficulties in embarking on a robust and sustained growth trajectory.
8. East Africa remains the fastest-growing subregion, underpinned by vigorous domestic demand and public investment in infrastructure, but growth in this subregion is estimated to have slightly decreased in 2019, from 6.3 to 6 per cent.⁹ Domestic demand also underpinned GDP growth in West Africa, estimated at 3.5 per cent in 2019, as against 3.3 per cent in 2018. GDP growth in North Africa was stronger in 2019: estimated at 3.4 per cent, compared to 2.6 per cent in 2018. The economic situation in Central Africa is challenging, as the recovery from the collapse of oil prices in 2014-2015 remains fragile amid security instability in some countries. GDP growth in Central Africa stood at 1.6 per cent

⁷ Data in this paragraph are from UN DESA (2020), *op. cit.*

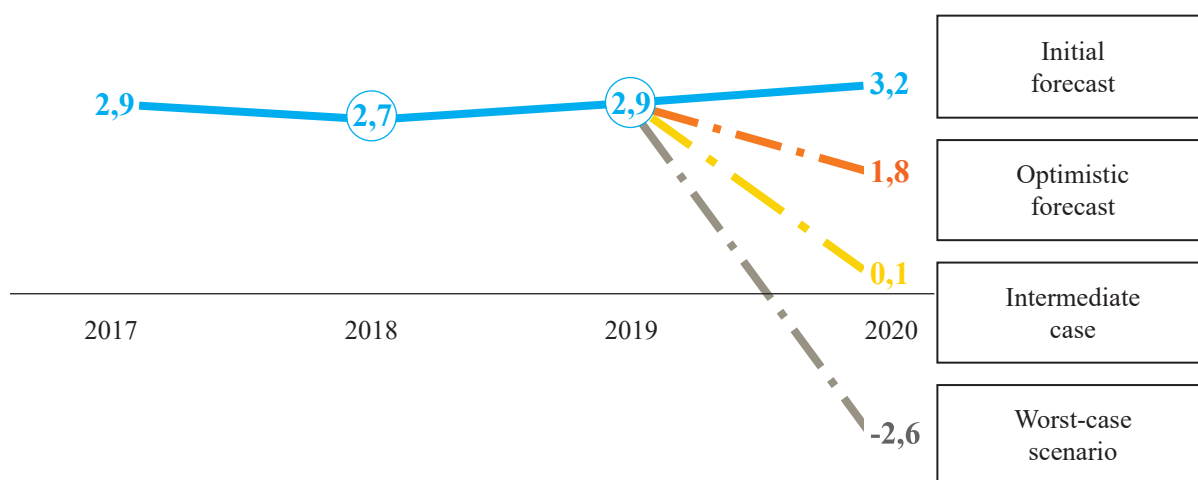
⁸ *Ibid*

⁹ Data in this paragraph are from UN DESA (2020). *Update of the World Economic Situation and Prospects 2020.*

in 2018 and is estimated at 2.7 per cent for 2019, supported by increased oil production in several economies. The economic situation in Southern Africa is expected to deteriorate to 0.3 per cent in 2019, from 0.9 per cent in 2018, with several economies stagnant or in recession amid weak investment, energy shortages, high unemployment and catastrophic weather patterns.

9. The COVID-19 outbreak poses a serious risk to the macroeconomic landscape of African countries. A recent Economic Commission for Africa (ECA) study estimated that, in a best-case scenario, the average GDP growth of Africa for 2020 will decrease by 1.4 percentage points, from 3.2 per cent estimated before the pandemic to 1.8 per cent (figure 2).¹⁰ This is equivalent to a loss in GDP growth of US\$ 29 billion in 2020. In a worst-case scenario, the African economy could contract by up to 2.6 per cent in 2020, equivalent to a loss in GDP growth of US\$ 120 billion.

Figure 2: Recent economic growth trends in Africa (%)



Source: ECA estimates, 2020.

10. COVID-19 poses significant headwinds for growth in Africa, principally through three channels. On the domestic front, the health shock will negatively impact economic activity. In addition to rising humanitarian costs, national lockdown and workplace closure policies will likely lead to disruptions in supply chains and production, and have devastating effects on vulnerable households with limited access to social safety nets. ECA has estimated that a one-month full lockdown across Africa would cost the continent about 2.5 per cent of its annual GDP (or \$ 65 billion per year).¹¹
11. The region also faces external shocks, including trade and financial crises. Regarding trade, a sharp growth slowdown among key trading partners reduces external demand, while any disruption to supply chains lowers the availability of imported goods. Around 51 per cent of African exports go to countries that are highly impacted by COVID-19, while 53 per cent of imports originate from such countries. In addition, the plunge in commodity prices will lead to a drop in export revenues, with major fiscal and exchange rate implications for many African economies, weighing on their growth. The price of crude oil, which accounted for 7.4 per cent of African GDP from 2016 to 2018, is about 50 per cent lower today than the average price of West Texas Intermediate (WTI) during that period. This puts pressure on foreign exchange, government revenues and domestic demand. In addition, the plunge in global financial markets reduces investment flows to the continent.
12. Foreign direct investment flows to the continent are forecast to contract by between 25 and 40 per cent based on GDP growth projections and a range of investment-specific factors.¹² Remittance flows

¹⁰ Data in this paragraph are from ECA (2020a).

¹¹ ECA (2020a). COVID-19: Lockdown exit strategies for Africa.

¹² UNCTAD (2020b). World Investment Report 2020: International Production beyond the Pandemic (UNCTAD/WIR/2020).

may also decrease as global growth slows, reducing disposable incomes and adding to external pressures. An ECA study projected that remittance flows to Africa will decline by 21 per cent in 2020. That could mean a reduction of US\$ 110 billion going to people who rely on that money.¹³ The decline in foreign direct investment and official development assistance inflows could lead to a depreciation of domestic currencies in African countries, forcing monetary authorities to raise their rates, further weighing on credit access and domestic private investment. Meanwhile, falling oil prices and growth rates are expected to ease inflationary pressures, creating room to loosen monetary policy to support economic activity.

13. At the subregional level, Southern Africa is expected to register the sharpest drop in its growth in 2020, estimated at -3.5 per cent, in comparison to a less than 2 per cent deficit for the other subregions. East Africa is expected to register a positive growth rate of 1.5 per cent in 2020. North Africa is expected to register the largest change in its GDP growth, with a 5.3 percentage point decrease in 2020. It is followed by East Africa, West Africa, Central Africa and Southern Africa, with respective declines of 4.8, 4.6, 3.5 and 3.4 percentage points in GDP growth in 2020. Assuming that global policy support measures have a positive impact leading to a recovery of global growth, African countries should resume growth in 2021 across all subregions (projected at 4, 3.4, 3.2, 3.1 and 2.7 per cent for North Africa, East Africa, Central Africa, West Africa and Southern Africa, respectively).

¹³ ECA (2020b) *COVID-19 Remittances: Protecting an Economic Lifeline*.

II. Socioeconomic situation and outlook in West Africa

A. Economic performance

14. This chapter analyses the main economic indicators of West African performance, namely economic growth, inflation, public finance, the external sector and progress towards regional integration..

1. Economic growth

15. In 2019, ECOWAS accounted for approximately one quarter of African GDP. Economic growth in the West African subregion was estimated at 3.6 per cent in 2019, compared to 3.5 per cent in 2018.¹⁴ This growth was fuelled by rising oil prices and production in Nigeria, vigorous private consumption and buoyant government expenditure in Ghana, and by the dynamism of the West African Economic and Monetary Union (WAEMU) countries.

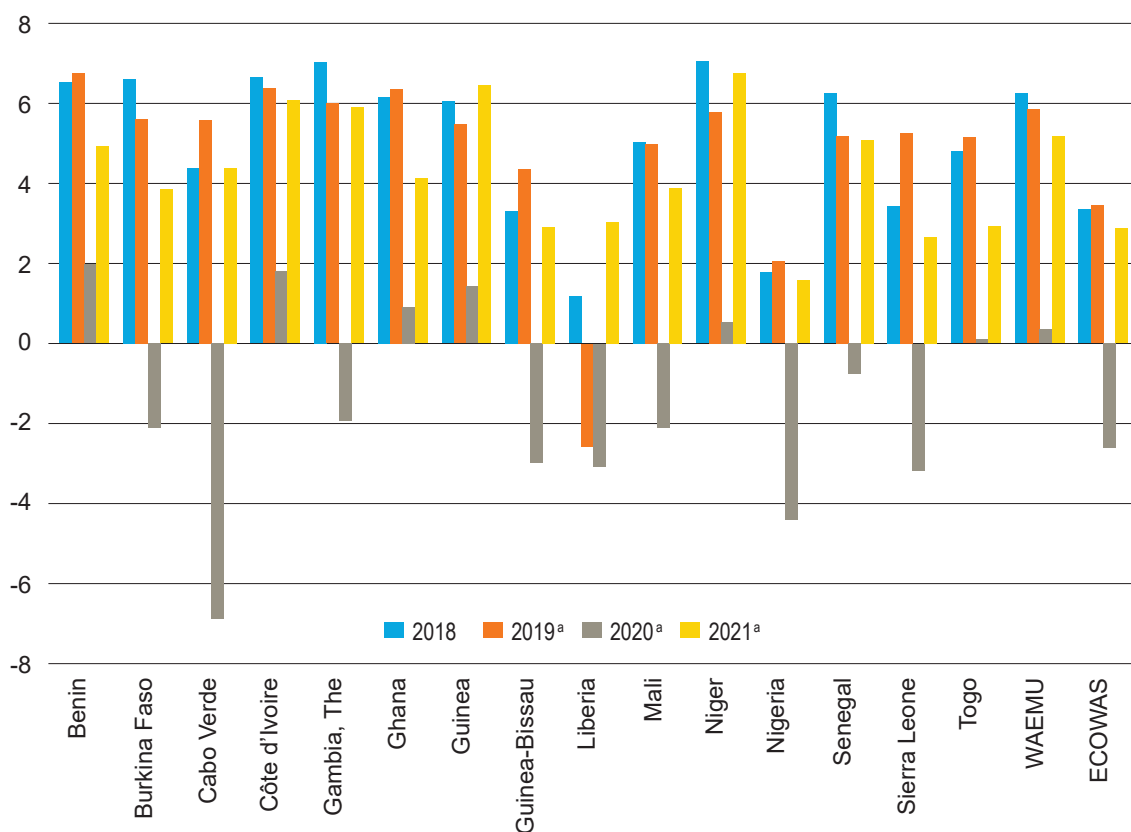
16. Nigeria accounts for nearly 70 per cent of the subregion's GDP. Growth in Nigeria is estimated to have risen to 2.2 per cent in 2019, from 1.9 per cent in 2018, as oil production trended upwards and private sector confidence improved. The economic growth of Ghana is also estimated to have increased in 2019 to 6.5 per cent (from 6.3 per cent in 2018), sustained by the agriculture and services sectors, private consumption and public investment. While in Côte d'Ivoire, GDP growth is estimated to have decreased slightly in 2019 owing to lower external demand and the negative impact of volatile commodity prices on industrial production, it remained robust at 6.5 per cent (down from 6.8 per cent in 2018). Growth in 2019 is also estimated at more than 6 per cent in Benin and the Gambia, and at about 5 per cent or more in Burkina Faso, Cabo Verde, Guinea, Mali, the Niger, Senegal and Sierra Leone. Liberia is expected to register negative growth of -2.5 per cent in 2019. The country is still struggling to restore almost all of its sectors to pre-Ebola status, when the economy grew at an estimated 8.1 per cent, and with inflation averaging 7.6 per cent (figure 3).¹⁵

17. Because of the falling price of raw materials, the main commodities of the subregion, a significant fall in the value of exports is expected. Nigeria will be severely affected by the significant fall in the global oil price, as fuels represent 94 per cent of its total exports. In 2020, COVID-19 could reduce its total exports of crude oil by between US\$ 14 billion and US\$ 19 billion (compared to estimated exports without COVID 19).¹⁶

¹⁴ IMF (2020a), *op. cit.*

¹⁵ *Ibid.*

¹⁶ *Ibid.*

Figure 3: Real GDP growth rate of ECOWAS member States (%)

Source: IMF (2020a).

Note: ^a Forecast.

18. The Coronavirus pandemic is likely to create negative externalities that will weigh on the subregional productive sectors (extractive, manufacturing, tourism and transport industries), external sectors (trade, FDI, ODA, remittances, etc.), monetary sectors and public finance. The subregion will also be impacted by decreased domestic demand, a declining jobs market and hence increased poverty.
19. ODA and FDI are two important sources of external financing for development in West Africa. In 2017, it was the second most attractive subregion behind North Africa for ODA and FDI inflows. These external financing sources reached a cumulative amount of about US\$ 23.5 billion in 2017, comprising US\$ 12.9 billion and US\$ 10.6 billion, respectively.¹⁷ A slowdown in FDI flows into West Africa, particularly Chinese FDI, could significantly affect the technology, textile and mining sectors in the subregion. Moreover, if nothing is done to mitigate the shocks, jobs will also be threatened, with resulting serious tax shortfalls.
20. The tourism sector in West Africa has expanded significantly in terms of international tourist arrivals, receipts and export revenues. In 2019 the subregion registered approximately 4.44 million tourists, representing US\$ 4 billion in revenues, 4.9 per cent of GDP and 4.5 per cent of total regional employment.¹⁸ Global restrictions on the movement of people, travel bans, and border closures will thus lead to significant losses in tourism and transport in West Africa, particularly in The Gambia, Senegal and Cabo Verde.¹⁹

¹⁷ ECA Subregional Office for West Africa (2020). *West Africa and Coronavirus Disease 2019 (COVID-19): Potential socioeconomic impacts and responses*.

¹⁸ World Tourism Organization Data (2019).

