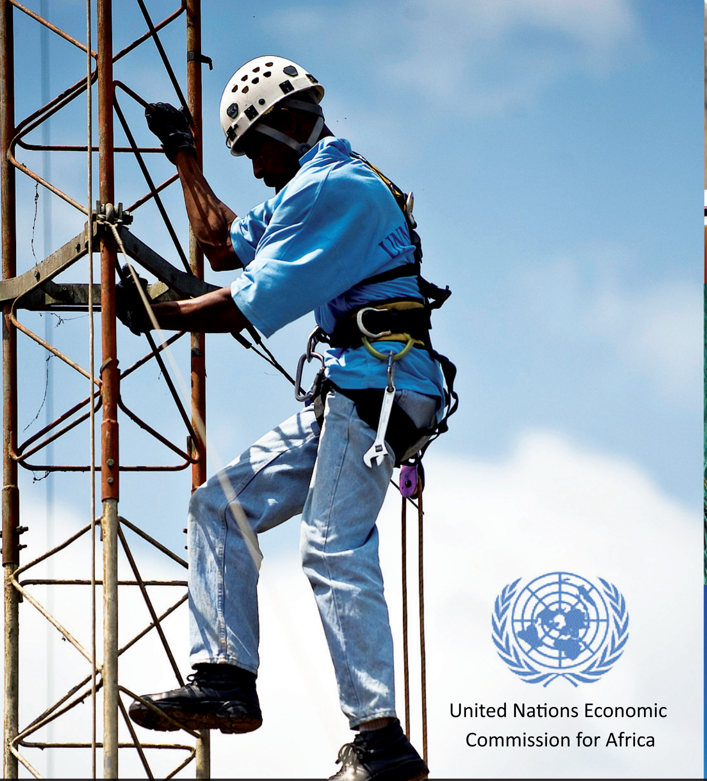

United Nations Economic Commission for Africa

RECENT ECONOMIC AND SOCIAL DEVELOPMENTS IN WEST AFRICA AND PROSPECTS FOR 2012

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ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
AIDS	Acquired Immunodeficiency Syndrome
CET	Common External Tariff
ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
EIU	Economic Intelligence Unit
EPA	Economic Partnership Agreement
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
IMF	International Monetary Fund
MDG	Millennium Development Goal
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PRSP	Poverty Reduction Strategy Paper
SSA	Sub-Saharan Africa
UEMOA	West African Economic and Monetary Union
UNCTAD	United Nations Commission for Trade and Development
UNDP	United Nations Development Programme
WAMA	West African Monetary Agency
WAMZ	West African Monetary Zone
WEO	World Economic Outlook
WTO	World Trade Organization

PREFACE

The present report on the Economic and Social Conditions in West Africa for 2011 is a regular document presented to provide: (i) member States with an overview of the economic and social conditions in West Africa and prospects for 2012; and (ii) policy advice on selected policy issues in the sub-region.

This year's report was compiled against the backdrop of an extremely uncertain global and subregional economic climate, and a volatile political setting in West Africa. As the report argues, the volatile global economic environment poses challenges for the calibration of a policy advice given the changing economic circumstances in the world economy and their ever-shifting implications for West Africa. Before the advent of recent military events in Mali and Guinea-Bissau, the West African region was poised for economic consolidation. This rosy scenario is now under threat, and the speed with which the political fallout in the two countries is resolved will determine the depth of socio-economic progress in 2012 and beyond.

Notwithstanding these ongoing events, the key message of this report remains salient: West Africa must diversify to address its economic vulnerabilities. In particular, the subregion must grasp the opportunity created by elevated commodity prices to increase the number of sources of growth by promoting the manufacturing sector through value addition to its primary commodities. This will address the high unemployment levels, especially among the youth. Second, the subregion must inoculate itself from trade shocks by diversifying the origins and destinations of its traded goods. Indeed, the developed countries' economic woes have brought into sharp focus the folly of over-concentrated trade. The final point on diversification is the need to increase the sources of finance, including through vibrant domestic and regional resource mobilization efforts. Underpinning these diversification efforts is the need to jealously protect the political and economic governance gains of recent years. Good governance is a delicate possession that demands an ever acute vigilance.

This report was prepared by the ECA Sub-Regional Office for West Africa (ECA/SRO-WA), under the guidance of the Officer in Charge, Mr. Aboubacry Demba LOM.

I would like to thank the project leader, Mr. Mzwanele G. Mfunwa who received the support of the consultant, Professor Adeola Adenikinju of the University of Ibadan, Nigeria ; besides invaluable suggestions were made by other team members: Mr. Oliver P. Maponga, Mr. Joseph Foumbi, Mrs. Selamawit Abebe, and colleagues from the ECA Headquarters. The team had also benefited of special advice from Mr. Emile Ahohe, during his short mission at the ECA/SRO-WA.

The report was edited and formatted by Mrs. Dana Palade, Mrs. Kadijiatou Amadou and Mr. Privat Denis Akochayé.

An abridged version of the report served as a background document to the 2012 meeting of the Intergovernmental Committee of Experts that took place in Bamako, Mali, from 15 to 16 March 2012. While it is possible that they may not necessarily share some of the issues raised in the document, we wish to acknowledge the delegates' inputs in shaping the key message of this report.

Mr. Aboubacry D. Lom
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Sub-Regional Office for West Africa.

EXECUTIVE SUMMARY

Global output growth slowed down in 2011, and recent forecasts for 2012 and 2013 show anemic growth for different regions of the world due to the continuing economic fallout in the Euro zone. Weak economic growth, high unemployment rate, and loss of business and consumer confidence are all serving to arrest the growth of aggregate demand, and hence diminish the import appetite from developing countries. Due to trade, financial and resource flow interdependence the developing countries have not been immune from developed countries' economic crisis, dimming the growth prospects for 2012 and beyond.

The Economic Community of West African States (ECOWAS) grew by 6½ per cent in 2011 with member States, bar Côte d'Ivoire, registering positive growth rates. This growth was driven by performance in the primary and tertiary sectors. Performance in the primary sector was partly due mainly to favorable weather, a growing demand for export commodities in the international markets, and oil production. The buoyancy in the tertiary sector stemmed from the recovery in tourism, telecommunications, financial services, and commerce. The increasing democratic settlement and social stability have also increased private sector confidence to invest in the countries and therefore contributed to the growth. However, the now resolved electoral impasse in Côte d'Ivoire undermined the region's economic performance in 2011, and the recent military upheavals in Mali and Guinea-Bissau will undercut economic activity in 2012.

The detailed analysis of the macroeconomic conditions in various West African countries shows mixed prospects for 2012. In fact, the subregional growth rate was projected to be sustained at above 6 per cent before the Mali and Guinea turmoil, as well as the deepening drought and the concomitant humanitarian disaster in the Sahel region.

Looking ahead, the economic prospects for ECOWAS countries will depend on a combination of external and internal developments.

Fundamentally however, in 2012 and onwards West Africa must start taking specific steps to address its numerous economic vulnerabilities, including to climate change and constant political governance setbacks. Externally, continuous weaknesses in developed economies will impact negatively on certain commodity prices, as well as on capital flows to the ECOWAS countries. The narrow composition of exports from West Africa implies that the subregion's economic fortunes get instantly affected by the price swings of such exports. At the same time, fluctuations in development assistance and other financial flows are apt to have a magnified effect on the fiscal performance of the subregion's countries due to these flows' large share in the national budgets.

In ECOWAS, the average annual inflation rate nudged up from 10 per cent in 2010 to 10⅓ per cent in 2011, sparked by surging costs of food, accommodation, energy, and transportation. Transport costs soared in line with readjustment of ex-pump fuel prices as crude oil prices started escalating again on the international market. With respect to public finance, ECOWAS countries recorded an overall fiscal deficit of 3¾ per cent of GDP in 2011, down from a deficit of 5¼ per cent of GDP in 2010. Although this is an improvement it still reflects an impaired fiscal situation for a subregion where average fiscal deficits of less than 3 per cent are the norm. This higher than normal fiscal deficit for the subregion stemmed from counter-cyclical policies seeking to preserve social spending to avert a deterioration in citizens' living standards, and to maintain or increase capital spending on infrastructure in the face of stagnant revenue growth.

The subregion continued to make progress towards strengthening regional integration. The countries have to adhere to a set of convergence criteria that will allow them to deepen their economic integration. However, in 2011, there was a general slowdown towards meeting some of these requirements, especially with the resurgence of budgetary imbalances. This deterioration was also observed in respect of real interest rates. However, there was a slight improvement in the central bank financing of fiscal deficits and accumulation of domestic arrears.

Concerning policy harmonization, some progress has been recorded. In the energy sector, for example, several policies and institutions have been adopted and established to promote subregional cooperation. Policy harmonization in the mineral sector was strengthened with the adoption of the ECOWAS Mineral Development Policy during 2011. However, there is need to expand the level of development and interconnections of payments systems, capital account liberalization, and total adoption of the ECOWAS common external tariff, the harmonization of statistics, transit trade facilitation, as well as the removal of all barriers to the free movement of persons, capital and goods within the community.