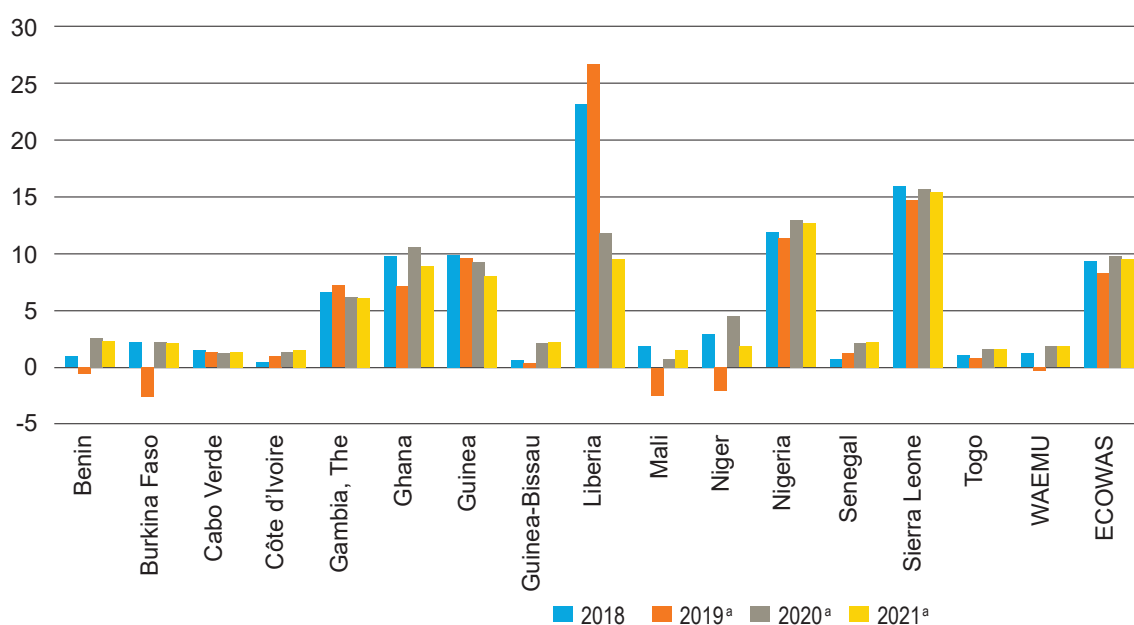
¹⁹ ECA Subregional Office for West Africa (2020), *op. cit.*

21. The combined effects of these adverse events are expected to lead to a decrease in the average ECOWAS GDP growth rate, from 3.6 per cent in 2019 to -2.5 per cent in 2020.²⁰ This represents a decrease of about 6.1 points in one year. Nine of the 15 countries are projected to record negative growth in 2020 (Burkina Faso, Cabo Verde, The Gambia, Guinea-Bissau, Liberia, Mali, Nigeria, Senegal and Sierra Leone). Cabo Verde will be the most severely impacted, with GDP expected to contract by 6.8 per cent, mainly as a result of the decline in the tourism sector and the associated industries. It is followed by Nigeria, with GDP expected to contract by 4.3 per cent, mainly reflecting the large drop in oil prices and the impact of containment and mitigation measures on economic activity. Liberia is expected to be the least impacted by the pandemic, with growth expected to decrease to -3 per cent (from -2.5 per cent in 2019). In 2021, it is assumed that the different policy support measures will have a positive impact on average GDP growth in ECOWAS, which is projected to rebound at 3 per cent in 2021.²¹
22. The medium-term outlook is clouded by severe infrastructure deficiencies and a weak macroeconomic policy environment, including high inflation and low non-oil revenues. In addition, climatic variations (likely to adversely affect agricultural production and the price of food items), civil unrest and security threats, particularly in the Sahel region, are major factors that could impede economic activity in the short and medium term.

2. Inflation

23. Core consumer price inflation was particularly high in the West Africa subregion in 2019, although slightly lower than in 2018 (8.3 per cent in 2019 compared to 9.4 per cent in 2018). This was due to inflationary pressures in Liberia, Sierra Leone and Nigeria, which registered double-digit inflation rates at 27, 14.8 and 11.4 per cent, respectively.²² Higher food prices following drought, compounded by a rise in the price of imported goods and production costs due to the upsurge in oil prices were factors that kept the level of prices relatively high (figure 4).

Figure 4: Inflation rates of ECOWAS member States, 2018–2021



Source: IMF (2020a).

Note: ^a Forecast.

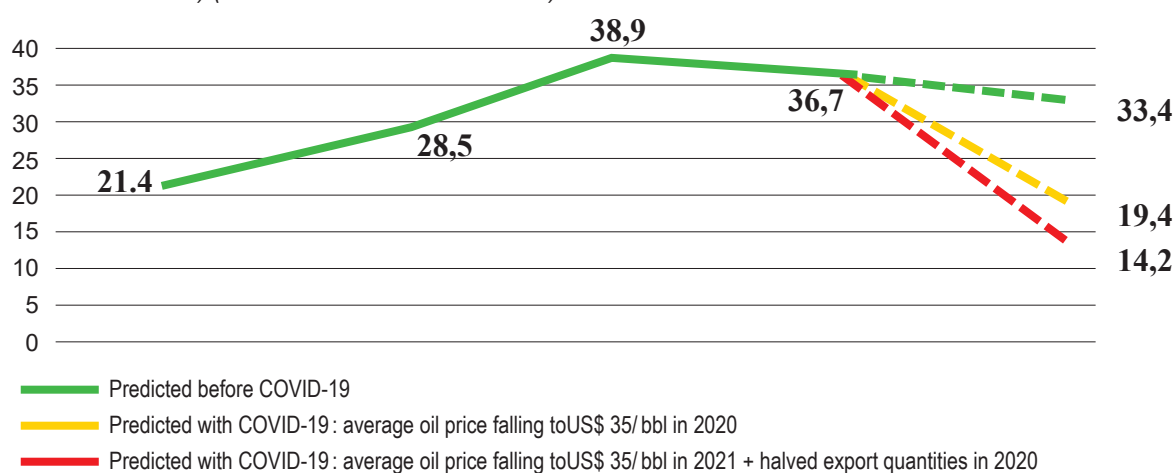
²⁰ IMF (2020a), *op. cit.*

²¹ *Ibid.*

²² *Ibid.*

24. In the West African Economic and Monetary Union (WAEMU) region, inflation slid further below the central bank target of 3 per cent, at an average of -0.3 per cent in 2019.²³ It also remained well below 3 per cent across many countries. Only half of the eight countries in the Union recorded positive inflation rates in 2019 (Côte d'Ivoire, Guinea-Bissau, Senegal and Togo). The inflation rate of the region is projected to increase to 1.7 per cent in 2020, compared to -0.3 per cent in 2019.²⁴
25. In 2020, inflation rates are projected to remain relatively stable. Nevertheless, spillover effects from the global fallout of COVID-19 will exert inflationary pressure on the subregion. The slump in the crude oil price, triggered by a price war between Saudi Arabia and the Russian Federation, combined with a decrease in oil demand following the outbreak of the pandemic, will impact the subregion, principally through Nigeria (figure 5).
26. The fall in oil prices is expected to hamper the Nigerian economy and adversely impact the exchange rate, with ramifications for inflation. It is projected that the inflation level will increase above the maximum 10 per cent standard allowed for ECOWAS macroeconomic convergence (13.4 per cent).²⁵ Due to the closing of its borders, Nigeria had already recorded an increase in its inflation in January 2020, at 0.15 percentage points higher than the previous month. Conjugated with COVID, inflation rose by 13.22 in August 2020, making it the highest in 28 months.²⁶ The rise of inflation in Nigeria will have a negative impact on the subregional inflation rate, which is estimated at 9.9 per cent in 2020.²⁷
27. It is not only Nigeria that is affected. Increases in core consumer price inflation are expected in many ECOWAS countries. Inflation rates in 2020 are projected to increase to 10.6 per cent (from 7.2 per cent in 2019) in Ghana, to 15.7 per cent (from 14.8 per cent in 2019) in Sierra Leone, to 2 per cent (from 1 per cent in 2019) in Senegal and to 1.4 per cent (from 0.7 per cent in 2019) in Togo. Inflation is projected to decrease in Liberia, Guinea and the Gambia, however.²⁸

Figure 5: Evolution of crude oil exports from Nigeria, 2016–19 (observed) and 2020 (predicted under various scenarios) (billions of United States dollars)



Source: ECA, based on Central Bank of Nigeria (observed; prices and quantities) and Trading Economics (predicted; quantities), Energy Information Administration (EIA) and WTI (predicted prices), April 2020.

Note: Observed export values here are for crude oil when based on fuels (i.e. mineral fuels and lubricants as per STIC 3 nomenclature).

²³ *Ibid.*

²⁴ *Ibid.*

²⁵ IMF (2020a), *op. cit.*

²⁶ Nigeria, National Bureau of Statistics, September 2020.

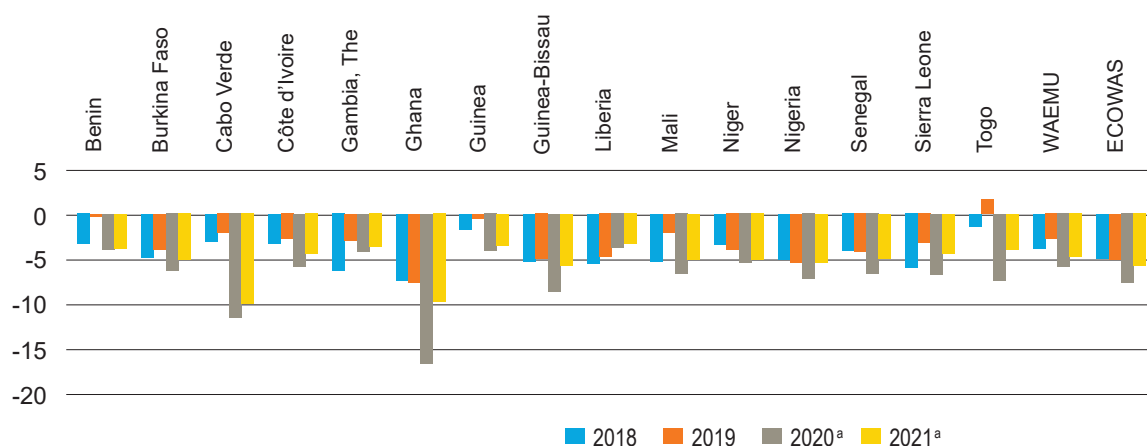
²⁷ IMF (2020a), *op. cit.*

²⁸ *Ibid.*

3. Public finances

28. In West Africa, total resources mobilization is relatively low, estimated at around 10.4 per cent of GDP in 2019 (compared to around 16 per cent for sub-Saharan Africa as a whole and 18 per cent for the WAEMU region).²⁹ Cabo Verde is the only country with a government revenue ratio above 20 per cent (at 26.2 per cent in 2019). Burkina Faso, Mali, Senegal and Togo have government revenue ratios above 15 per cent (at 18.9, 19.5, 18.6, and 19.5 per cent, respectively). The remaining countries record ratios below 15 per cent. Nigeria is the country with the lowest fiscal resource mobilization ratio (7.9 per cent in 2019).³⁰
29. Tax revenue mobilization levels also appear to be relatively low in the subregion, at less than 10 per cent of GDP, compared to about 18 per cent of GDP for the whole of Africa. Tax revenue collection in Nigeria equates to around 6 per cent of GDP.³¹ The poor performance of West Africa in revenue mobilization is mainly due to the low tax base, inefficient tax administrations and a large and active informal sector that remains outside official tax channels. Non-tax revenue collection averages around 2 per cent in West Africa, with a notable upward trend in recent years.
30. Among regional economic groups, ECOWAS has one of the highest cost-to-revenue mobilization ratios (1.4 per cent), exceeded only by the Southern African Development Community and the East African Community, which both record 1.9 per cent.³²
31. Despite the fiscal measures taken by several countries in the subregion, the West African budget deficit increased slightly, from 4.3 to 4.4 per cent of GDP between 2018 and 2019.³³ This, above the standard rate of 3 per cent of GDP recommended under the ECOWAS convergence criteria, testifies to the relatively unsustainable public finances of West African countries (figure 6).

Figure 6: Fiscal balances in West Africa (% of GDP)



Source: ECA, based on IMF (2020a).

Note: ^a Forecast.

32. Seven of the 15 ECOWAS countries registered decreases in their overall fiscal deficits between 2018 and 2019, while only six countries (Ghana, Guinea-Bissau, Liberia, the Niger, Nigeria and Senegal) registered rates above the recommended 3 per cent of GDP. The countries with the highest budget deficit ratios in 2019 were Ghana (7.3 per cent), followed by Nigeria, which posted a fiscal deficit of 4.8 per cent in 2019.³⁴

²⁹ Excluding grants.