The West African subregion has registered mixed progress on social development indicators even against rapid economic growth. The key MDG of reducing extremely poverty remains elusive for many countries, and has not been helped by the economic growth that is driven by labor-saving sectors such as high-tech extractive industries and telephony. Even the proportion of working people living on less than $US1.25 a day has increased between 2009 and 2010. Some countries have made important progress on health and education fronts with a surge in school enrolments, even if quality has been questionable, and the under-5 mortality having fallen. Similarly, the battle against the HIV/AIDS is progressing with new HIV infections falling, and the roll-out of needed drugs gaining momentum. Finally, some achievements are noted concerning women empowerment and gender equality, with several ECOWAS countries achieving some 20-30 per cent or more participation of women in parliament. Despite these strides, the African Union target of 50 per cent parliamentary representation by women is still out of sight.

The key message resonating through this report's analysis is that the subregion must work to avoid limiting itself to a narrow range of economic options in such areas as sources of growth, trading partnerships, and sources of revenue. Specifically, three areas must receive attention.

First, economic growth in the subregion hinges critically on two main developments: weather conditions and their impact on agriculture, and changes in international prices for primary commodities originating from the subregion. Reducing reliance on these developments will entail investing more in the agricultural sector, including mechanization, irrigation, and creating agricultural value chains. It will also entail promoting other sectors, primarily ushering in the right environment for the private sector to invest so as to increase the contribution of the manufacturing sector in economic growth through value addition. It will also be this sector that will lead to diversified export composition and the creation of sustainable jobs. Prospects for value addition in specific minerals and agricultural commodities should also be part of the subregional strategy to create sustainable jobs and reduce poverty.

Second, the ECOWAS member States must seek ways to diversify trading partners in order to reduce their vulnerability to shocks originating from specific regions. The developed countries' economic woes since 2008 have brought urgency to this long recognized economic imperative. The emergence of so-called BRICS (made up of Brazil, Russia, India, China, and South Africa) and other fast developing nations offer an opportunity for West Africa to diversify trade away from "traditional" trade partners in the West. Moreover, the sources for long-term loans can similarly be diversified, and indications to this effect are emerging. Such strengthened South-South cooperation will also facilitate a transfer of appropriate technology, thus easing the burden of adjustments.

Finally, fiscal revenues in the subregion have a narrow source: tax revenues from few tax-paying entities, mostly a few large multinational and local companies. The bulk of revenues, ranging from 50 per cent to as high as 70 per cent for some member States, is made up of grants or some other donor flows. Clearly, there is need to diversify into more sustainable revenue sources. The merits of doing more on domestic and regional resource mobilization have become obvious. The importance of the diaspora remittances in countries such as Mali and Senegal has been noted, and these need more attention, and their use should be for long-term growth and development of member States rather than for current consumption only. Policy harmonization should also facilitate the marshaling of regional resources via increased stock exchange collaboration and other means.

The report will unpack these messages in its analysis and provide recommendations that, on the whole, can concretely bring the long-desired development to West Africa.

CHAPTER 1: INTRODUCTION

1. Against the backdrop of heightened global economic uncertainty, and the subregional political fallout in some ECOWAS member States, this report seeks to take stock of economic and social performance of West Africa in 2011. The aim is to unearth key lessons from this performance with a view of constructing an appropriate policy advice. The overall objective is to contribute to the ongoing efforts of propelling forward the socio-economic development of the subregion.

2. In pursuit of the above objective, the report is divided into six chapters. After the current introductory chapter, chapter 2 on economic developments takes a parenthetical look at the economic developments in other parts of the world, focusing on the aspects that have relevance for West Africa's economic prospects. Given that West Africa is an economic bloc highly depended on primary commodities, this chapter also traces the price trends of key mineral and agricultural products, and how these changes impacted and will impact the subregion.

3. Chapter 3 of the report is devoted to the economic development in West Africa. The chapter reviews the macroeconomic conditions that prevailed in 2011, and how these were influenced by both external and internal developments. The chapter also analyzes how the swings in commodity prices affected macroeconomic indicators, including inflation. The economic relationship of West Africa with the rest of the world matters enormously. Therefore, the chapter looks at some of the key accounts of the balance of payments such as the trade and current accounts.

4. The developments in the social conditions in West Africa are discussed in chapter 4 of the report, with special emphasis on progress towards the Millennium Development Goals (MDGs). The chapter takes a multi-year analytical approach in its assessment when the

changes in some indicators are invisible year on year. The aim is to expound on the needed policy adjustments to overcome hurdles where there is regress, or to encourage acceleration where progress is impaired.

5. Chapter 5 of the report makes a prognosis of what 2012 has in store for West Africa, on the basis of past performance and the use of updated projections here and abroad. Needless to say, such a forecast can only be tentative in view of fast evolving economic and political events in the subregion and in key economic markets for West Africa' products.

6. Lastly, chapter 6 makes recommendations, some of which are applicable in the short term while others seek to re-iterate and underscore member States' own commitments to promote long-term socio-economic development of the subregion. These recommendations are consistent with the key message of the report about the need for diversification to insulate West Africa from the severe impacts of economic shocks and put the subregion on a sustainable development path.

CHAPTER 2: GLOBAL ECONOMIC DEVELOPMENTS IN 2011 AND IMPLICATIONS FOR WEST AFRICA

2.1 Global Economy in 2011 and Prospect for 2012

7. The expected strong recovery from the 2008 global economic crisis has proved to be long and unsteady. After three years (2009-2011) of fragile and uneven economic recovery, the immediate outlook of the global economy remains cloudy. A mild recession in the Euro zone countries in 2012 is foreseen, following the flare up of the sovereign debt crisis, a general loss of confidence, the effects of bank deleveraging on the real economy, and the impact of the fiscal consolidation in response to market pressures (IMF 2012e). The global economy had expanded by 5⅓ per cent in 2010 and slowed to 4 per cent in 2011 (Table 1).

8. In individual countries, after contracting in 2009 and a rebound in 2010, the US economy is poised to grow at a slower pace of 2 per cent in 2012, held back by the torpid growth in private consumption and job creation, as well as the combination of high oil prices and depressed incomes. After contracting by 4⅓ per cent in 2009, the EU area economy rebounded amidst unsettled conditions in 2010 and 2011. In fact, the lingering fiscal un-sustainability and high unemployment issues are set to drag the Euro economy back into a recession in 2012, led by economic contraction in several Euro area countries (for example, Italy, Spain, Greece, Netherlands, and Portugal). Other big European economies (Germany and France) will barely grow at about ½ per cent each on average (UNDESA, 2012). The rebound of Japan from the March 2011 earthquake will average 2 per cent on account of reconstruction after an economic contraction in 2011 (Table 1).

9. The fiscal austerity programmes that contributed to the sluggish growth in developed countries were triggered by fiscal and debt unsustainability in several countries in the zone. Despite a concerted effort by EU member States, and international and European regional financial institutions to avert a fiscal meltdown, the sovereign debt stress in the Euro zone continued into 2012. In the US, fiscal policy outlook also remains bleak, even if recent data (particularly on employment) show some economic pick-up. Still the US is steeped in debt, and the debt to GDP ratio is estimated to have reached 94½ per cent in 2011, and is projected to exceed 100 per cent by 2013. Unless developed countries heed the warning against abrupt fiscal austerity measures, global prosperity will remain in abeyance a while longer.

10. As Table 1 further shows, some of the key emerging and developing countries are expected to remain somewhat resilient, although they are not totally immune to the developed countries' economic maladies. The economic malaise in developed countries is affecting the emerging and developing countries via trade and financial channels, thus arresting the pace of their growth. Huge emerging economies, including the BRICS countries (in particular, China and India), are expected to play a key role in saving the world economy from falling into a recession. Even if China's economic growth slowed in 2011 its appetite for mineral commodities, it is expected to remain voracious as the real estate market picks up speed in 2012 and beyond (EIU, 2012). It is also important that the country has scope for countervailing fiscal response to keep the economy growing, even if economic woes in the EU affect China's exports (IMF, 2012b).

	2008	2009	2010	2011e	2012f	2013f
World	2.8	-0.6	5.3	3.9	3.5	4.1
Euro Area	0.4	-4.3	1.9	1.4	-0.3	0.9
Japan	-1.1	-5.5	4.4	-0.7	2.0	1.7
United States	-0.3	-3.5	3.0	1.7	2.1	2.4
China	9.6	9.2	10.4	9.2	8.2	8.8
India	6.2	6.6	10.6	7.2	6.9	7.3
Brazil	5.2	-0.3	7.5	2.7	3.0	4.1
Russia	5.2	-7.8	4.3	4.3	4.0	3.9
Africa	5.6	2.5	4.5	5.6	5.3	5.6
Sub-Saharan Africa	5.6	2.8	5.3	5.1	5.4	5.3

Notes: e = estimate, f = forecast

Table 1: The Global Real GDP Outlook in Summary (Percentage change)

Source: IMF, 2012e; ECOWAS, 2011

11. The economies of two other BRICS members, India and Brazil, have cooled but remain sound. India's economy decelerated in 2011 but is expected to grow apace if the country succeeds in its search for new export markets and its slow internal policy-making processes improve. How fast the economy grows will also depend on how tight monetary policy becomes to rein in inflation which, at about 7 per cent, has reignited concerns about creeping price instability. Brazil suffered a notable slowdown in 2011 from 7½ per cent in 2010. The recent loosening of monetary and fiscal policies against the backdrop of abating inflation should propel economic growth to higher levels than current forecasts show even if exports markets remain flaccid (EIU, 2012).