³⁰ *Ibid.*

³¹ *Ibid.*

³² *African Tax Administration Forum (2018). African Tax Outlook, Second Edition 2018. Pretoria, South Africa: African Tax Administration Forum.*

³³ IMF (2020a), *op. cit.*

³⁴ IMF (2020a), *op. cit.*

33. The increase in the fiscal deficit was due to both domestic and external shocks, such as domestic structural issues, a slowdown in global growth which had adverse effects for commodity exporters, and climate change issues. The COVID-19 pandemic is likely to further hamper fiscal consolidation efforts as governments increase spending on health care with limited resources. In particular, high-deficit countries will have limited fiscal space to prevent the spread of the virus. On average, the fiscal deficit of the subregion is projected to increase by more than 40 per cent in 2020, to reach 7.3 per cent.³⁵
34. Fiscal deficits in 2020 are projected to be highest in Cabo Verde, Togo and Ghana, with increases of more than 9 per cent between 2019 and 2020 (from -1.8 to -11.3 per cent in Cabo Verde, from 2.1 to 7.1 per cent in Togo and from 7.3 to 16.4 per cent in Ghana). Cabo Verde is highly dependent on tourism, which accounts for more than 44 per cent of its GDP, about 75 per cent of FDI inflows and nearly 40 per cent of job creation in the country.³⁶ In addition, compared to the other member States, the country has adopted bold policy support measures. Mali, Guinea-Bissau, Sierra Leone, Guinea, Benin and Côte d'Ivoire are projected to register variations in their fiscal balances of more than 3 per cent in 2020.³⁷
35. These increases in the fiscal deficits of the ECOWAS countries are driven mainly by increases in expenditure, reflecting greater health spending and discretionary stimuli in some cases. Several countries have proactively announced fiscal packages, including Côte d'Ivoire (4.7 per cent of GDP), the Niger (7.4 per cent of GDP) and Senegal (5.1 per cent of GDP). Specifically, revenue measures include temporary tax reduction (Senegal), acceleration of tax refunds (Cabo Verde), extension of tax payment deadlines (Cabo Verde and Senegal), and exemption or deferral of social contributions (Cabo Verde). On the expenditure side, the announced measures include utility subsidies and in-kind transfers (Senegal). Other measures include loan guarantees (Cabo Verde).³⁸
36. ECOWAS members seem to have fallen back into indebtedness since reaching completion point for the highly indebted poor countries (HIPC) initiative.³⁹ The ECOWAS public debt-to-GDP ratio increased by nearly 40 per cent over the four years 2015–2019, from 26.3 per cent to 36.7 per cent.⁴⁰ Although well below the maximum threshold of 70 per cent adopted under the macroeconomic convergence framework, the pace of growth of the subregion as a whole has raised the risk of debt distress in some countries.
37. The public debt levels of the countries in the subregion range from 29.1 per cent in Nigeria to 125 per cent in Cabo Verde. In addition to Cabo Verde, the following countries have debt levels exceeding 60 per cent: the Gambia (80 per cent), Togo (70.9 per cent), Guinea-Bissau (67.6 per cent), Sierra Leone (70 per cent), Senegal (64.1 per cent) and Ghana (62.8 per cent).⁴¹
38. Given the possibility of an increase in fiscal deficits due to both domestic and external effects of the COVID-19 pandemic, debt could breach the 60 per cent debt-to-GDP threshold in many ECOWAS countries. This will depend on a number of factors that are difficult to predict, however. Additional fiscal stimulus, realization of contingent liabilities, lower than expected growth, and currency depreciation caused by external pressures can all affect debt dynamics significantly.
39. Current baseline projections suggest that, on (simple) average, debt levels will increase from 36.7 per cent in 2019 to 43 per cent in 2020 and to 43.5 per cent in 2021 (figure 7).⁴² Guinea is projected

³⁵ *Ibid.*

³⁶ *World Tourism Organization Data, 2019.*

³⁷ *IMF (2020a), op. cit.*

³⁸ *Ibid.*

³⁹ *Thirteen member States in the subregion were eligible for the HIPC initiative in 2012. Cabo Verde and Nigeria did not benefit from it.*

⁴⁰ *IMF (2020a), op. cit.*

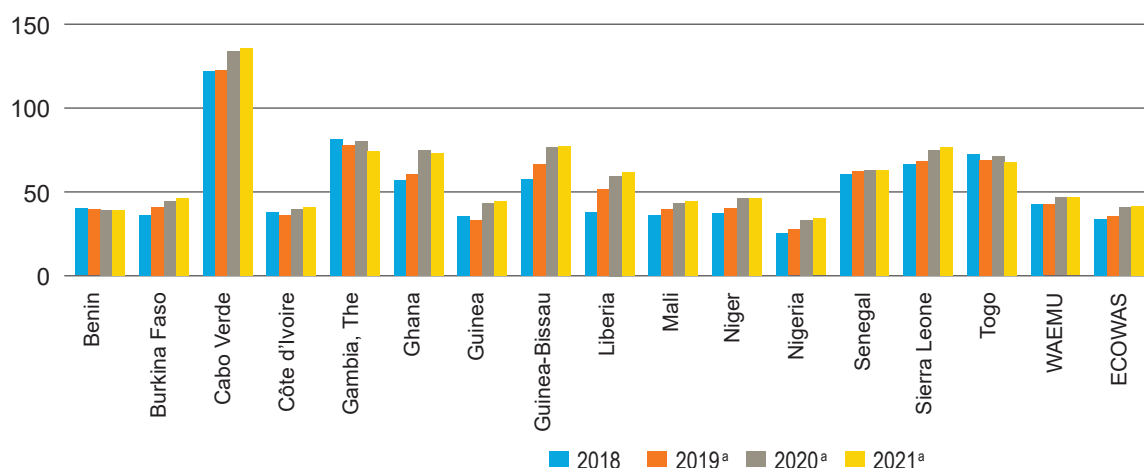
⁴¹ *Ibid.*

⁴² *Compared with a projected decline to 56 per cent. IMF (2019b). Regional Economic Outlook for Sub-Saharan Africa.*

to register the highest increase in its debt, by more than 30 per cent, from 34.5 per cent in 2019 to 44.9 per cent in 2020. It is followed by Nigeria, which is expected to see its debt ratio increase from 29.1 per cent in 2019 to 35.0 per cent in 2020, a rise of about 20 per cent. The West African Economic and Monetary Union region is expected to register an increased debt ratio, from 45 per cent in 2019 to 48.4 per cent in 2020. This increase is mainly driven by Guinea-Bissau, Côte d'Ivoire, Mali and the Niger, which are projected to register a more than 10 per cent increase in their debt ratios in 2020, at 79.8, 41.7, 44.8 and 48.3 per cent, respectively. The debt ratio of Liberia is expected to increase from 53.3 to 61.7 per cent. Thus, eight countries are projected to have debt levels exceeding the 60 per cent debt-to-GDP threshold in 2020 compared to 7 in 2019 (figure 7).⁴³

40. In the absence of corresponding declines in import demand by African countries, a decline in African exports resulting from a slowdown in the global economy could increase the debt burden and further reduce the fiscal space of the ECOWAS countries. Ghana, Sierra Leone, Guinea-Bissau, the Gambia, Togo and Cabo Verde are especially vulnerable to fiscal shocks from the impact of the pandemic, since in 2019 they had debt-to-GDP ratios above 61 per cent of GDP, with fiscal deficits above 4 per cent of GDP.

Figure 7: Public debt ratios (% of GDP)



Source: Based on IMF (2020a).

Note: ^a projection.

4. External accounts

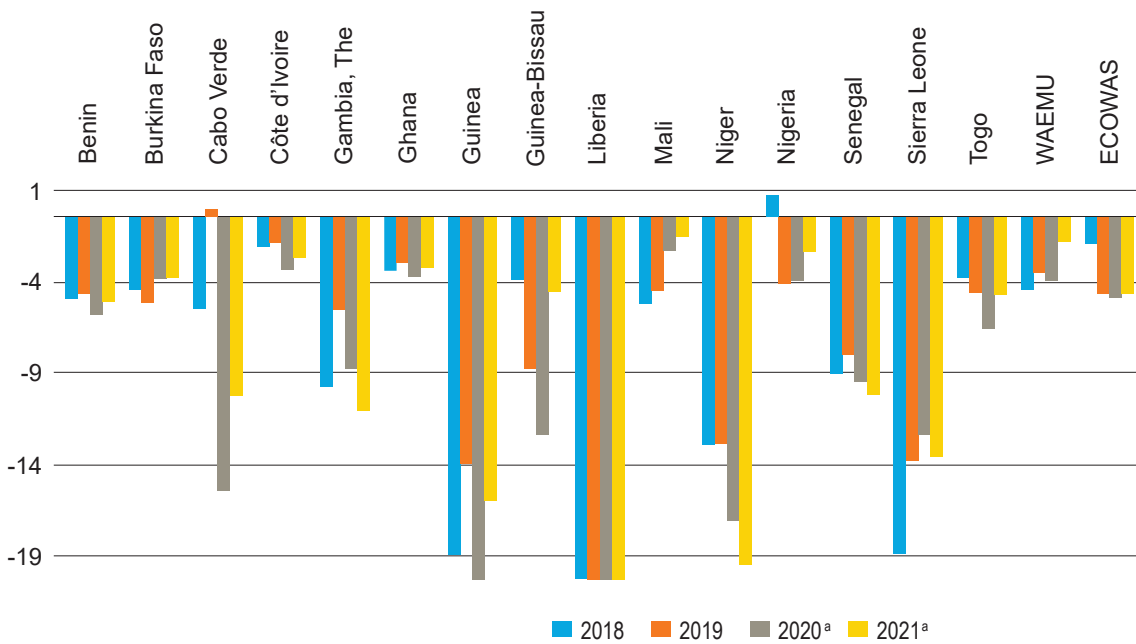
41. The average external account balance is structurally in deficit in almost all countries in the region, widening at the community level from -1.6 per cent of GDP in 2018 to -4.3 per cent in 2019. Excluding grants, the current account deficit of the ECOWAS subregion will deteriorate from -4.3 per cent in 2018 to 4.5 per cent of GDP in 2019. Over this period, the external account deficit of four ECOWAS countries (Burkina Faso, Guinea-Bissau, Nigeria and Togo) will deteriorate further.⁴⁴ The worsening external account deficit in the region in 2019 was partly due to lower oil prices and the contraction of the mining sector, and the market for some agricultural products.
42. In 2020, the current and external deficits are expected to widen further, owing to the COVID-19 outbreak. These larger deficits could pose mounting challenges to countries that rely heavily on external financing. These countries face the risk of turmoil in financial markets, tighter credit market conditions, problems rolling over domestic debt, significant current account adjustment through domestic demand compression, and important reserve losses.

⁴³ IMF (2020a), *op. cit.*

⁴⁴ IMF (2020a), *op. cit.*

43. The current account deficit of the subregion is projected to deepen further in 2020, to -4.3 per cent of GDP (from -4.6 per cent). Nine countries are projected to register a decline in their current account balance in 2020. Cabo Verde is projected to record the largest decrease (from +0.3 to -15.2 per cent), followed by Guinea (13.7 to -20.5 per cent), the Niger (from -12.6 to -16.8 per cent) and Guinea-Bissau (from -8.5 to -12.1 per cent). Surprisingly, four countries are expected to record slight decreases in their current deficits in 2020: Burkina Faso (from -4.8 to -3.5 per cent) Liberia (from -21.5 to -21.4 per cent), Mali (from -4.2 to -2.0 per cent) and, even more surprisingly, Nigeria (from -3.8 to -3.6 per cent).⁴⁵

Figure 8: Current account deficits (% of GDP)



Source: ECA, based on IMF (2020a).

Note: ^a Forecast.

5. Regional and trade integration

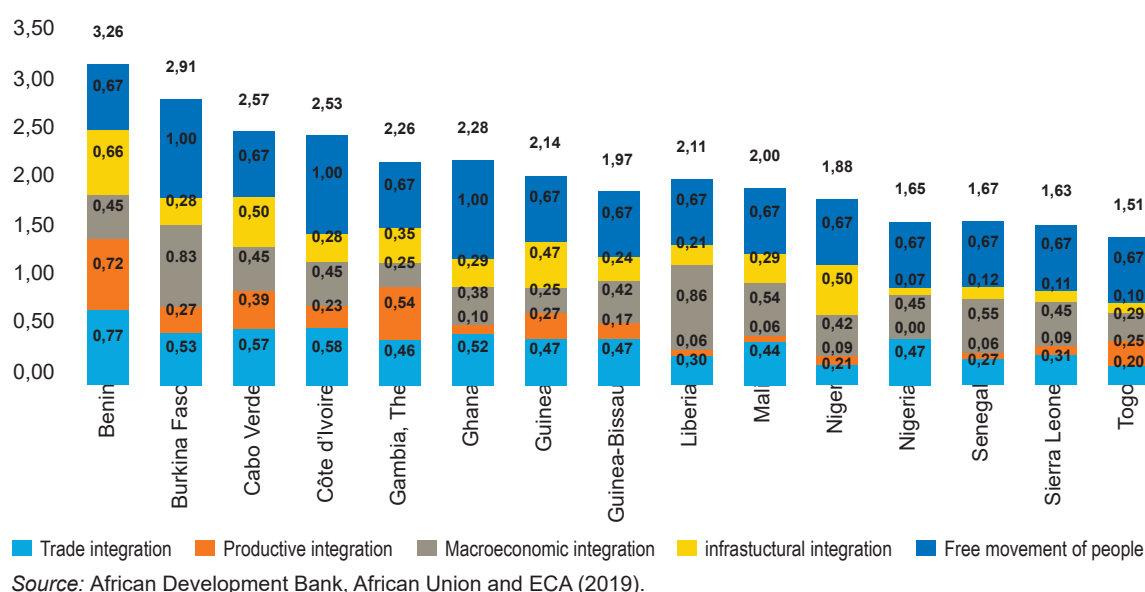
44. Regional integration has been shown to maximize the benefits of globalization while countering its negative effects. It can stimulate development in least developed countries by improving productive capacity and encouraging investments in those areas of infrastructure that hold the greatest economic potential. Nevertheless, the record of regional integration in Africa to date has been a sobering one.
45. With an average regional integration score of 0.327, according to the Africa Regional Integration Index of 2019, African countries as a whole are not well integrated. The high score of 0.625 (of a maximum of 1), reached by South Africa, suggests that there is a possibility for all African countries to integrate more deeply⁴⁶ (figure 9).

⁴⁵ FMI (2020a), *op. cit.*

⁴⁶ The 2019 Africa Regional Integration Index assesses the regional integration status and efforts of African countries. It compares countries within regional economic communities with the countries of Africa as a whole. It measures integration in each country and each regional economic community along five dimensions: trade integration, productive integration, macroeconomic integration, infrastructural integration and the free movement of people.

46. On regional integration, overall of the eight regional economic communities in Africa, ECOWAS comes fifth, behind the East African Community, Arab Maghreb Union, Economic Community of Central African States and Intergovernmental Authority on Development. While ECOWAS has the highest scores across the dimensions of “free movement of people”, its average is pulled down by the near-total lack of productive integration by 7 of its 15 members (Mali, Cabo Verde, Guinea-Bissau, Sierra Leone, the Gambia, Guinea and the Niger). Côte d’Ivoire is the strongest performer in productive integration, scoring 0.718. It is followed by Nigeria and Senegal, which scored only 0.540 and 0.388, respectively in the 2019 Index. Investments toward complementary productive capacities could help build significant improvements in productive integration.
47. Overall, Côte d’Ivoire, Burkina Faso and Senegal are the most integrated ECOWAS countries. Liberia, Guinea-Bissau and Sierra Leone are the weakest. One way to improve subregional integration may be to increase both the export and import of intermediate goods. Indeed, the top performer of the subregion, Côte d’Ivoire, does well in this area, as does Nigeria, while the Gambia and Sierra Leone are among the lowest achievers.

Figure 9: Regional integration dimension breakdown by country



48. The aim of boosting cross-border trade and economic development prompted calls for a single currency for West Africa, the “Eco”, which was initially scheduled to be introduced in 2020. To join the monetary union, each member State must achieve three primary and three secondary convergence criteria (table 1), aimed at reinforcing the homogeneity and stability of the main macroeconomic indicators of the countries to allow them to better absorb idiosyncratic economic shocks after the adoption of the single currency regime.
49. So far, ECOWAS countries are struggling to meet these criteria. For example, only five countries – Cabo Verde, Côte d’Ivoire, Guinea, Senegal and Togo – met the requirements on inflation and budget deficits in 2019.

Table 1: Number of countries within ECOWAS that have met the convergence criteria

Criteria	ECOWAS standard	2017	2018	2019
PRIMARY RANK				
Ratio of budget deficit, including grants to nominal GDP	≤ 3 %	7	6	10
Annual average inflation rate	< 10 %	11	12	12
Central bank financing of budget deficit/previous year's tax earnings	≤ 10 %	12	14	N/A
Gross external reserve	≥ 3	14	15	N/A
SECOND RANK				
Ratio of total public debt to nominal GDP	≤ 70 %	12	12	12
Nominal exchange rate variation	±10	12	13	N/A

Source: ECOWAS (2018b) and IMF (2020a).

50. Despite the elimination of tariff- and non-tariff barriers to trade driven by ECOWAS and WAEMU, the value of intra-ECOWAS exchange has struggled to pass 10 per cent of West African commercial transactions (10.4 per cent in 2019). It has increased only marginally over nearly 20 years, by about 3 per cent compared to 1996, when it accounted for 7.7 per cent of total ECOWAS foreign trade.⁴⁷ These intracontinental trade shortcomings highlight the important losses in revenue and development opportunities for African countries.
51. The countries most active in trade include Nigeria, which alone accounts for approximately 76 per cent of total subregional trade, followed by Ghana (9.2 per cent) and Côte d'Ivoire (8.6 per cent). Together with Senegal, they represent 87 per cent of subregional trade, 79 per cent of subregional imports (\$55.520 billion per year) and 94 per cent of exports and re-exports (\$ 77.792 billion per year).⁴⁸
52. Total ECOWAS trade is dominated by mining commodities (oil resources, iron, bauxite, manganese, gold, etc.) and agriculture (coffee, cocoa, cotton, rubber, fruits and vegetables) and other products marketed within the region (dry cereals, roots, livestock products, etc.). The poor development of industries, especially the manufacturing sector in most economies, and the deficit and poor quality of infrastructure (energy, transport, telecommunications, water and sanitation, etc.) partly explain why intra-ECOWAS trade is not robust.
53. The signature of the agreement establishing the African Continental Free Trade Area (AfCFTA) in March 2018 in Kigali and its official launch in July 2019 in Niamey have reopened the debate on the issues surrounding cross-border trade in Africa and in regional economic communities. The successful implementation of AfCFTA has the potential to provide new impetus and dynamism to economic integration in Africa and to enhance intraregional and intra-Community trade (see annex, box 1).

B. Social performance

54. The West African subregion continues to make relatively little progress at the social development level. Poverty rates remain high in many countries (Sustainable Development Goals 1 and 2) and many people continue to have limited access to quality basic social services.

⁴⁷ ECOWAS (2018b).

⁴⁸ *Ibid.*

Health indicators (Sustainable Development Goal 3) remain alarming in some countries. Moreover, despite increased access to education (Sustainable Development Goal 4), many children drop out of school early, having failed to acquire even minimum skills. This goes some way to explaining the high rates of unemployment, underemployment and/or vulnerable employment in the subregion (Sustainable Development Goal 8). Inequality is also high in the subregion (Sustainable Development Goals 5 and 10). This situation could hamper the region's ability to adequately harness its demographic dividend, thereby undermining its sustainable development.

1. Poverty, human development and sustainable development in ECOWAS

55. Poverty continues to hinder sustainable development in West Africa, despite the sustained positive economic growth over the last two decades. In ten of the 15 member States of ECOWAS, more than 30 per cent of the population lives on less than \$ 1.90 a day.⁴⁹ This dire situation has not substantially changed over the last two decades. The average Human Development Index of the subregion is the lowest on the continent, registering just 0.51 in 2018.⁵⁰
56. Only Cabo Verde, Ghana, Côte d'Ivoire and Nigeria rank above least developed country status, with the former two plus Senegal ranking as countries of medium human development. Cabo Verde, which registers above the threshold of extreme poverty, is the only member State currently classified as lower middle income, however. Liberia, Sierra Leone, Guinea-Bissau and the Niger are the lowest performers for human development in the subregion.⁵¹
57. West Africa is thus stagnating in its progress towards achieving the Sustainable Development Goals. The 2019 Sustainable Development Goal Index shows that the majority of countries are off track on most of the 17 Sustainable Development Goals. The subregion is seeing moderate improvement towards Sustainable Development Goal 2 (zero hunger), Sustainable Development Goal 8 (decent work and economic growth), Sustainable Development Goal 14 (life below water), Sustainable Development Goal 15 (life on land) and Sustainable Development Goal 17 (partnership for the Goals).⁵² The Goals that face the greatest challenges in West Africa are Sustainable Development Goals 3 (health) and 9 (infrastructure), with 100 per cent and 93 per cent of the countries scoring red, respectively, indicating an increasing distance from achievement. Sustainable Development Goal 4 (education), Sustainable Development Goal 6 (clean water and sanitation) and Sustainable Development Goal 11 (responsible consumption and production) also present major challenges, with 80 per cent of countries in West Africa scoring red. At the country level, Cabo Verde and Ghana are the best performers, ranking fifth and ninth in the Human Development Index 2019.
58. This disappointing situation is unlikely to change significantly over the next two decades. Headline growth is also highly likely to be moderated by continued strong demographic growth, especially in the poorest countries.
59. ECA estimates that between 5 million and 29 million people in Africa will be pushed below the extreme poverty line of \$ 1.90 per day owing to the impact of COVID-19, compared to the baseline 2020 African growth scenario. Vulnerable households affected by COVID-19 face an increased probability (17.1 per cent) of moving into transient poverty, a 4.2 per cent increased probability of staying in poverty for a decade or longer, and a decreasing probability (-5.9 per cent) of moving out of poverty. Increased poverty levels will also exacerbate existing income inequalities. For low-income households, such as those in West Africa that already spend an average of 36 per cent of their income

⁴⁹ World Bank (2019).

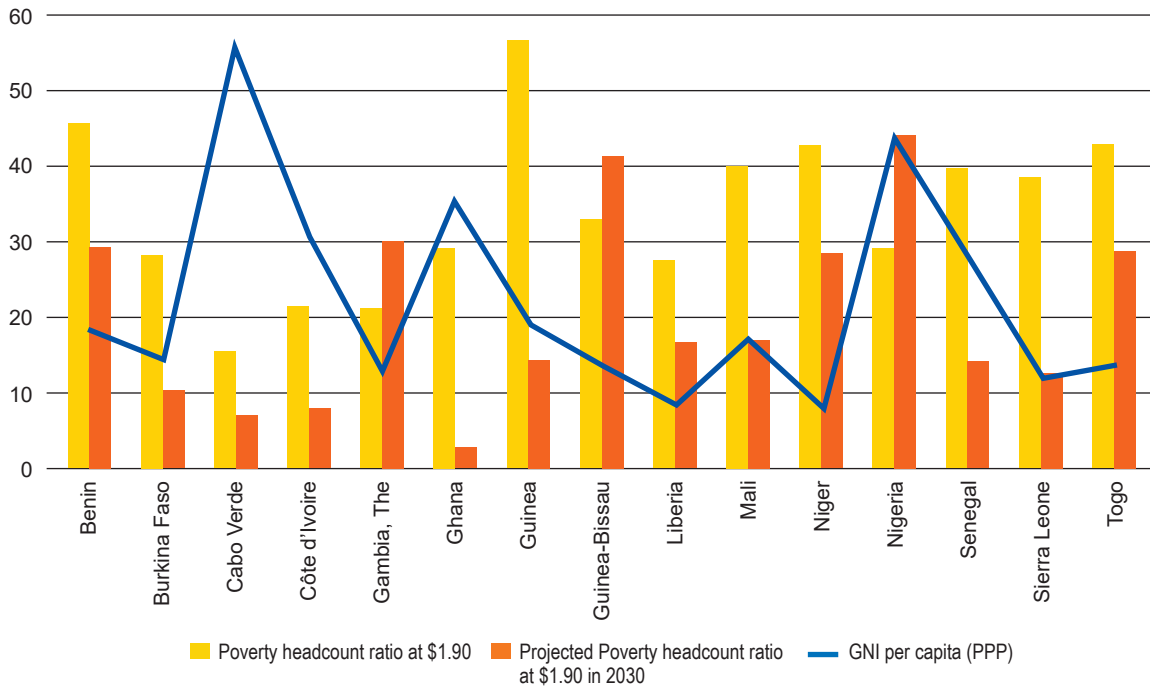
⁵⁰ UNDP (2019).

⁵¹ *Ibid.*

⁵² *The Sustainable Development Goal Index and Dashboards Report is the first worldwide study to assess where each country stands with regard to achieving the Sustainable Development Goals.*

on health care, access to health care will become increasingly unaffordable in the wake of COVID-19, leading to an increase in the number of households falling below the poverty line.⁵³

Figure 10: Poverty status of West African countries



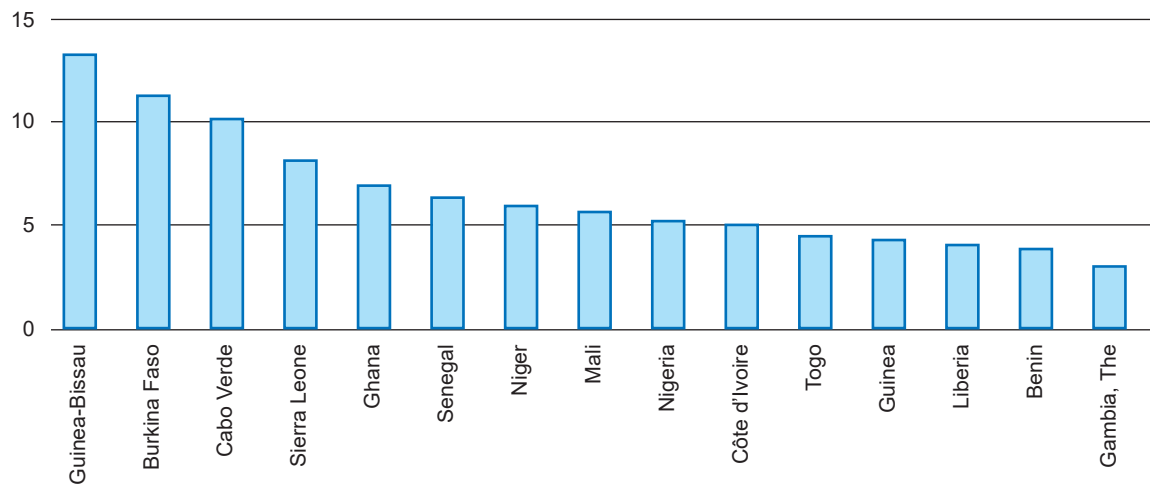
Source: ECA, based on data from the Human Development Report (2019).

Note: Data refer to the most recent year available.

a) Health

60. West Africa is characterized by poor and very low-quality health systems, with a lack of infrastructure, a lack of health care services access and of health personnel. Most health indicators in the subregion are very low. This is partly explained by low levels of public investment in health systems (figure 11).

Figure 11: Government health expenditure (% of general expenditure)



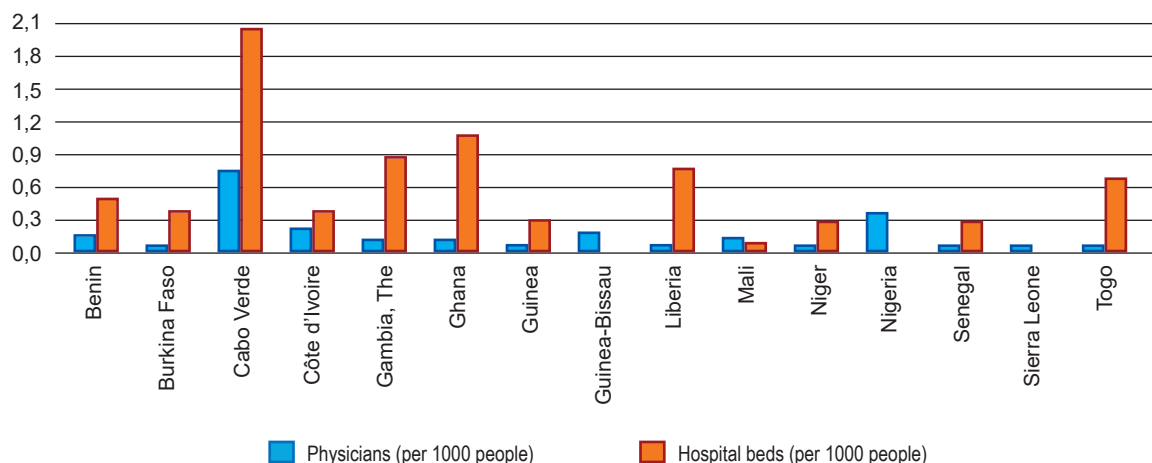
Source: ECA, based on the WHO Global Health Expenditure database, 2019.

Note: Data refer to the most recent year available.

⁵³ ECA (2020a).