12. The African economies were buffeted by a number of internal and external shocks, stalled global economic growth, regional military conflicts, droughts, and floods. According to the ECOWAS database (ECOWAS, 2011), the continent's GDP still grew above 5 per cent in 2011, up from 4½ per cent in 2010, with a further growth of 5⅓ per cent expected in 2012. These rates masked vast disparities among subregions and countries. After being hit by the Arab Spring in 2011, North Africa is expected to rebound in 2012 as oil production resumes. Southern Africa's growth will be led by the oil-rich Angola. Since mid-July 2011, a severe drought affected the East African region, leading to food shortages in many parts, and an upsurge in the number of refugees seeking sustenance elsewhere in the subregion. Overall, the continent's economic prospects will be determined by a number of factors such as: the increase in global food and fuel prices, economic fortunes in developed nations and the BRICS, the drought situation, the consolidation of political stability in North Africa, the speed with which West Africa resolves the spate of recent military conflicts, and the extent of flood damage to agricultural production in some Central African countries (UNDESA, 2012).

13. World trade has also been affected by the ongoing depression in global economic activity. The growth of world trade decelerated from 12½ per cent in 2010 to 6½ per cent in 2011. Current forecasts show that this rate will decrease further to 4¾ per cent in 2012 before rising to 6¾ per cent in 2013 with the emerging markets at the centre of this brisk trade (World Bank, 2011a). The US trade deficit stood at 4¾ per cent of GDP in 2011, and is expected to remain at about the same level in 2012 (EIU, 2012). On account of economic uncertainty and impaired

balance sheets, US households remain cautious in their spending, a caution that could narrow the trade deficit in 2013. The current account of the Euro area, as a whole, will be near-balanced in 2011 and 2012, with diverse records within the area (IMF, 2011f).

14. Current account balances in emerging and developing countries worsened in 2011 and are expected to weaken even more in 2012 due partly to the high growth of imports fuelled by the fiscal stimuli, and high food and oil prices. There are, however, some exceptions. For instance, China recorded a current account surplus of 5½ per cent of GDP in 2011. This surplus is expected to widen to 6 per cent in 2012, although its size will continue to be lower than the double-digit levels recorded before the economic and financial strains (IMF, 2011c).

15. The intractable unemployment problem remains a major constraint to economic activities in both developed and developing countries. The unemployment rate averaged 8½ per cent in developed countries in 2011, well above the pre-crisis level of 5¾ per cent registered in 2007 (UNDESA, 2011). Among developing countries, while some regions have made much progress in reducing unemployment below the pre-crisis level, problems of open unemployment (especially youth unemployment) and underemployment remain acute in a number of African and Western Asian countries (UNDESA, ibid). Overall, global job shortfall is expected to increase from 64 million in 2011 to 71 million in 2012, partly as a result of the poor economic recovery in developed countries. Employment rates are not expected to attain their pre-crisis level until well after 2015 (UNDESA, ibid).

16. Worldwide inflationary pressures intensified during 2011, and were sparked by three main factors: adverse supply shocks pushed by food and oil prices, strong demand growth in large developing countries as a result of rising incomes, and reflationary monetary problems in major developed countries. However, inflationary pressures are not a serious problem in the developed countries where they are expected to remain moderate in 2012 and 2013, as a result of weak aggregate demand arising from high unemployment rate, low business and household confidence, and subdued wage pressures. International commodity prices are also expected to modulate inflationary pressures in 2012 and 2013 (UNDESA, 2011).

17. The contagion effects of developments in the OECD (Organisation for Economic Co-operation and Development) countries will continue to be felt in most developing countries through several channels. Capital flows to developing countries have weakened sharply as investors withdrew substantial sums from developing country markets in the second half of 2011. Overall gross capital flows declined from $US309 billion in second half of 2010 to $US170 billion in same period of 2011. European imports also declined by an annualized 17 per cent in 2011. Developing country exports declined at a 1⅓ per cent annualized pace in the third quarter of 2011, although the effect is highest in South Asia (World Bank, 2011a).

2.2 Commodity Prices and Prospects for 2012

18. Most commodity prices remained relatively high in 2011, but are projected to weaken in 2012 and 2013 as the global economy continues to flounder. Agricultural prices began to rise sharply in mid-2010 due to adverse weather conditions and high energy prices, which diverted agricultural land to bio-fuel production. Overall, agricultural prices increased by 20 per cent between 2010 and 2011 (Figures 1 and 2).

19. Food prices in 2011 averaged 19 per cent above 2010 levels as well, on the back of rising oil prices. Given the low stock levels for agricultural (especially food), prices will remain sensitive to adverse weather conditions and energy prices (Table 2).

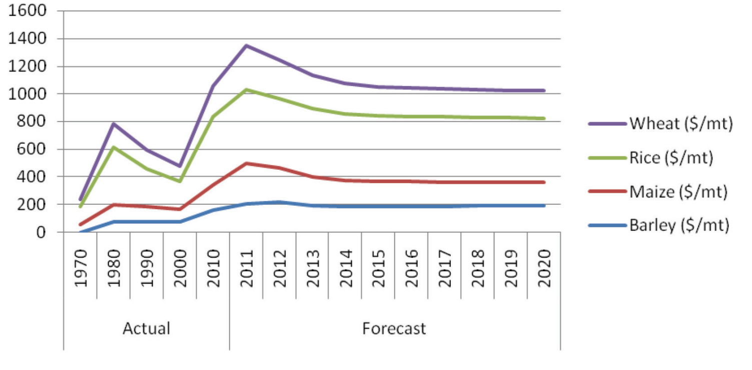


Figure 1: Trends in Prices of Major Cereals

Source: World Bank, 2011a

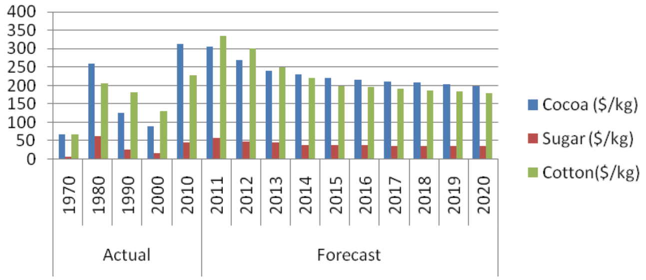


Figure 2: Trends in Commodities Prices (US dollar)
Source: World Bank, 2011a

20. Table 2 shows that energy prices rose sharply in 2011 following the loss of 1.3 million barrels per day of Libyan oil exports. Fears of further disruptions in major oil producing countries also played a role. The World Bank (2011a) projects that crude oil prices will be close to $US100 per barrel in 2012 and 2013 (Figure 3).

21. Table 2 also shows that metals and minerals have fully recouped all the price losses from 2009 due to strong demand and restocking in China, and rising demand in India and Brazil. Even as the Chinese demand growth slowed in 2010, stronger growth in the OECD countries more than offset the Chinese decline. By February 2011, prices of metals exceeded their 2008 peak by 4 per cent, with tin and copper prices rising particularly steeply due to supply constraints.

	2005	2006	2007	2008	2009	2010	2011e	2012f
Energy	188	221	245	342	214	271	362	345
Non Energy	149	190	233	275	209	267	321	284
Agriculture	133	150	180	229	198	231	277	230
Food	134	147	185	247	205	224	265	222
Beverages	137	145	170	210	220	254	286	238
Raw Materials	131	160	175	196	169	237	304	247
Metals and Minerals	179	275	339	336	222	337	406	395
Fertilizers	163	169	240	567	293	280	349	283
Manufacturing Unit Value (MUV)	110	112	117	125	118	121	127	123

Note: e = estimate, f = forecast

Table 2: Key nominal price indices (Actual and forecasts, 2000=100)
Source: World Bank, 2011a

22. Other metals markets have been less supply-constrained, in particular aluminium, where China is a net exporter. Prices are expected to strengthen further in 2012 as demand recovers, notably from China, mainly for construction and infrastructure industry materials such as copper, aluminium, and iron ore. Projected trends in the prices of gold, crude oil, and natural gas are shown in Figure 3.

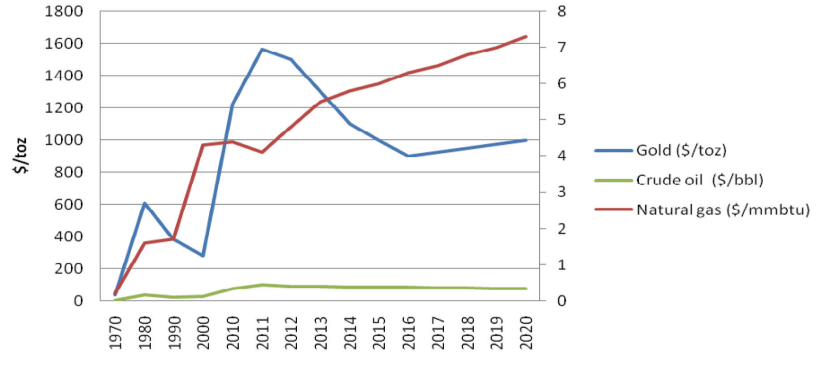


Figure 3: Trends in Prices of Mineral Resources (US dollar)
Source: World Bank, 2011a

23. The prices of commodity of critical importance to West Africa had different fluctuation patterns. Some of these are outlined in the next few paragraphs.