61. West Africa is characterized by high premature and maternal mortality, malnutrition and low life expectancy. Four of the 10 countries in the world with the highest under-5 mortality rates are located in the West African subregion. There are, however, slight disparities among member States. The under-5 mortality rate varies from 17.4 (Cabo Verde) to 110 (Sierra Leone) deaths per 1,000 live births. Nigeria (100.2) and Mali (106) also have high under-5 mortality rates. In the 14 countries with available data, 16.5 per cent (Senegal) to 46 per cent (the Niger) of children under 5 years of age suffer from moderate or severe malnutrition. Maternal mortality is very high in the subregion, with ratios ranging from 58 (Cabo Verde) to 1,120 (Sierra Leone) deaths per 100,000 live births. Life expectancy at birth varies from 54.3 (Sierra Leone and Nigeria) to 72.8 years (Cabo Verde). Five of the countries have a life expectancy of less than 60 years (Nigeria, Sierra Leone, Mali, Guinea-Bissau and Côte d’Ivoire).
62. Distribution of personnel, health-care delivery and coverage are very poor, as evidenced by the extremely high number of patients covered per physician (figure 12). The number of such personnel ranges from 0.03 in the Niger to 0.77 in Cabo Verde. For Cabo Verde, the best performer in the West African subregion, this means that 7.7 health professionals have to take care of 10,000 people.

Figure 12: Number of physicians and hospital beds in West Africa (per 1 000 people)



Source: ECA based on the WHO Global Health Workforce, 2019.

Note: Data refer to the most recent year available.

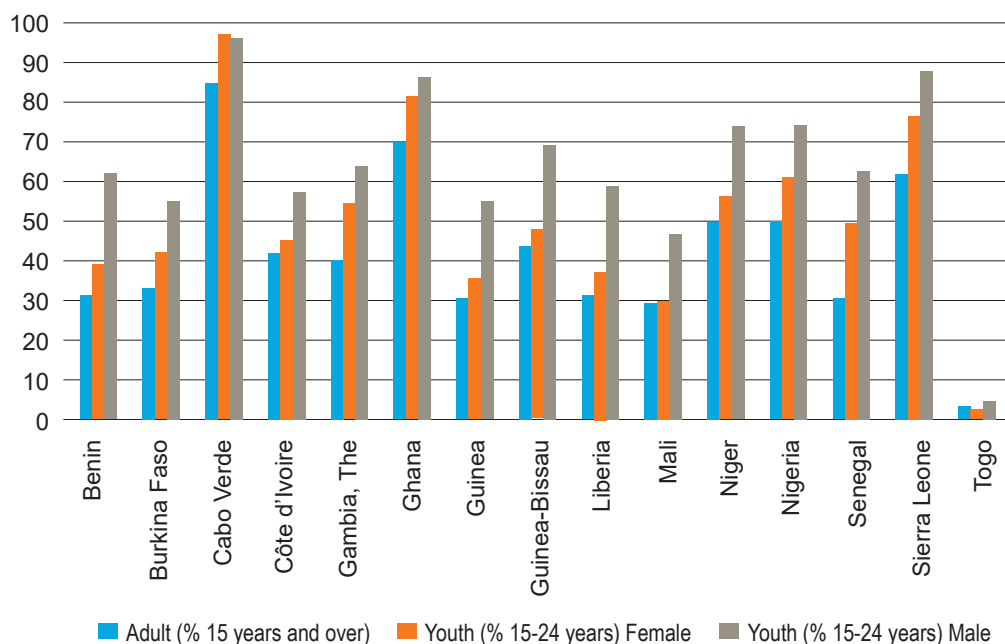
63. The ability of countries in the subregion to cope with the COVID-19 pandemic at its apogee has to be considered against the deficiencies in national health systems and in societies at large. The constraints include: low rates of hospital beds and health professionals; gaps in the detection of the disease; the low availability of basic health care; inadequate systems for testing for COVID-19 and tracing contacts; preparedness outside the health sector; high dependency on imports for medicinal and pharmaceutical products; and limited legal identity (ID) systems for administering social safety nets. The speed and spread of the virus have surprised the most highly developed countries, which have found themselves ill prepared. It is therefore hardly surprising that the pandemic is a challenge for West African countries, which are much poorer and less well-resourced in terms of both funding and manpower.

⁵⁴ United Nations Population Division (2019).

b) Éducation

64. One of the major challenges facing ECOWAS is education. Significant improvement has been made in terms of access, as measured by primary school enrolment. The subregional average gross enrolment in primary schools increased from 70 per cent in 1998 to 101 per cent in 2018. However, it remains relatively low in many countries, and is declining in others (figure 13). Dropout rates are also high. The proportion of out-of-school children in ECOWAS was about 24.6 per cent between 2010 and 2018. In Nigeria, this value was as high as 34 per cent. In many other countries in the subregion, more than 20 per cent of children of primary school age are out of school (Burkina Faso, Liberia, Mali, the Niger and Senegal).
65. The average number of years of schooling is also low, around three years in the subregion as a whole and higher than four years in only six countries (Cabo Verde, Côte d'Ivoire, Ghana, Liberia, Nigeria and Togo).⁵⁵ Students seldom receive quality training and often leave school without acquiring the minimum skills required. In the nine countries where data are available, only three (Ghana, Senegal and Burkina Faso) register more than 50 per cent of students achieving minimum proficiency levels in both reading and mathematics by the end of primary education.⁵⁶
66. Adult literacy rates are also low, below 50 per cent in almost all West African countries, except Cabo Verde (86.8 per cent), Ghana (71.5 per cent), Togo (63.7 per cent), Senegal (51.9 per cent) and Nigeria (51.1 per cent).⁵⁷ These low levels of literacy are partly explained by the low shares of public expenditure allocated to education in the subregion.

Figure 13: Literacy rates in West Africa (%)



Source: UNESCO Institute for Statistics (2019).

Note: Data refer to the most recent year available.

67. This situation is getting worse as a result of increasing insecurity in the subregion. Constant attacks by terrorist groups – including directly against students, teachers and schools in Burkina Faso, Mali

⁵⁵ *Ibid.*

⁵⁶ Based on UNESCO Institute for Statistics, 2019 (most recent data available, 2005-2015).

⁵⁷ UNDP (2019).

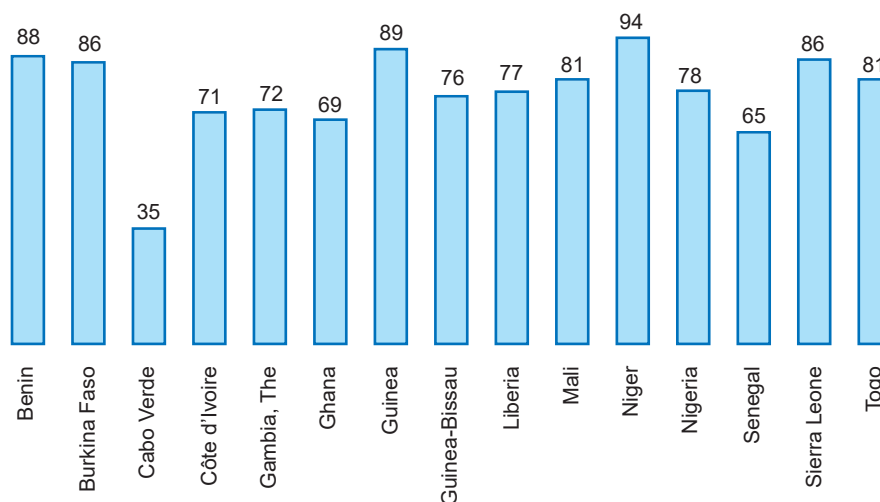
and the Niger – forced the closure of some 3,300 schools between 2017 and 2019 (more than 2,000 schools were closed in Burkina Faso alone) and resulted in more than 8 million children being out of school.⁵⁸

68. The closure of schools exposes children to a greater risk of exploitation, child marriage and early pregnancy. Girls face an elevated risk of gender-based violence and are often forced into child marriage, with ensuing early pregnancies and childbirth that threaten their lives and health. Both boys and girls also become easier targets for traffickers or recruitment into armed groups.

c) Employment

69. Unemployment rates are low in all countries of the subregion, averaging around 6.23 per cent in 2019, but most people are self-employed (81.2 per cent in 2019) and work mainly in the informal sector or vulnerable jobs. Many workers are unable to provide for themselves and their families, and are at high risk of financial difficulties. In 2019, about 31.7 per cent of working-age individuals employed in the subregion ranked as extremely poor (living on less than \$ 1.90 per day), while 64.2 per cent were considered poor (living on less than \$ 3.10 per day). The primary and tertiary sectors employ the highest proportion of people in the subregion, 51.1 per cent and 45.3 per cent, respectively, in 2019.
70. The proportion of vulnerable jobs ranged from 35.2 per cent in Cabo Verde to 93.7 per cent in the Niger in 2019. Twelve of the 15 countries in ECOWAS registered vulnerable employment rates above 70 per cent. Besides Cabo Verde, only Senegal and Ghana registered vulnerable employment rates below 70 per cent (64.6 and 68.7 per cent respectively). Around 78 per cent of workers in Nigeria and 71 per cent in Côte d'Ivoire are engaged in vulnerable jobs (figure 14).

Figure 14: Proportion of vulnerable employment in ECOWAS member States (%)



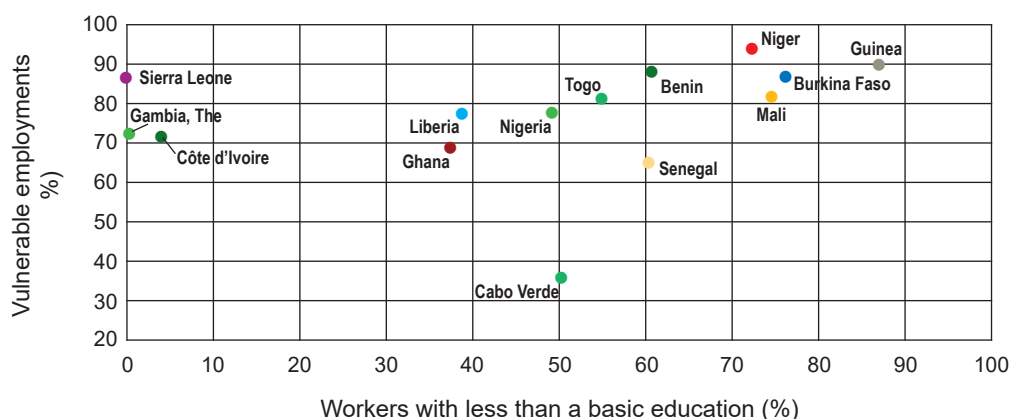
Source: ECA, based on ILO data (2020).

Note: Data refer to the most recent year available.

71. Vulnerable employment levels in the economies of the subregion are closely linked with the low level of education of the labour force. Many people enter the labour market without the minimum qualifications required. For example, 88 per cent of workers in Guinea (which has the highest rate of vulnerable employment in the subregion) have not completed primary education, compared to 4.4 per cent in Cabo Verde (which has the lowest vulnerable employment rate).

⁵⁸ Data cited in this paragraph and the next are sourced from UNICEF (2019).

Figure 15: Correlation between the rate of vulnerable employment in ECOWAS countries and the proportion of workers whose level of education is below primary level



Source: ECA, based on data from UNDP (2019) and ILO (2019).

Note: Data refer to the most recent year available. Data not available for Guinea-Bissau.

72. It is expected that the COVID-19 pandemic will lead to an increase in informal and vulnerable employment and an increase in out-of-pocket expenditure by poor and vulnerable households. The 2008 financial crisis increased vulnerable employment by 10 per cent. The more systemic shock of COVID-19 is expected to increase vulnerable employment considerably, with an anticipated 19 million job losses in Africa as workers face full or partial workplace closures. Annual formal job creation (currently 3.7 million) is forecast to drop by between 1.4 and 5.8 per cent compared with the baseline 2020 African growth scenario.

d) Inequalities

73. In West Africa, the incomes of the bottom 40 per cent of the population grew 25 percentage points more than the average. The wealthiest 1 per cent of West Africans own more than the rest of the populations in the subregion combined. This, however, hides a wide diversity of trajectories. Wealth inequality rose in Benin, with the incomes of the bottom 40 per cent growing 30 percentage points less than the average, while in Côte d'Ivoire, Ghana and Guinea-Bissau, the incomes of the bottom 40 per cent grew 20 percentage points less than the average.⁵⁹ The wealthiest 10 per cent of Ghanaians account for 32 per cent of the country's total consumption, which is more than the consumption of the bottom 60 per cent of the population. A few people have become very rich, while nearly 1 million have fallen below the poverty line, and thousands of those who were already poor sank even deeper into poverty.⁶⁰ In Nigeria, the incomes of the bottom 40 per cent grew 19 percentage points more than the average. The wealth of the five richest Nigerian men combined stands at \$ 29.9 billion, more than the entire budget of the country in 2017.⁶¹

74. Nevertheless, wealth inequality declined elsewhere in the subregion. In Senegal, the improvement was mild (the incomes of the bottom 40 per cent grew only 2 percentage points more than the average). The largest inequality declines were in Burkina Faso, where the incomes of the bottom 40 per cent grew 93 percentage points more than the average, and in Sierra Leone, where they grew 117 percentage points more than the average.⁶² In addition to inequalities of wealth and income, there are two additional forms of inequality that are particularly relevant for West Africa: gender inequality and spatial inequality.

⁵⁹ UNDP (2019).

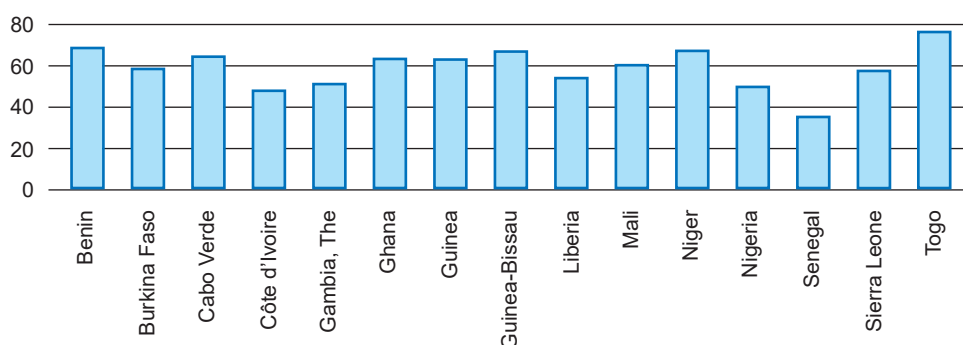
⁶⁰ Oxfam International (2020).

⁶¹ UNDP (2019), *op. cit.*

⁶² *Ibid.*

75. Gender inequality persists in West Africa, despite progress made by most countries in terms of women's participation in the economic and social sectors. The countries of West Africa all sit at the bottom of the Gender Inequality Index⁶³ rankings, between 125 (Senegal) and 154 (the Niger) of the 154 ranked countries.⁶⁴ In addition, except for three countries (Cabo Verde, Ghana and Senegal), all the countries in West Africa fall into the lowest possible category on the Gender Development Index.⁶⁵ There are very high levels of inequality between men and women in the subregion in terms of health care, education and living standards. Similarly, gender inequalities are high in political representation, especially in parliament, with performances ranging from 25 per cent in Cabo Verde to as low as 4.5 per cent of elected representatives in the Nigerian Parliament. Senegal, with 42.7 per cent of elected representatives being female, is the only country that has female representation above the continental average of 24 per cent and is ranked 11th in the world.⁶⁶
76. In education, gender gaps in school enrolment rates have been reduced everywhere. Cabo Verde, Senegal, the Gambia and Sierra Leone show gender parity in favour of girls for some educational cycles. At the higher education level, Cabo Verde is the only country in the subregion that has been able to completely eliminate inequalities between boys and girls in terms of access to training. At the secondary level, Senegal has made the greatest progress in reducing gender inequality. At the primary level, Senegal, the Gambia and Sierra Leone are the only three countries in the subregion to have achieved this goal.
77. The West African labour market is also dominated by men and displays large pay gaps between men and women in the few places where data are available. Senegal has the least labour market participation of women compared to men in the subregion.

Figure 16: Female participation in the labour market in ECOWAS



Source: ECA, based on ILO data (2019).

Note: Data refer to the most recent year available.

78. Spatial inequalities are also high in West Africa. The levels of inequality, poverty and poor human development outcomes are higher in rural areas than urban centres across all countries. In addition, rural communities also have the least access to all forms of public services (from education to health care).

⁶³ 2019 UNDP Gender Inequality Index. Gender inequality is measured based on the maternal mortality ratio, the fertility rate of women between 15 and 19 years old, the percentage of seats in parliament reserved for women, access to secondary education, and the labour force participation rate of women.

⁶⁴ Cabo Verde, Nigeria, Guinea-Bissau and Guinea were not ranked in 2019.

⁶⁵ The GDI measures gender gaps in human development by accounting for disparities between women and men across three basic dimensions of human development – health, knowledge and living standards – using the same component indicators as in the Human Development Index.

⁶⁶ Inter-Parliamentary Union (IPU) (2020).

2. Population dynamics and sustainable development

79. The population of West Africa was estimated at 386.9 million in 2019, or 5 per cent of the world's population, and is set to represent 8 per cent by 2050. It represented 29.6 per cent of the population of Africa in 2019, and this will increase to 31.6 per cent by 2050. Nigeria accounts for half the population of the subregion (204.8 million in 2019).⁶⁷
80. The population of the subregion is extremely young, 44 per cent being under 15 years of age and almost 60 per cent under 25. The demographic dependency ratio is projected at 85 per cent in 2020 (comprising 80 children and 5 over-65s).⁶⁸ A ratio of 85 dependants per 100 people aged 15–64 years means that 1.2 persons of working age have to support each dependant person. The situation has changed little since the beginning of the 2000s, when the dependency ratio was estimated at 88.7 per cent, reflecting a slow demographic transition tied to fertility rates that are still high in most countries.
81. The total fertility rate is more than five children per woman in five ECOWAS countries (Burkina Faso, the Gambia, Mali, the Niger and Nigeria) and more than four children per woman in eight other countries (Benin, Côte d'Ivoire, Guinea, Guinea-Bissau, Liberia, Senegal, Sierra Leone and Togo).⁶⁹ The Niger has the highest fertility rate in the world (6.9 children per woman on average).⁷⁰ Only two countries, Ghana and Cabo Verde, have made progress in fertility reduction, while the process has stalled in virtually all the other countries in the subregion.
82. Even if the fertility rate were to fall in the future, current and past high fertility produces a momentum for future population growth in the subregion, as the large numbers of people aged less than 15 years reach childbearing age.
83. A large proportion of youth can be a starting point for countries to create and harness demographic dividends but, if human capital development is low and the youth do not have access to decent employment, the dividends can remain a mirage. Rather, the large proportion of jobless youth can become an impediment to development. It can also weaken social cohesion, threaten peace and security, and create social and political instability.
84. Demographic dynamics can significantly impact many areas of sustainable development. Population growth can make it harder for governments in the poorest countries to eradicate poverty, combat hunger and malnutrition (Sustainable Development Goals 1 and 2), and inequality (Goal 10), and to enhance growth and the creation of decent jobs (Goal 8). It can also impede other elements of the sustainable development agenda, including the provision of education and health services (Goals 3 and 4).
85. Rapid population growth hinders poverty reduction by affecting the fiscal balance of governments. Indeed, unsustainable population growth can limit a government's ability to invest productively. Furthermore, a rapid and large increase in the size of the working-age population limits job opportunities and can cause wages to fall by increasing the supply of labour available, thereby further limiting the chances of escaping poverty. High fertility rates and rapid population growth can reduce household resources and at the same time increase the number of dependants that those reduced resources must support.
86. Demographic dynamics are also related to Sustainable Development Goal 2, because population growth hinders the fight against hunger and efforts to improve nutrition and food security. Moreover, population growth impacts Goal 3 through its connection to improved child and maternal health and

⁶⁷ UNFPA (2020). *State of World Population. 2019.*

⁶⁸ *Ibid.*

⁶⁹ United Nations Population Division (2019).

⁷⁰ UNFPA (2020), *op. cit.*

healthy lives for all, and Goal 4 as reduced fertility increases investment in education per child.⁷¹ Where rapid population growth far outpaces economic development, countries have a difficult time investing in the human capital needed to secure the well-being of its people and to stimulate further economic growth.

87. Countries with high fertility typically face challenges in providing education for children, health care for all and employment opportunities for young workers. A scarcity of jobs in rural areas can drive many young people to migrate to cities that already lack job possibilities. Countries with fertility rates of four or higher are expected to see their urban populations grow rapidly in the years ahead.

C. Security, governance and the upcoming elections in West Africa

88. The West African subregion has experienced frequent incidents of violent conflict, which continue to prevent many countries from achieving their social and economic targets. The causes of State fragility and political instability in the region are deeply rooted, and structural in nature, but large-scale violence and instability have also been sparked by elections or election-related processes.
89. According to the 2018 Ibrahim Index of African Governance, overall governance in West Africa has improved. It ranks second among African subregions (scoring 54.3 out of 100), after Southern Africa, and recorded the largest increase in its average score for overall governance (+0.44 since 2013) in 2018 (table A1). However, despite improvements in almost all West African countries, several countries fall below the African average score of 50, including Guinea, Guinea-Bissau, Nigeria and Togo. In addition, while Cabo Verde recorded the best governance performance in the region, with a score of 71.1, ranking third in Africa, the country has recorded a deterioration in governance over the past decade, as have Sierra Leone, Mali and Benin. Countries with improved overall governance include Côte d'Ivoire, Guinea, Senegal, the Niger and Togo. Despite these hopeful signs over the last decades, recent developments in the subregion, including COVID-19 and the upcoming elections in many countries, are inhibiting further progress regarding the quality of governance and democracy in the subregion.
90. In addition to the usual woes of West African democracies and governance, emerging threats include terrorist attacks and growing political insecurity. Terrorist groups continue to destabilize the Sahel, fuel intercommunal violence and increasingly threaten coastal West African countries. Terrorist attacks can destabilize governments, undermine civil society and human rights, jeopardize peace and security, and threaten social and economic development.
91. Presidential elections in the subregion, several of which may be contentious and risk causing political violence, are also planned this year. In West Africa, five presidential elections (in Côte d'Ivoire, Ghana, Guinea, Burkina Faso and the first round in the Niger) are scheduled to take place in the last quarter of 2020 and two in the first quarter of 2021 (Benin and the Gambia). Election time is often associated with surges in protests in several countries. Protests over election results or procedures were among the main reasons for protest reported in the period 2013 to 2015.⁷³
92. In far too many cases, electoral periods in Africa have been stained by human rights violations that undermine the holding of credible and peaceful elections. Over the last few months, terrorist activity

⁷¹ United Nations (2017), *op. cit.*, chapter III. For further discussion of the impact of demographic change on development, see Michael Herrmann (2015), *Consequential omissions: How demography shapes development – lessons from the MDGs for the SDGs, and World Bank/IMF (2016) Global Monitoring Report 2015-16: Development in an Era of Demographic Change*.

⁷² UN DESA (2015), *World Urbanization Prospects: The 2015 Revision*.

⁷³ African Development Bank, OECD and UNDP (2016). *African Economic Outlook 2016: Sustainable Cities and Structural Transformation*. Paris: OECD Publishing.

has increasingly targeted civilians and security forces, including peacekeepers. Given the circumstances, the process of organizing nationwide elections presents a challenge in many countries in the subregion.

93. The Covid-19 pandemic poses an additional challenge to electoral processes in Africa and raises concerns for the holding of free, fair, transparent and peaceful elections, while ensuring the safety of citizens. With the omnipresent threat of the pandemic, States are now being forced to evaluate whether they are in a position to hold credible elections, which represent an essential component of democratic governance and of peace, security and development.

⁷³ *Banque africaine de développement, OCDE et PNUD (2016). Perspectives économiques en Afrique 2016: Villes durables et transformation structurelles. Paris, publications OCDE.*

III. Policy framework and recommendations for the subregion

A. Confronting the negative effects of the pandemic

94. Prior to the outbreak of the COVID-19 pandemic, the West Africa subregion was projected to expand by 3.8 per cent in 2020. As the unprecedented nature of the COVID-19 crisis continues to unfold, a multitude of variables at the country, regional and global levels remain unknown or subject to change, making accurate prediction of the impacts of COVID-19 on countries in West Africa across all sectors highly problematic. Nevertheless, given the widely anticipated global recession, already evident in the form of concurrent supply and demand shocks, it is reasonable to project that the pandemic will have an important impact on these economies. Thus, the economy is now projected to contract to a negative 2.5 per cent in 2020, 6.1 percentage points below the projected growth rate prior to the pandemic.
95. Growth in the subregion will be negatively affected by a combination of factors, including a decline in commodity prices, low financial flows, reduced tourism earnings and heightened volatility in financial markets. Deceleration in output growth will be reflected in negative growth in per capita income of 5 per cent, with the associated social consequences.
96. The sharp decline in commodity prices will widen fiscal and external account imbalances, fuelling public debt increases. Countries that depend on oil for foreign exchange and fiscal revenues (e.g. Ghana and Nigeria) will face limited fiscal space. Net oil-importing countries could benefit from lower oil prices, but the subregional average fiscal balance will widen to around -7.3 per cent of GDP. The pandemic is also likely to worsen external imbalances across the region. The overall current account deficit for the West Africa subregion is forecast at 4.6 per cent of GDP in 2020.
97. With intraregional trade significantly low, at about 10 per cent of total trade, the West African subregion is highly exposed to external shocks, including the negative effects of the pandemic on global supply chains. The fall in total production resulting from the generalized lockdown and restrictions, and rising food prices due to disruption in trade logistics and exchange rate depreciation in major economies, will amplify the inflationary effects of looser monetary and fiscal policies in West Africa. Average inflation is projected to increase by about 1.7 percentage points to 9.9 per cent in 2020. (See also the section on economic growth in the previous chapter of this report.)
98. It is projected that West African economies will resume their growth in 2021 at 3 per cent. This assumes that ongoing policy measures will slow the spread of the disease before the end of 2020, successfully restore global demand and lead to the recovery of global economic activity. The medium-term outlook could, however, be undermined by severe infrastructure deficiencies, a weak macroeconomic policy environment, bad climatic conditions, civil unrest and security threats, particularly in the Sahel region.

99. The COVID-19 pandemic is thus adding to the structural fragility of the subregion. The impact of the COVID-19 pandemic, should the resilience capacity of the subregion fail, could lead to increased morbidity and mortality rates. Moreover, the negative impact of the pandemic on education, health and employment could stall attempts to harness the demographic dividend in the medium-to-long term, if savings need to be channelled into coronavirus mitigation efforts instead of investments for sustainable growth.

B. Recommended policy measures

100. It is clear that short-, medium- and long-term policy measures are needed to mitigate these challenges and ensure that the progress achieved by many countries of the subregion towards enhancing sustainable economic development is not lost. Five sets of proposed emergency measures are discussed below: emergency economic stimulus measures; internal resource mobilization; economic diversification; human capital leveraging; and peace, security and governance improvements.

1. Emergency economic stimulus measures

101. In the short term, given the fiscal situation in West Africa, substantial support will be needed for the health and social safety net response and emergency economic stimulus. Rapid disbursement of budget support can be accelerated through fast disbursement facilities, including the Crisis Response Window and the Global Pandemic Window and reprogramming regular programmes at the World Bank Group and similar measures by the European Union and G20 members. In return, West African countries should work to build and strengthen systems to fight corruption and enhance the predictability, transparency and accountability of flows so that governments can plan effectively and civil society stakeholders can help to track fund flows to ensure they reach those most in need.