2.2.1 Crude oil

24. Oil production constitutes a critical export product for a number of West African countries such Nigeria, Cape Verde, Côte d'Ivoire, and lately Ghana. According to the World Bank (2011), oil prices on average were $US104 per oil barrel in 2011 and will decline to an estimated $US98 per oil barrel in 2012 due to slowing global demand, growing supply, efficiency improvements, and substitution away from oil. The high oil prices and weakening economic growth impacted oil demand in 2011, with world consumption growth of just ⅔ of one per cent – a little more than one-quarter of the large jump in 2010. OECD oil demand declined for the fifth time in the past six years, and is on track to fall again in 2012. Non-OECD oil demand growth of 3 per cent was down from its 2010 level. Looking ahead in 2012, world oil demand is projected to rise by 3½ per cent, with all of the growth in emerging markets.

25. The oil price increase will be curtailed by increased production. Oil production in Libya is expected to fully recover by 2014, and Iraq's oil output is expected to reach nearly 3¼ million barrels per day in 2012. Non-OPEC countries are expected to continue to rise moderately their oil supply, in part due to high prices, but also continued technological advances that have brought new supplies from shale deposits and deepwater offshore. Production increases are expected from a number of areas, including Ghana in West Africa. Globally there are no resource constraints in the distant future (World Bank, 2011a).

2.2.2 Natural gas

26. Nigeria's natural gas production is an important contributor of its GDP. Natural gas prices have been falling steadily since mid-2011, mainly owing to abundant supply and growing inventories as a result of unusually mild winter weather in the northern hemisphere (EIU, 2012). Prices were trading at close to $US2.25 per million thermal units in the first week of March 2011, and remained week through the first half of 2012. Prices are expected to start to pick up in the second half of 2012 assuming more normal winter weather conditions, and to continue to rise into 2013, as a result of slower production growth and moves to export gas, while still-high oil prices will shift consumption towards natural gas.

27. Looking ahead, the Economic Intelligence Unit (EIU, ibid) sees the global demand for natural gas growing in 2012-2013 at an annual average rate of 5½ per cent as a result of efforts to reduce carbon dioxide (CO2) emissions and strong demand for liquefied natural gas (LNG) in the developing world. In Africa, Nigeria, Algeria, and Angola have plans to boost production of LNG in 2012-2013.

2.2.3 Cotton

28. Cotton is a major export for a number of ECOWAS member States such as Benin, Mali, and Burkina Faso. During 2010-2011 cotton prices have been volatile largely due to speculation. After rising in April 2011, prices fell steadily and stood at 96.7 US cents per pound at the end of 2011. Prices surged again in early 2012 when India announced its

cotton export ban, but have since slipped back to stand at around 98 US cents per pound in mid-March. For the rest of 2012 the EIU (2012) expects cotton prices to remain between 90 and 100 US cents per pound, which on an annual average basis means that prices will be almost 37 per cent below their previous year's level.

29. Cotton consumption growth will be constrained by sluggish global economic growth and the increasing use of substitute products such as polyester when cotton prices surge. On the production side, the EIU (ibid) sees the world cotton production in 2011-2012 increase by 9½ per cent year-on-year.

2.2.4 Cocoa

30. Cocoa constitutes a major export for Ghana and Côte d'Ivoire in West Africa. After rising dramatically in the first two months of 2011, cocoa prices moderated to an average of 144 US cents per pound in July, as the political impasse in Côte d'Ivoire was being resolved. They declined steadily thereafter to 94 US cents per pound in early January 2012, underpinned by the prospect of another surplus in 2011-2012 and by the more general sell-off in commodity markets globally. Prices have risen since then to 110 US cents per pound in early 2012 in response to risks to West Africa's cocoa production. The EIU (2012) expects prices to recover further in the second and third quarters of 2012 underpinned by emerging tightness in the cocoa market. However, they will remain well below the levels seen a year earlier, when they were boosted by the political impasse. Overall, following an almost 5 per cent decline in 2011, the annual average price of cocoa is expected to fall by 17¼ per cent in 2012, and it would decline more sharply if another global recession were to occur (2012).

2.2.5 Natural rubber

31. Movements in the prices of natural rubber are important for Liberia. On an annual average basis, rubber prices rose by 27 per cent in 2011, with spot prices averaging $US4,420 per ton, but they had been following a downward trend since the first quarter of 2011. Spot prices fell particularly sharply after the earthquake and tsunami disaster in

Japan in March 2011 – a decline that mirrored a more general fall in commodity prices, as investors became more risk averse. Prices were also under pressure owing to general concerns about the crisis in the Euro zone and the poor outlook for the global economy. Later in 2011, prices were hit by the flooding in Thailand that disrupted automotive production, while leaving rubber-producing areas largely unscathed. Global sufficiency will improve in 2012-2013 to an equivalent of 8½ weeks' consumption at the end of 2012, meaning that prices will remain tame for some time (EIU, 2012).

2.2.6 Gold

32. Gold is one of the major exports in Ghana, Liberia, Guinea-Conakry, Mali, Burkina Faso, and Senegal. After some volatility in the second half of 2011, gold prices approached $US1,790 per troy ounce in early February 2012, and declined to around $US1,700 per troy ounce at the end of February. There remains a substantial risk of another collapse in gold prices before 2013 (EIU, 2012). If the fears of a double-dip global recession in the Euro zone are realized, the investors could sell off their gold positions to offset losses, suppressing prices. Conversely, should the global recovery gather pace more quickly than anticipated, investors may decide that gold prices have peaked and seek to take profits to invest them elsewhere, triggering a collapse in prices (World Gold Council, 2012).

33. On the other hand, macroeconomic policies could help shore up the gold price. With loose monetary policy expected to continue in most markets during much of 2013, gold's attractiveness as an inflation hedge is likely to continue, and so demand for the year as a whole will remain positive at 3¾ per cent. Investment demand in the form of bars and coins was also being driven by China in 2011 with year-on-year growth of 43 per cent. This came despite Chinese investors taking part in the wider global sell off in the fourth quarter when Chinese demand fell by 2 per cent year on year. Developments in the American economy also have a significant impact on the trend in the gold price.

34. Total gold supply is estimated to have contracted by close to 6 per cent in 2011. While mine output and scrap sales were little changed from the 2010 levels, persistent net buying by central banks reduced overall supply of the metal (World Bureau of Metal Statistics, 2012).

2.2.7 Iron ore

35. Iron is an important export mineral for Guinea, Liberia, and lately Sierra Leone (Box 1). Iron ore has recently enjoyed record-high prices at around $US150 per ton on the back of high demand from China. However, this price is set to tumble over the next seven years as burgeoning supply in Africa hits the international market for the commodity, according to a new research conducted in the Australian National University (Business Day, 2012). Most analysts expect that the iron ore price will begin to fall around 2014, as large amounts of supply start to flow into the market. If more of the planned African capacity comes on stream, prices could further tumble to $US60 per ton in the next seven years, a price drop last seen during the global financial crisis when the demand for commodities crashed. In West and Central Africa, 17 key iron ore projects provide new additional production capacity. Moreover, China's economy grew at its weakest pace in nearly three years in the first quarter, with the annual rate of expansion slowing more than expected to 8¼ per cent from 9 per cent in the previous three months.

Box 1: Sierra Leone: Economic Impact of Tonkolili Iron Ore Project, 2012-2014

The discovery at Tonkolili has an estimated 10½ billion tons of high grade iron ore deposits. It is one of the largest iron ore discoveries in Africa. In August 2010, the Government of Sierra Leone signed a mining lease agreement with a private, foreign mining company – African Minerals Limited (AML) – for the development and mining of the Tonkolili deposits. The project, which has an estimated mine-life in excess of 60 years, is being developed in three phases. Phase I is expected to produce 12 million tons of iron ore per annum starting from 2012. The total investment of this phase is projected at about $US1.4 billion (63 per cent of 2011 GDP). The funding is provided by the investor through equity and issuance of debt.

Realization of phase I of the project will have a significant impact on economic activity, exports, and budget revenue in coming years. Accordinggly, a one-time upward shift in real GDP growth from 5⅓ per cent in 2011 to 51 per cent in 2012 is projected, and total exports from Sierra Leone are expected to quadruple. The tax effect is expected to be relatively small in 2012 but increases substantially from 2013 onwards, as taxable income turns positive. Annual tax receipts are projected to be 1½ per cent of non-iron ore GDP in 2012 and 6½ per cent in 2013. Payment of corporate income taxes, which is projected to start in 2013, could be delayed by two or three years if investments for Phase II start in 2012. In this case, however, tax revenues in the outer years of the project would be higher than under the current scenario. Phases II and III are expected to boost annual production incrementally by 23 and 45 million tons, respectively.

Source: IMF, 2011a

2.2.8 Uranium

36. Niger is one of the world's top uranium producers. The price of uranium has been high and apt to remain so for some time. The long-term price support comes from international competition for the commodity as a result of escalating nuclear programs in nations such as India and China. There are plans worldwide for 547 new reactors, either under construction, planned, or proposed (EIU, 2012). When viewed from a demand side, the price of uranium is expected to keep rising. Indeed, governments worldwide are struggling to find solutions to control green house gas emissions and produce affordable energy, and nuclear power is the cleanest, least expensive, and most secure source of electricity (EIU, ibid).

2.2.9 Bauxite

37. In West Africa, bauxite is being produced and exported by Guinea-Conakry, Ghana, and Sierra Leone. As the global aluminum industry continues its recovery, demand for both bauxite and alumina has been strong. It is forecast to remain so in the years to come, driven by capacity growth in China, the Middle East and India. Indeed, meeting demand has proved to be a challenge and is something that the industry has struggled with in the past, and this high demand combined with limited supply will help support high prices in the foreseeable future (EIU, 2012).

2.2.10 Timber

38. Nigeria is one of the top timber/lumber exporting countries in the world. Log and lumber prices held relatively steady throughout 2011. During the year, the average price for a log delivered to the mill was $US481 per one thousand board feet (or $US481/mbf), varying in a narrow range between a high of $US503 per million board feet in March and a low of $US466/mbf in the most recent month of December. Regional log prices held up in 2011 because of the increased level of log exports to China from private forestlands. Through the first seven months of 2012 timber sales prices have averaged $US329/mbf, compared with the $US282/mbf projected for the entire fiscal year in the November Forecast (EIU, 2012). Looking ahead, since a significant recovery in

the US (especially its housing market) is not foreseen over the next several years, timber prices are likely to underperform for a while longer.

2.2.11 Wheat and rice

39. Rice is the staple food for many West African countries, and one of the most important import products. Following a brief period of relative stability during 2009, wheat prices began rising up in mid-2010 following weather-induced production shortfalls in Eastern Europe and Central Asia. In the latter half of 2010, wheat prices increased by almost 120 per cent, reaching and remaining at above $US300 per ton. While wheat markets are tight by historical standards, the rice market appears to be well-supplied. For most of 2010, rice prices fluctuated within a narrow band of $US450 to $US500 per ton, far below the early-2008 peak of $US900 per ton, but twice as much as its historical average (EIU, 2012).

40. However, prices gained momentum and increased almost 30 per cent between May and November 2011, mainly in response to policy adjustments in Thailand, which is responsible for 25 to 30 per cent of global rice exports. These adjustments sought to render support to the country's rice farmers by limiting the fall in prices. Furthermore, the rice price rose due to some flooding in South East Asia which damaged part of Thailand's rice crop. These two events imply that for 2011 and well into 2012 rice prices will remain elevated (EIU, ibid).

2.2.12 Sugar

41. West Africa depends on other regions for its sugar needs. Annual average prices of sugar rose by 23¾ per cent in 2011, to just over 26 US cents per pound, as stocks start to build more rapidly in 2012. Better than expected crops from some of the major suppliers (especially Thailand and India) helped tip the market off February's three-decade peak of 36.08 US cents per pound, culminating in a 43 per cent reduction from the peak by May 2011. So far in 2012 sugar prices have risen by around 10 per cent amid downward revisions to Brazilian crop prospects, slower than expected Indian export releases and spillover strength from energy markets (lifting bio-ethanol demand prospects) (EIU, 2012).

42. World sugar consumption recovered from three years of below-trend growth, expanding by 2½ per cent in the 2011/12 season, to 168¾ million tons. Better crops and a consequent drop in prices are releasing more latent demand in most regions of the developing world, where the engine of growth—indirect use in soft drinks and manufactured foods—slowed markedly during the recent period of supply shortfalls and higher costs. On the supply side, the global sugar production is expected to grow at 5¼ per cent in 2011-2012 as higher output from India, Russia, Europe, Ukraine and smaller producers outweighs a highly unusual downturn in the largest producer, Brazil (EIU, ibid).

2.3 Implications of Global Economic Trends on West African Economy

43. The stuttering economic growth in developed countries will likely dampen the economic prosperity in West Africa, as many of the subregion's export destinations are in regions deeply immersed in the economic malaise. For example, Spain and Portugal – countries whose economies are expected to shrink in 2012 – together import over 90 per cent of Cape Verde's products (EIU, 2012). This calls for a search for export markets other than Europe by West African countries (especially Cape Verde and Sierra Leone, whose dependence on Europe is 50 per cent or more for exports). The subregion's countries whose export destinations are the BRICS group, other fast growing emerging economies (for example, Chile for Guinea, and South Korea, Indonesia, and Thailand for Mali), and countries within the subregion, will be relatively left unscathed by the global slowdown.

44. The fluctuating global macroeconomic indicators have implications for West Africa too. As inflation increased worldwide during 2011, this may induce some key export markets to tighten policy leading to slackened appetite for imports from West Africa. Moreover, as the fiscal austerity measures are being rolled out, an appetite for imports from West Africa could be suppressed. The flow of remittances to West Africa between 2011 and 2012 is likely to be weaker than before the economic stress. Similarly, official development assistance (ODA) to West Africa may decline due to difficult economic conditions in some donor countries, with significant negative consequences for government spending in many West African countries in 2012 and beyond. Net

private and official capital flows to developing countries declined from 5¾ per cent of GDP in 2010 to 4½ per cent in 2011 (Table 3). This has adversely affected developing countries that are highly depended on these flows. This dependency is shown by Benin, for example, whose grants account for an average of 56 per cent of external financing (World Bank, 2011a).

	2009	2010	2011e	2012f	2013g
World Trade Volume	-10.6	12.4	6.6	4.7	6.8
Non Oil Commodities	-22.0	22.4	20.7	-9.3	-3.3
Oil Price (US$ per oil barrel)	61.8	79.0	104.0	98.2	97.1
International Capital Flows to developing countries [% of GDP]					
Net private and official inflows	4.2	5.8	4.5		
Net private inflows [equity + debt]	3.7	5.4	4.3	3.3	3.7
Sub-Saharan Africa	4.0	3.7	3.9	3.5	4.4

Notes: PPP = purchasing power parity, e = estimate, f = forecast

Table 3: The Global Outlook in Summary (Percentage change from previous year, except interest rates and oil policy)

Source: World Bank, 2011a

45. Relatively higher commodity demand and prices have spurred rapid growth in West Africa's exports and output in 2011, improving the terms of trade as well as external balances. Most commodity prices increased in 2011, but the variations and sensitivity to economic shocks varied across commodities. The prices of food items that are of critical importance to West Africa have been rising, whereas metal and energy prices had been fluctuating significantly.

46. For an oil-dependent economy like Nigeria, Europe and the US account for over 60 per cent of total exports. Oil accounts for nearly 80 per cent of total budget revenue for Nigeria. On the basis of the recent and expected maintenance of relatively high oil price in 2012, most oil exporters in West Africa are expected to enjoy relatively healthy current

account balances. However, they have to be wary of the challenges of efficient public finance management that often follow from oil windfall in order to avert potential mismanagement and the so called "Dutch-disease" and resource curse. By comparison, West Africa's oil-importing countries will see their current account balances worsen.

47. The implications of gold price changes are immense for Burkina Faso, Ghana, Mali, and Guinea. Elevated gold prices provide impetus for increased exploration and investment, including by artisanal and small scale miners. As noted before, the price could swing unfavorably for gold exporters. Indeed, authorities should be aware that gold is not only a store of wealth but also a risk asset, meaning that once the risk abates then both the demand and price will decline. As of early May 2012 gold was trading around $US1,600, which is 16 per cent below its peak in September 2011. This should be a clear warning that the high gold price is not permanent. This means that while the price is high these exporters should build fiscal buffers in preparation for price reversals. They should also strive to diversify their economies by supporting value-adding activities to gold production, for example by promoting the jewellery manufacturing industry.

48. The high prices of exports from Sierra Leone and Niger bode well for their development, offering them an opportunity to deal decisively with grinding poverty and poor infrastructure. Authorities should also be mindful of changing prices, and accordingly they will have to consider accumulating savings for the times when prices are dropping. Creating sovereign wealth funds is one means of ensuring little waste during boom times.

49. The steady recovery of cotton prices bodes well for Mali and Burkina Faso, the major cotton producers in the subregion. The volatility in cotton prices means that these countries should be cautious in their planning so as to avoid a financing gap. As mentioned, the cotton price is likely to be depressed because of its sensitivity to economic developments in Europe, and the increasing encroachment by substitute products.

Box 2: West Africa: Prospects for Oil and Gas

Africa contains less than 4 per cent of the world's proven oil reserves but accounts for just over 6 per cent of global output of crude oil and LNG. It is of particular significance to the international oil industry, however, in that it contains five countries where output is expected to increase. These countries are: Angola, Equatorial Guinea, Côte d'Ivoire, Ghana, and Nigeria.

African countries have attracted large amounts of upstream investment from the international oil industry. Two of the countries - Angola and Nigeria - produce over 2 million bpd each and have considerable potential to increase their output. Equatorial Guinea and Côte d'Ivoire are expected to show reasonable gains from a much lower base. Chad was once also forecast to provide significant gains in output, but its production has recently gone into decline following major disagreements between the government and its foreign oil industry partners.

The region is also well-endowed with natural gas and has the world's seventh-largest exporter of LNG, Nigeria. Its proven reserves constitute 3 per cent of the world's total. Commercial production outside Nigeria, however, is very low. Much of West Africa's gas is re-injected into oil reservoirs. There is considerable potential for commercial production of natural gas if markets can be developed. Nigeria has progressed furthest with this, having LNG exports already and being in the process of developing markets in neighboring countries through the development of a gas transmission system.