2. Internal resource mobilization

102. In the long term, efforts should be stepped up to mobilize tax revenues, rationalize expenditure and consolidate public finances in order to reduce budget deficits and better control debt. To broaden the tax base, West African countries need to include more diverse payments in the tax net (e.g. payroll and workforce taxes and property taxes). In addition, governments should formulate policies to bring the informal economy and agriculture into the tax system, while taking care to avoid harming low-income workers.
103. Furthermore, West African countries need to review their value added tax regulations (e.g. excessive use of exemptions and zero or reduced rates, etc.) to reduce policy gaps. In addition, West African Governments should leverage information and communications technology to improve revenue generation. Improving governance by combating corruption and bolstering accountability should also reduce inefficiencies in tax collection.
104. Non-tax revenue collection should also be improved. This includes royalties, fees for mining rights, dividends on government investment in State-owned enterprises and stock portfolios, sovereign wealth funds, and government shares in joint ventures with private operators. Fees for trade licences for commercial establishments, construction permits and registration of births, marriages and deaths and the related certificates are potential additional revenue sources.
105. West African countries also need to harness innovative and efficient financing mechanisms. These could include public–private partnerships to increase resource mobilization and investment in priority areas, while keeping fiscal policy within debt sustainability limits.

3. Economic diversification

106. Measures should be implemented to strengthen the resilience of the subregional economy to commodity price shocks through the implementation of economic diversification policies. Diversifying away from resource-intensive sectors into more medium- and high-tech sectors would strengthen the manufacturing sector in terms of value addition. It would also increase employment and thereby boost inclusiveness through a strengthened middle class employed in the manufacturing sector. The African Continental Free Trade Area presents an opportunity for such diversification (see annex, box 1).

4. Human capital leveraging

107. Investments in human capital should also be enhanced in order to reduce exclusion and increase productivity. The provision of quality health care and education, decent jobs and skill-sets development would enable West African countries to harness the window of opportunity created by the demographic dividend, and so accelerate progress towards achieving the Sustainable Development Goals and Agenda 2063: The Africa We Want, of the African Union. There is also a need to increase efforts towards gender equality, especially women's empowerment and education, in order to better control demographic dynamics and create the conditions to fully capture the demographic dividend.
108. In addition, efforts should be stepped up to promote national multisectoral efforts from a single health approach to lessen the impact of COVID-19. This includes measures to ensure the availability of essential medical supplies, including laboratory and hospital equipment, and personal protection equipment for health-care workers, ambulance drivers and key workers in the subregion. Efforts are also needed to step up and implement track-and-trace systems to monitor the progress of the disease and advise those who test positive for the disease (a percentage of whom will be asymptomatic) to self-isolate for a set period of time and to trace others with whom they may have been in contact. Most African countries are now testing large numbers of people.

5. Peace, security and governance improvements

109. Despite the best intentions embodied in the ECOWAS Protocol on Democracy and Good Governance and the Conflict Prevention Framework, violence is still commonplace during elections in the region. Strengthening conflict early warning and response is seen as a critical conflict mitigation priority by West African Governments before key elections in the subregion. Such measures help to enhance stability and reduce the potential for civil unrest.
110. International organizations should work with local governments to ensure free, fair, inclusive, transparent and credible elections through control, monitoring and oversight activities. This includes targeted voter registration awareness and motivation campaigns, activities and civic education, to enhance the participation of youth and women. African civil society organizations and the media should also be encouraged to participate in the election process.
111. Reducing the risk of civil unrest would also improve the business environment and render the subregion more attractive for long-term investment and tourism.

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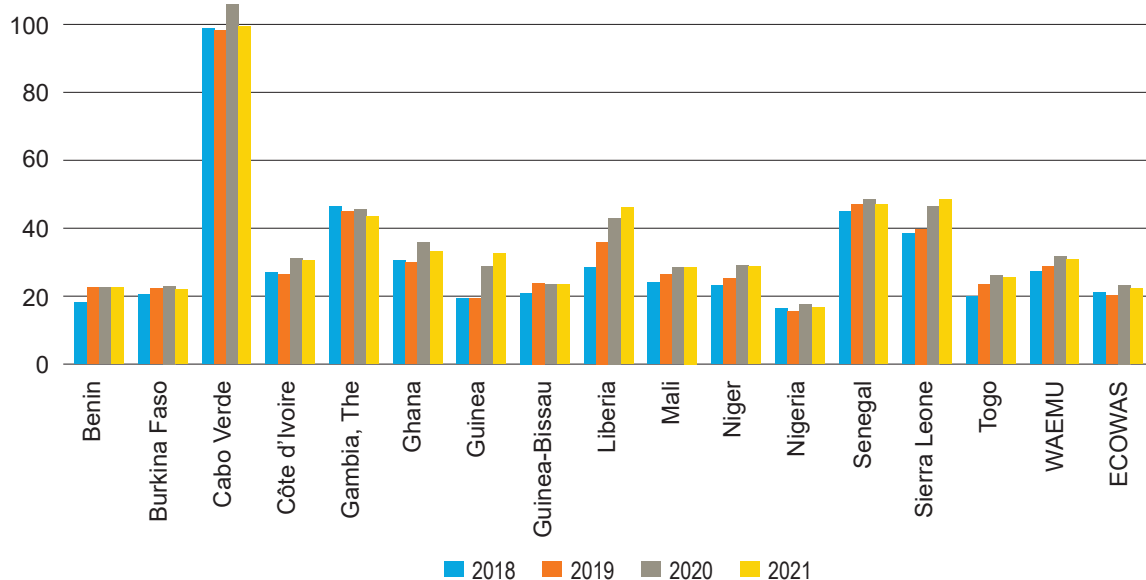
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Annex

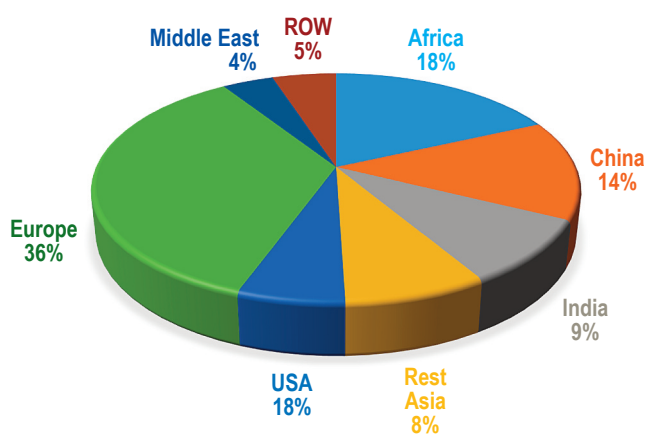
Figure A1: Government external debt of West African countries (% of GDP)



Source: ECA, based on IMF (2020c).

Note: Percentage for 2020 (estimated) and 2021 (projected)

Figure A2: African merchandise export share by destination

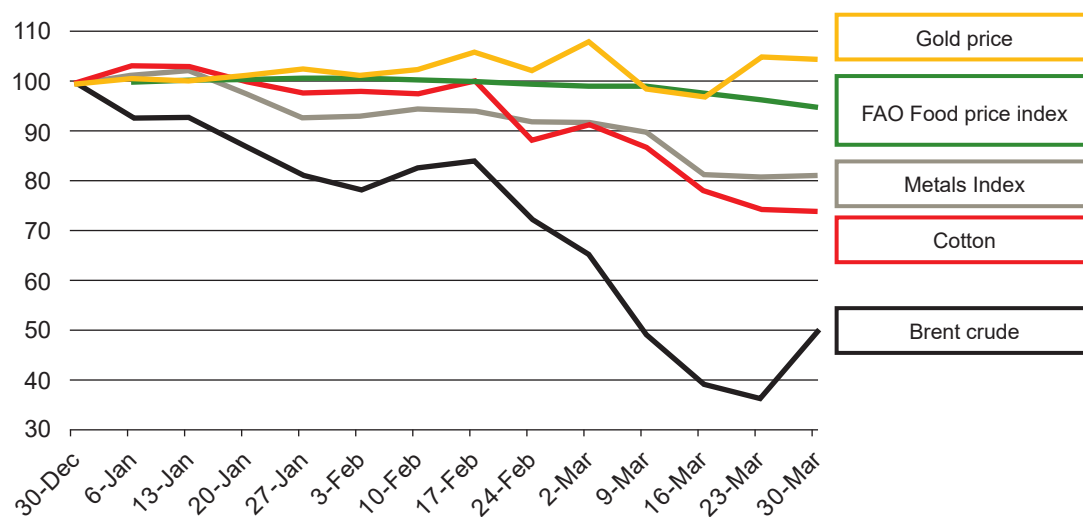


Source: ECA, based on IMF's direction of trade database, 2018.

Table A1: ECOWAS trade flows (in thousands of United States dollars and percentage)

	2017	2018	2019
ECOWAS exports to ECOWAS	10,028,718 (11.6%)	9,268,839 (8.8%)	10,034,835 (10.4%)
ECOWAS exports to the Rest of Africa	15,423,585 (18%)	17,047,822 (16%)	15,969,999 (16%)
ECOWAS total exports	86,088,768	105,146,326	96,820,763
ECOWAS imports to ECOWAS	7,076,653 (8.8%)	8,590,672 (7.8%)	10,310,387 (8.5%)
ECOWAS imports from the Rest of Africa	10,546,352 (13.1%)	12,762,660 (11.6%)	14,869,644 (12.2%)
ECOWAS total imports	80,656,186	110,143,064	121,515,911

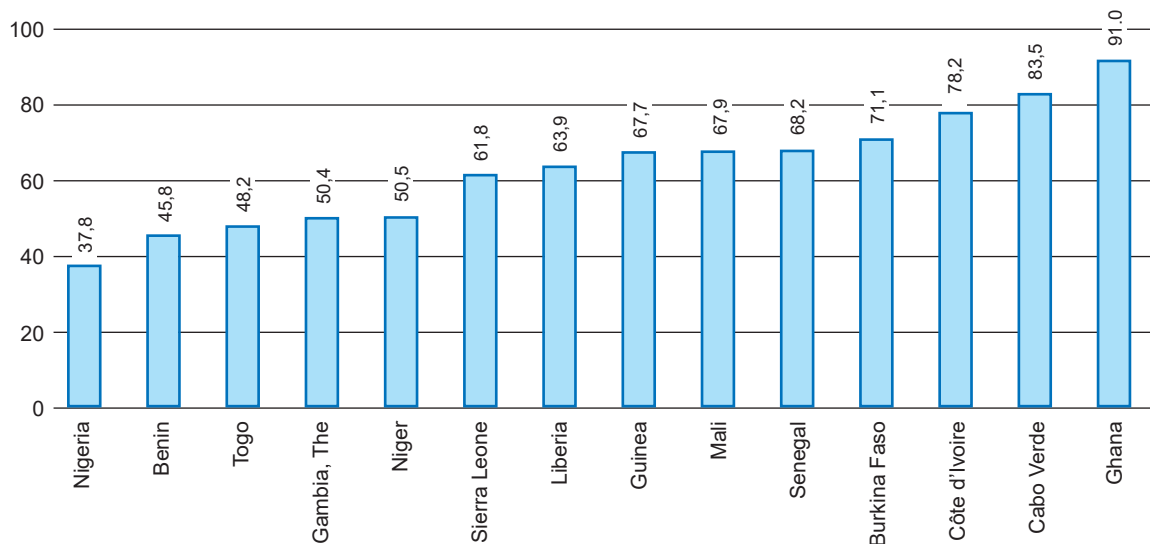
Source: Calculations based on data from ITC Trade Map, 2020.

Figure A3: Commodity prices and indexes for key African exports, 31 December 2019 to 30 March 2020

Source: Data are from FAO and Trading Economics, April 2020.

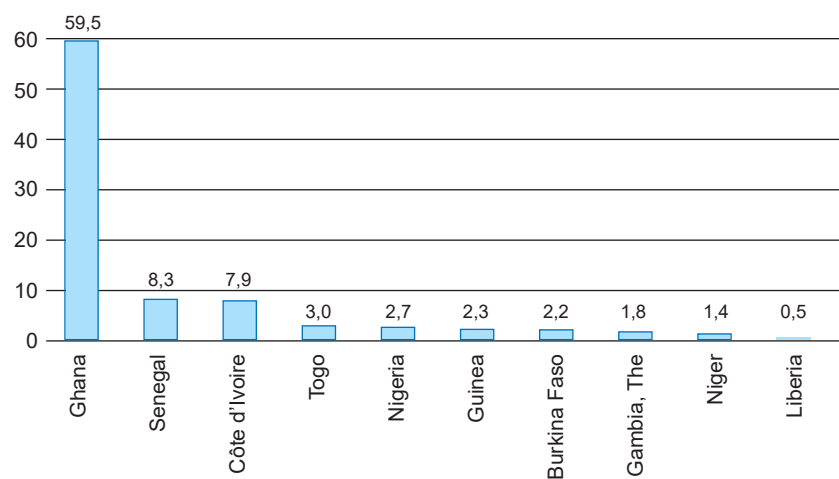
Note: All prices are weekly averages. Metals Index = London Metal Exchange Index (LMEX)

Figure A4: Progress towards achieving the “Ending Poverty” goal (Sustainable Development Goal 1) by 2030



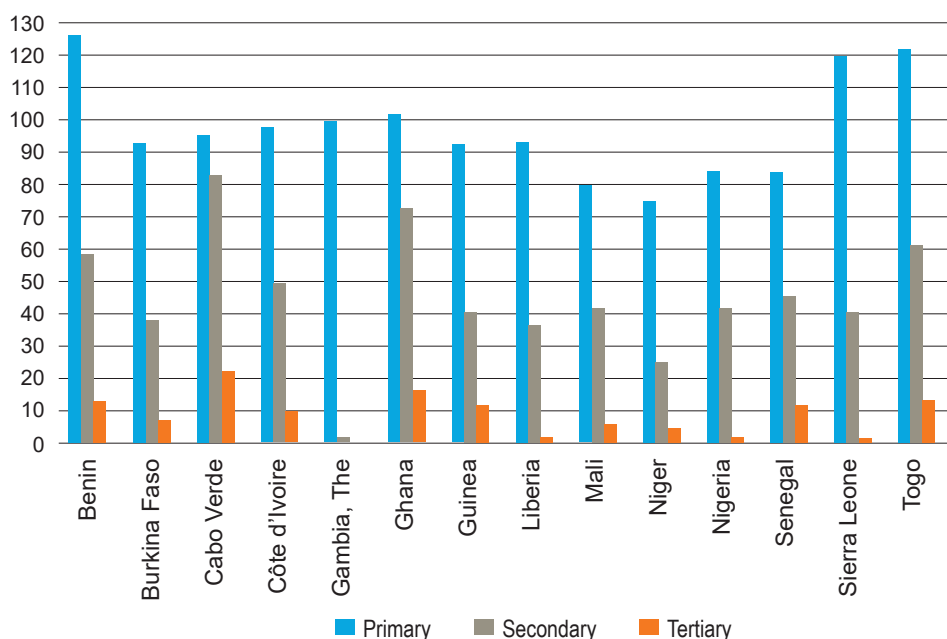
Source: ECA, based on data from UNDP, Human Development Report, 2019.

Figure A5: Coverage of social insurance programmes (percentage of population)



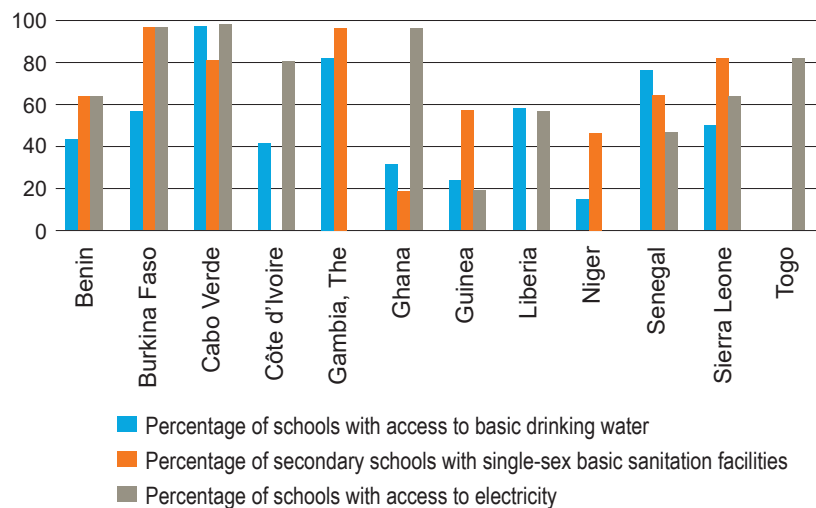
Source: ECA, based on WHO Global Health Workforce Statistics database 2019.

Note: Data refer to the most recent year available.

Figure A6: Gross enrolment ratios for primary, secondary and tertiary education

Source: UNESCO Institute for Statistics (2019).

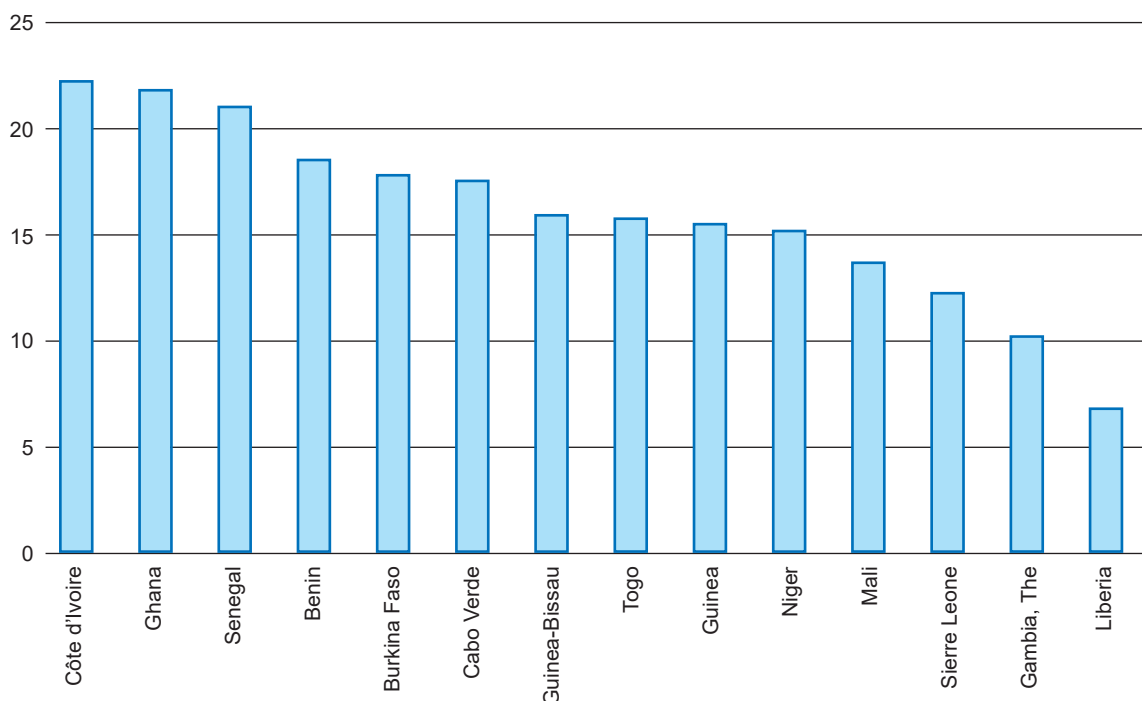
Note: Data refer to the most recent year available for each country.

Figure A7: Education: basic infrastructure status

Source: ECA, based on WHO Global Health Workforce Statistics database 2019.

Note: Data refer to the most recent year available for each country.

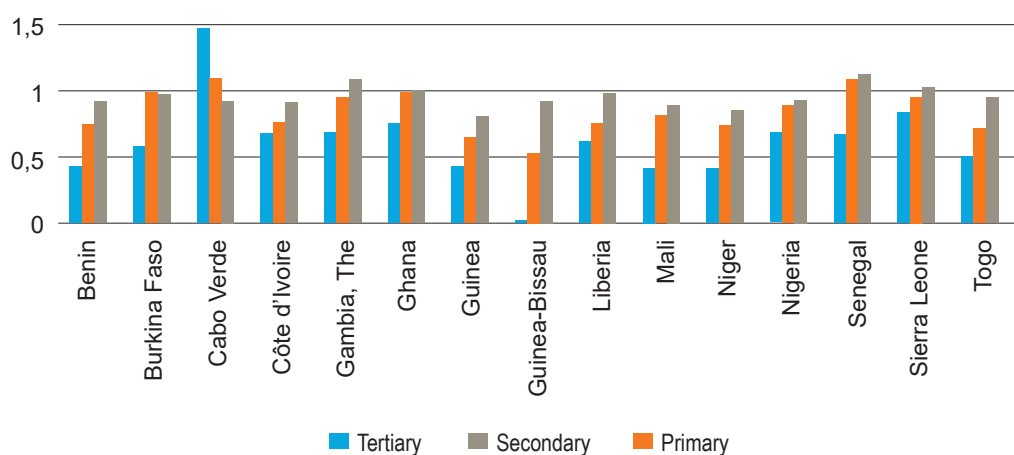
Figure A8: Government expenditure on education, (% of total expenditure)



Source: ECA, based on World Development Indicators data, 2020.

Note: the most recent data was used for each country.

Figure A9: Gender parity indices of gross enrolment at primary, secondary and tertiary education levels in ECOWAS countries



Source: ECA, based on World Bank data (World Development Indicators, 2019).

Note: the most recent data was used for each country.

Table A2: *Mo Ibrahim Index of Governance, 2018*

Country	Overall score/100	Rank in Africa / 54	Progress
Cabo Verde	71,1	3	- 0,8
Ghana	68,1	6	+ 0,9
Senegal	63,3	10	+ 5,9
Benin	58,7	13	- 0,1
Burkina Faso	57,1	16	+ 4,8
Gambia, The	54,9	21	+ 3,0
Côte d'Ivoire	54,5	22	+ 12,7
Liberia	51,6	23	+ 4,8
Niger	51,2	24	+ 5,6
Sierra Leone	50,9	26	+ 0,5
Mali	50,1	28	- 4,0
Togo	49,1	30	+ 5,2
Nigeria	47,9	33	+ 2,8
Guinea	45,9	37	+ 6,1
Guinea-Bissau	40,2	42	+ 0,9
ECOWAS	54,3	N.a.	+ 0,48

Source: Mo Ibrahim Foundation, Mo Ibrahim Index, 2018.

Tableau A3: *Overall competitive index of ECOWAS economies in 2019*

Country	Overall score/100	Rank in Africa / 140	Progress (2018-2019)
Ghana	51	111	-5
Cabo Verde	50	112	-1
Senegal	49	114	-1
Nigeria	48	116	-1
Côte d'Ivoire	48	118	-4
Guinea	46	122	+4
Gambia, The	45	124	-5
Benin	45	125	-2
Mali	43	129	-4
Burkina Faso	43	130	-6

Source: World Economic Forum, The Global Competitiveness Report 2019.

Note: Liberia and Sierra Leone, the Niger, Guinea-Bissau, and Togo were not covered in 2019.

Table A4: Gender Inequality Index 2018

Country	Value	Rank/189
Cabo Verde	0,372	126
Ghana	0,541	142
Benin	0,613	163
Côte d'Ivoire	0,657	165
Senegal	0,523	166
Togo	0,566	167
Gambia, The	0,620	174
Liberia	0,651	176
Sierra Leone	0,644	181
Burkina Faso	0,612	182
Mali	0,676	184

Source: UNDP, The Gender Equality Index 2018.⁷⁴

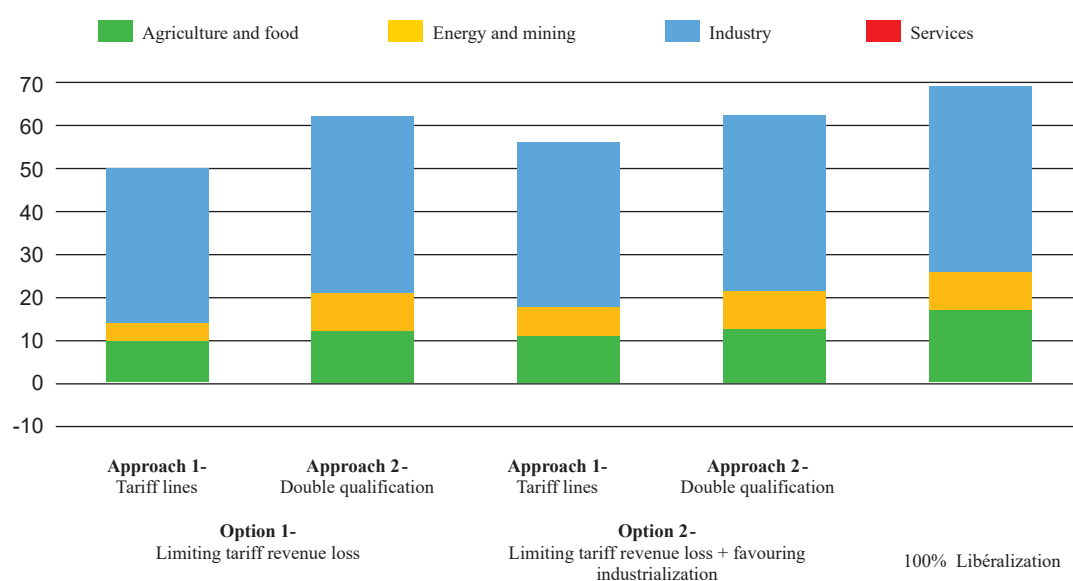
Note: No data for Guinea, Guinea-Bissau and Nigeria.

⁷⁴ Available at : <http://hdr.undp.org/en/composite/GII>.

Box 1: African Continental Free Trade Area

AfCFTA raises hopes of increasing trade in goods and services within the continent and supporting the industrialization and structural transformation agenda of Africa. Intra-African trade is projected to increase by between 16.5 per cent and 22.8 per cent. The more ambitious the liberalization, the higher the trade creation within Africa. Benefits of intra-African trade in industry range from +22.9 per cent to +27.5 per cent. The largest increases are found in textiles, wood and paper, vehicle and transport equipment, other manufactures and wearing apparel (all increasing by over 40 per cent, whatever the scenario).

Figure A10: Projected change in Intra-African trade by main sectors (as compared to baseline) – 2040 (billions of United States dollars)




Source: CEA (2018).

The implementation of AfCFTA can create economies of scale, boost competitiveness, create regional value chains, enhance manufacturing exports and generate employment opportunities for the growing youth population of Africa, and create opportunities to nurture businesses and entrepreneurs. However, to reap the potential benefits of AfCFTA, the continent must create the fiscal space needed to foster public investment, while ensuring fiscal sustainability and macroeconomic stability to attract increased private investment.

The benefits of AfCFTA can be further enhanced by taking advantage of the growing labour force, as Africa becomes the youngest and most populous continent in the next few decades. This population growth and the associated urbanization process are conducive to agglomeration economies, providing major opportunities for industrialization through rising demand and shifting patterns of consumption. With AfCFTA, the growing consumer class can be leveraged to stimulate industrial development to meet the rising demand domestically and regionally, leading to broader integration through value chains.

Source : Adapted from UN DESA (2019b).



The economy of the Africa region is projected to contract to -2.5 per cent in 2020, 6.1 percentage points below the projected growth rate prior to the pandemic.

Growth in the region will be affected by a combination of factors, including a decline in commodity prices, low financial flows, reduced tourism earnings and heightened volatility in financial markets. Deceleration in output growth will be reflected in negative growth in per capita income of 5 per cent, with the associated social consequences, including a rise in unemployment and vulnerable jobs, increased poverty and increases in all forms of inequalities.

While it is projected that West African economies will resume their growth in 2021 at 3 per cent, this assumes that ongoing policy measures will slow the spread of COVID-19 before the end of 2020, restore global demand and lead to the recovery of global economic activity. The medium-term outlook could be undermined by severe infrastructure deficiencies, a weak macroeconomic policy environment, bad climatic conditions, civil unrest and security threats, particularly in the Sahel region.

Short-, medium- and long-term policy measures are needed to mitigate these challenges and ensure that the progress achieved by many countries of the subregion to enhance sustainable economic development is not lost. These policies include: emergency economic stimulus; internal resource mobilization; economic diversification; human capital leveraging; and peace, security and governance improvements.