Oil and gas developments in Africa carry a considerable amount of political risk. Relations between international oil companies and African governments have not always proved easy, as in the case of Chad. In Nigeria, the oil companies have come under fierce attack from the inhabitants of the main oil- and gas-producing areas for what is seen as their collusion with the federal government in diverting oil revenues away from the producing regions to other parts of Nigeria, notably the Muslim north. In recent years, these protests from the largely non-Muslim south-east have spilled over into violence, leading to the kidnapping and even deaths of foreign oil workers. At the height of the crisis, some international oil firms were forced to shut-in production and plans to increase the production of oil and gas were delayed. However, the amnesty programme implemented in 2009 has doused the violence.

With proven oil and LNG reserves of 48.8 billion oil barrels (bbl), Africa accounts for 4 per cent of the world total. Of these 48.8 billion bbl, 35.9 billion bbl, or nearly 74 per cent, are in Nigeria. Angola has some 3.4 billion bbl, corresponding to just over 11 per cent, leaving the remaining 7.5 billion bbl, or 15% per cent, spread amongst the following countries: Cameroon, Chad, Congo DR, Congo-Brazzaville, Equatorial Guinea, Gabon, and Côte d'Ivoire. Ghana, with an estimated reserve of 5 billion barrels, is the latest entrant into the oil producing countries club. The region's crude oil and LNG production is similarly concentrated in Nigeria-with an output of 2.6 million barrels per day, or 51 per cent of the regional total-and Angola, whose 1.3 million barrels per day production accounts for 25 per cent of regional production. The remaining seven countries produce some 1.2 million barrels per day, equivalent to 24 per cent of the total.

Source: OPEC, 2011

50. The rising grain prices pose formidable obstacles to efforts to eradicate hunger especially in low-income West African countries that are heavily dependent on food imports, such as Niger and Mali. A combination of unfavorable weather conditions in the subregion and the policy measures to support favorable prices for farmers in the major exporters of rice and other grains means that most West African countries should make financial adjustments in preparation of higher food import bill. The ECOWAS member States should invest more in agriculture to avoid the humanitarian crisis that predictably unfolds whenever droughts or steep international prices visit their staple food.

51. Ghana's oil production came at the time when the country is enjoying relatively high cocoa and gold prices. Furthermore, the country has recently given more attention to its agricultural sector by allocating more resources for support. The challenge will be to avoid the temptation of loosening up on these worthy initiatives when the oil revenues start to flow. The country has a chance to avoid an over-concentration of exports and, with continued agricultural support, will have a well diversified economy that is able to parry severe economic shocks.

52. To conclude, it is a fact of economic life that there will be booms and busts in the price of commodities. Therefore both importers and exporters must steel themselves for these inevitabilities, including by building economic buffers through diversifying exports and revenue sources. While the temptation may be great to be lax in the tax effort in view of commodity boom, exporting countries should be aware that this boom can end overnight, while tax reforms can take time to implement. For importers of staple food, the need for investing in agriculture has never been more urgent. Humanitarian crisis due to food insecurity has become a regular feature in West Africa, especially in the Sahel region. The relatively high commodity prices give these countries a chance to break this unfortunate and foreseeable cycle of misery.

CHAPTER 3: ECONOMIC DEVELOPMENTS IN WEST AFRICA IN 2011

3.1 Economic Growth Performance in West Africa

53. Economic growth in West Africa accelerated from 5¾ per cent in 2009 to 6¾ per cent in 2010 before decelerating marginally to 6½ per cent in 2011 (World Bank, 2011a). Between 2005 and 2011, the average economic growth was in excess of 5 per cent per annum, making West Africa one of the fastest growing zones in the world (Figure 4). Nigeria, the subregion's largest economy, grew by 7¼ per cent in 2011, driven largely by the non-oil sectors of telecommunication, agriculture, wholesale, and retail trade. Ghana recorded the highest growth rate of 13½ per cent in 2011 fueled by new oil exploration and non-oil sectors, especially the construction and agricultural sectors (Table 4).

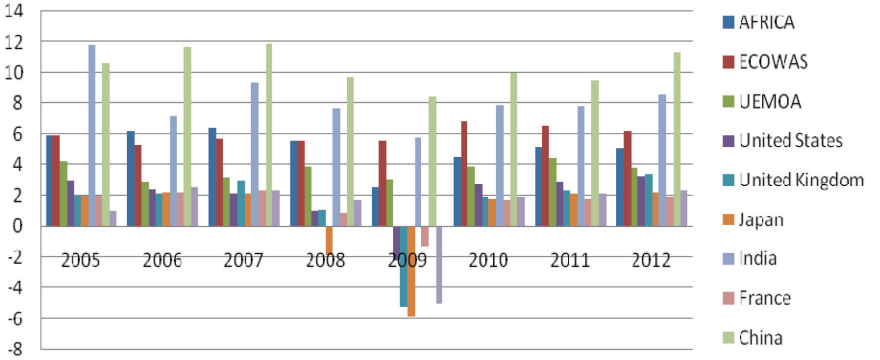


Figure 4: Real GDP growth rates and Projections as of January 2012

Source: World Bank, 2011a

54. While Guinea and Togo recorded positive GDP growth rates in 2011, these rates would have been higher in the absence of political disturbances and insecurity in these countries. In 2011, Côte d'Ivoire's

economy shrank by close to 5 per cent due to power shortages and, importantly, political uncertainty following the disputed 2010 elections. Benin is slowly recovering from the devastating flood that affected agricultural production in 2010, growing by 3 per cent in 2011 up from 2½ per cent in 2010 (Table 4).

55. The main drivers of growth in the subregion have been growth in domestic demand, particularly the rising consumption, investment, and government spending on productive activities. Public consumption also played role in Burkina Faso, Cape Verde, Mali, and Sierra Leone due to huge public capital projects to upgrade road and transport infrastructure. In Benin, gross fixed capital formation was the main source of GDP growth in 2011. There was, however, a deceleration in the contribution of external trade sector between 2008 and 2011 for a number of countries (Table 6). In Burkina Faso, private consumption and gross fixed capital formation dominated sources of output growth from the demand side (Table 5).

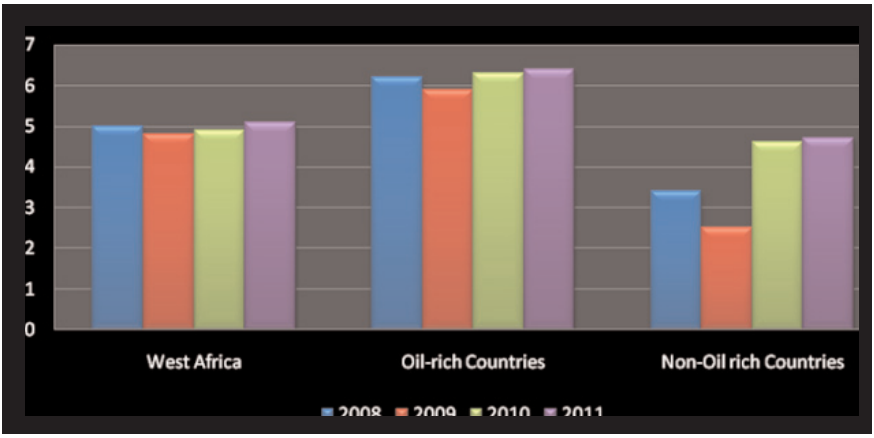


Table 4: Real GDP Growth Rates of ECOWAS member States (Percent change)

56. External demand for high priced commodities from the subregion also played a key role in boosting growth and sustaining it over the last few years. Trade growth in most of the countries has been strong, supported by rising commodity prices, benefiting both oil and non-oil producers in the first half of 2011.

57. Prudent macroeconomic policies and financial support from multilateral agencies also boosted economic growth in West Africa. Many of the countries are implementing one form or the other of poverty

reduction and growth strategy document with the support of the World Bank and the International Monetary Fund (IMF). For example, Nigeria has the Vision 20:2020; Benin has the Extended Credit Facility with the IMF which provides the basis of financial and technical support by other development partners; and Cape Verde has recently negotiated a new policy support Instrument for 2011-2013 with the IMF (IMF, 2012c).

	Public Consumption (%)		Private Consumption		Gross Fixed Capital Formation		Exports		Imports	
Country	**2008**	**2011**	**2008**	**2011**	**2008**	**2011**	**2008**	**2011**	**2008**	**2011**
Benin	8.71	4.86	10.26	4.72	14.54	16.72	12.97	2.39	6.64	4.28
Burkina Faso	20.79	19.7*	66.25	64.2*	33.03	33.3*	12.5	18.2*	33.2	36.1*
Cape Verde	4.4	15.2	8.1	6.7	8.0	-1.0	16.2	4.2	10.5	2.0
Côte d'Ivoire	-	-	81.5+	80.3+	18.54	19.74	-	-	-	-
The Gambia	-	-	-	-	0.3	2.8	23.1	15.2*	33.5	22.2*
Ghana	-	-	-	-	9.9	13.4*	18.7	25.2*	-36.4	-34*
Guinea	-	-	-	-	-	-	-	-	-	-
Guinea Bissau	2**	-29.3	5**	8.9	12**	8.1	0**	11.8	12**	4.1
Liberia	-	-	-	-	-	-	-	-	-	-
Mali	17.6	17.3*	71.6	71*	21.3	21.2*	29.2	25*	43	35.9*
Niger	12.8	-42.3	11.2	10.5	59.5	4.2	27.5	11.1	40.1	-2.6
Nigeria	-	-	-	-	-4.7	1.1	42.7	40.5	-19.2	-22.1
Senegal	5.2	5.4	11.9	4.8	13.9	8.0	13.8	11.2	21.5	11.0
Sierra Leone	14.4	59.6	72.9	61.7	30.1	19.7	16.6	25.8	35.8	44.1
Togo	-	-	99.1+	99.6+	17.67	17.53	-	-	-	-

Note : * 2010, ** 2009, + aggregate consumption

Table 5: Composition of GDP Growth by Source of Demand
Source: ECOWAS, 2011

58. The impact of growth on the per capita incomes remains low in some countries like Benin, Côte d'Ivoire, and Togo, and relatively high in Cape Verde and Ghana (Figure 5). The growth in per capita income was generally positive suggesting an improvement in the standard of living for people in the region. The exception was in Côte d'Ivoire where the per capita income shrank by ¾ of one per cent in 2011, although this was a major improvement over the 4⅓ per cent in the contraction of per capita income in 2010. Most of the countries recorded per capita income growth of over 2 per cent in 2011.

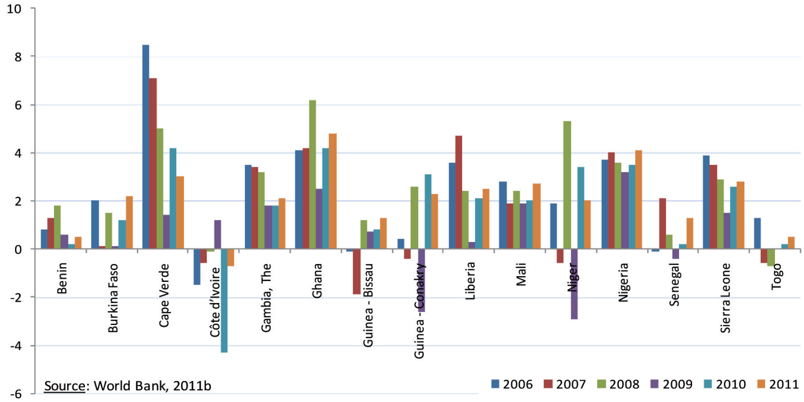


Figure 5: Gross Domestic Product per capita Growth in ECOWAS, Annual Growth (%)

3.2 Sectoral Decomposition of Growth

59. Most West African countries' growth in 2011 was led by the primary and tertiary sectors. On average, oil exporting countries expanded faster than oil-importing countries. As mentioned earlier, one important feature of growth in oil exporting countries is the growing prominence of the non-oil sector, with a sustained increasing share in GDP growth over the last few years. The strength of the non-oil sector reflects ongoing efforts in some oil-exporting countries to diversify their economies. Nigeria and Ghana, for example, have initiated a number of programmes to support agricultural development, thus enhancing the agriculture's contribution to GDP. As noted earlier, in Nigeria telecommunication, construction, manufacturing, and trade sectors were important, while in Ghana construction, agriculture, mining, oil, and services sectors were major contributors to GDP.

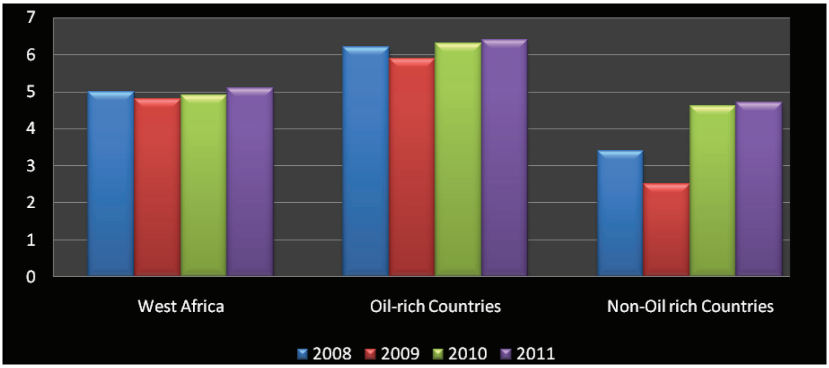


Figure 6: Growth in West Africa, Oil Exporting Vs Oil Importing Countries (%)
Source: IMF, 2011f

60. From the supply side, the impressive economic growth was generated by several factors in the subregion. For example, a strong performance of the agricultural and mining sectors helped Sierra Leone, while Liberia benefited from increased rubber export earnings and increased activity in the mineral sector.

		Primary Sector (%)		Secondary Sector (%)		Tertiary Sector (%)	
S/N	**Country**	**2008**	**2011**	**2008**	**2011**	**2008**	**2011**
1	Benin	15.91	4.76	9.01	6.44	11.51	6.94
2	Burkina Faso	8.59	4.28*	3.75	11.00*	3.78	5.0*
3	Cape Verde	-10.6	-0.8	-2.3	-0.2	2.9	0.2
4	Côte d'Ivoire	35.15	33.05	23.36	22.67	41.49	43.83
5	The Gambia	25.3	26.2*	13.4	13.0*	61.3	60.8*
6	Ghana	48.6	51.1*	31	30.2*	20.4	19.6*
7	Guinea	3.6	3.2*	9.4	2.3*	2.4	1.3*
8	Guinea Bissau	3.9**	4.2	2.3**	4.6	2.3**	4.2
9	Liberia	575.7	638.8*	63.2	71.3*	210.7	242.8*
10	Mali	26.7	10.5*	5.0	2.7*	10.3	8.3*
11	Niger	46.1	44.0	10.1	11.2	43.7	44.9
12	Nigeria	56.06**	57.03*	7.14**	4.16*	36.46**	38.81*
13	Senegal	18.6	3.9	-1.7	5.7	2.2	4.1
14	Sierra Leone	4.5	4.13	-17.6	13.0	10.3	7.13
15	Togo	40.79	42.71	18.15	16.63	41.06	40.66

Note: * 2010, ** 2009

Table 6: Component of GDP growth by Supply Sources

Source: ECOWAS, 2011

61. In concluding this section, West African countries should strive to reduce dependence on a few commodities (Figure 7). While countries such as Nigeria and Ghana are trying to develop agricultural sector, their efforts are not as robust as they should, given that the expenditure on agriculture is still below that stipulated in the Maputo Declaration.

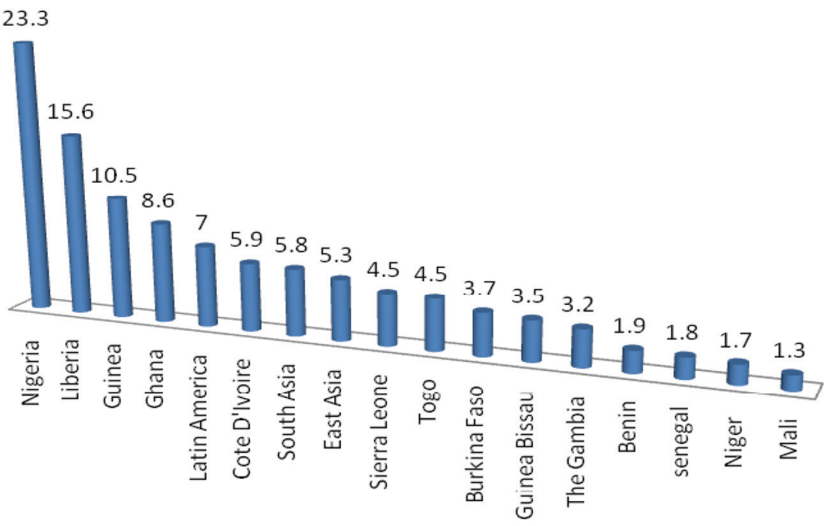


Figure 7: Shows The Relative Dependence
Of West African States On Natural Resource Rents
Source: AfDB, 2011

3.3 Performance of Key Macroeconomic Aggregates

3.3.1 Fiscal Performance in West Africa

62. There was a slight improvement in fiscal performance in West Africa in 2011. The ECOWAS countries recorded an overall fiscal deficit of 3¾ per cent of GDP in 2011 on average, which was still an improvement from the deficit of over 5 per cent of GDP in 2010 (ECOWAS, 2011). However, for a subregion where an average deficit of less than 3 per cent of GDP is the norm, the current situation indicates some fiscal impairment stemming from revenue shortfall. The deficits for 2010 and 2011 were attributed to a significant growth in capital investments and a wage bill, while the growth in revenues and grants had remained stagnant. Cape Verde, Côte d'Ivoire, Senegal, and Sierra Leone ran fiscal deficit as a ratio of GDP that was above 5 per cent in 2011 (Figure 8).

63. The continued strong counter-cyclical fiscal stance reflects efforts to preserve social spending in order to guard against a reversal of the improvements in citizens' living standards achieved in the recent past.

Furthermore, the accommodative stance seeks to close infrastructural gaps, particularly those related to electricity supply constraints and transport bottlenecks. These public spending efforts took hold amid a growing consensus over the important role and place of the State in steering West African economies onto sustainable development path, especially by building and strengthening productive capacities. Public expenditures were shared between public investment to improve the infrastructure necessary for economic activities such as roads, energy, and airport upgrade. Other expenditures were for boosting minimum wage in the public sector, and on activities to provide employment. In Cape Verde there was rise in investment partly linked to the construction of the country's ports. Mali has also spent massively on modernization of Bamako's airport, building a third bridge in Bamako, as well as on university and vocational training infrastructures.

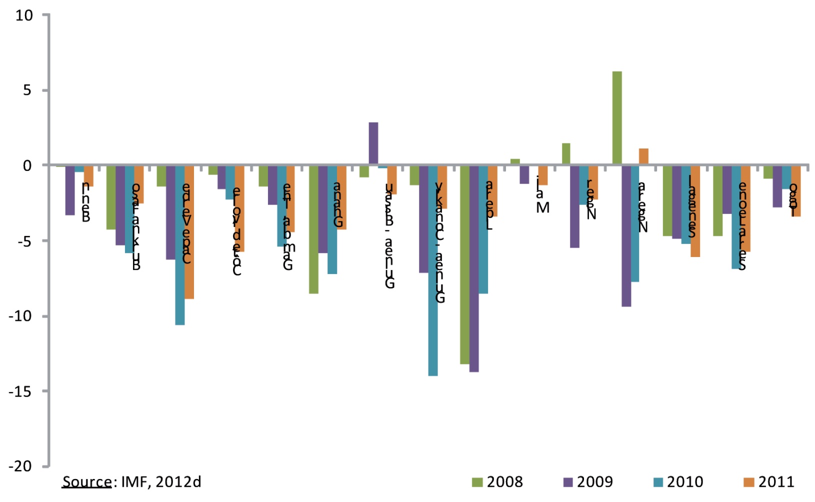


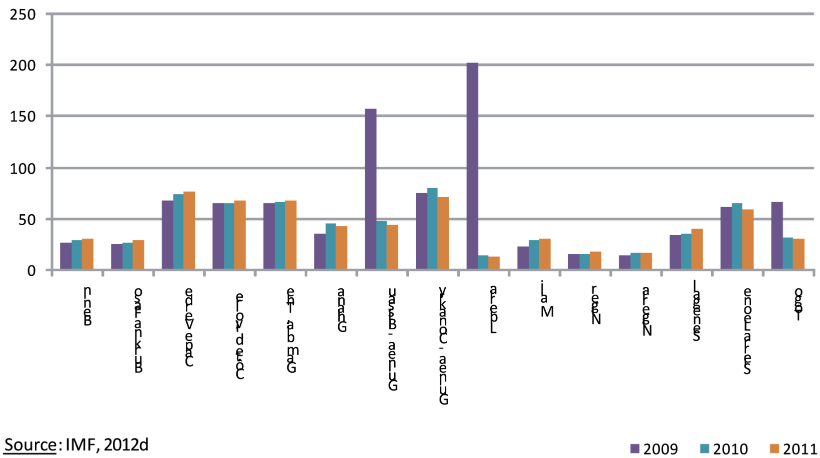
Figure 8: ECOWAS member States: Overall Fiscal Balance, 2008-2011
(Percent of GDP)

64. On the revenue side, government revenue did not rise as much for a number of reasons including the decline in trade taxes in lockstep with the fall in exports. As mentioned before, countries such as Cape Verde that depend on exports towards European markets were hardest hit, incurring the widest gap between government expenditure and revenue.

65. Worsening fiscal balances have reignited concerns over debt sustainability, and prompted some countries to shift the objective of

fiscal policy from short-term demand management to medium-term fiscal sustainability. Nigeria and Ghana, for example, limited the widening of their fiscal deficits through a combination of increased government revenue, achieved by means of strengthening their customs and tax administration capacities, and a retrenchment in discretionary spending. Under its 2010-2011 budget, Ghana planned to implement a fiscal consolidation programme that would target a real growth of fiscal spending of 3 to 4 per cent.

66. Nonetheless, the debt situation appears manageable, with the subregion's average government debt as a per cent of GDP standing at 43 per cent, with seven countries clustered below 40 per cent of GDP. Liberia benefited from debt forgiveness initiatives, enabling the country to dramatically reduce its debt from over 200 per cent of GDP in 2009 to just 14 per cent of GDP in 2011. In the same period Guinea-Bissau reduced government debt from 158 per cent of GDP to just 45 per cent of GDP. As of 2011, the relatively highly indebted countries are Cape Verde (77¾ per cent of GDP), Guinea-Conakry (72¼ per cent of GDP), and Côte d'Ivoire (68 per cent of GDP) (Figure 9).



Source: IMF, 2012d

Figure 9: ECOWAS Member States: Government Debt (Percent of GDP)

67. Considering the uncertainty of the global economy, the policy and reform implications for West Africa are clear. The subregion should improve its fiscal situation by expanding the revenue sources, and tax efforts should be bolstered through the requisite regulatory and administrative reforms. The need to mobilize resources better has

become urgent both nationally and regionally, and requires changing the investment ambience, continuing improvements in economic governance, and accelerating the regional integration agenda particularly on banking and financial arrangements. Doing so will also address the perennial problem of limited options when the prices of primary commodities plunge. Currently, the share of non-tax revenue in total revenue is very small. For example, non-tax revenue accounted for 2½ per cent of GDP in Benin in 2011. Senegal had the lowest rate of less than 1 per cent, and Nigeria had the highest rate of 18 per cent in 2011, arising from proprietorship of oil wells. The non-diversification of revenue is a source of revenue volatility in the subregion. These policy and reform implications will also be pivotal in ensuring that the subregion's debt levels remain low.

68. Finally, in an environment of global slump, high unemployment and a threat of worsening poverty, fiscal consolidation would be premature in countries where growth was weak (below 4 per cent: Benin, Côte d'Ivoire, The Gambia, Guinea-Conakry, Mali, Niger, and Senegal), unless borrowing capacity is eroded, as is the case in The Gambia, Côte d'Ivoire, and Guinea-Conakry with government debt hovering around 70 per cent of GDP.

3.3.2 Monetary Developments in West Africa

69. In view of the need to stimulate domestic demand and nurture the ongoing recovery, the monetary policy stance continued its expansionary tack in the majority of West African countries, with the exception of Ghana and Nigeria. Table 7 shows that the ratio of currency outside banks to broad money supply registered a declining trend in most West African countries, indicating relative improvements in financial intermediation and public confidence in the banking system during the period under review. In Liberia and Sierra Leone this is attributable to the improving public confidence in the banking system, following the restoration of peace and stability in the aftermath of political disturbances. In The Gambia, Nigeria, and Ghana the trends are driven by innovations in the banking system, particularly, the introduction of electronic banking services that have provided alternative and more efficient forms of payments. These rates of services were as high as 34½ per cent in Guinea, and at their lowest in Cape Verde at 8⅓ per cent in 2011.

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Benin	33.9	34.3	25.8	31.7	34.8	27.5	32.7	30.5	29.3	31.9
Burkina Faso	19.1	38.0	28.0	25.6	21.5	24.9	23.4	25.7	23.8	24.8
Côte d'Ivoire	47.6	32.2	34.7	36.2	35.5	36.8	36.0	34.9	37.2	36.5
Guinea Bissau	81.3	69.9	74.9	77.3	71.9	63.1	59.8	65.9	68.4	59.3
Mali	39.5	43.4	35.9	40.3	36.9	31.8	31.5	30.4	31.7	33.6
Niger	28.8	43.7	41.9	43.5	46.0	37.4	36.9	35.7	38.1	36.8
Senegal	19.8	26.4	23.8	24.9	25.9	24.5	22.9	23.4	25.1	22.8
Togo	27.0	18.7	23.9	20.1	26.0	27.1	24.3	26.7	25.8	23.9
Cape Verde	12.3	11.5	10.8	10.5	9.0	8.9	8.5	9.1	8.7	8.4
Liberia	35.0	39.9	37.4	34.1	31.0	27.7	21.5	20.4	22.5	25.7
The Gambia	24.9	25.8	26.1	23.2	25.0	20.4	18.7	19.6	21.5	22.1
Ghana	31.2	31.5	27.4	26.4	24.1	22.9	20.6	22.0	21.8	22.4
Guinea	42.4	43.5	40.7	38.6	40.2	41.7	34.6	36.4	35.9	35.6
Nigeria	29.0	25.3	20.3	20.0	16.2	12.7	9.7	8.5	9.6	11.8
Sierra Leone	39.3	41.0	37.1	31.9	31.3	28.7	25.8	27.6	25.9	24.0

Table 7: Trends of the Ratio of Currency outside Banks to Broad Money Supply (2002-2011)
Source: ECOWAS, 2011

70. One of the challenges of monetary policy, particularly in some of the countries that pursued expansionary or neutral monetary policy stances, was the weak effect of reduced interest rates on the real sector. Despite relatively low-interest rates in many countries, credit to the private sector still stagnated, as commercial banks adopted cautious attitudes amid uncertainty in global economic conditions.

3.3.3 Inflation

71. Consumer price developments in West African countries are presented in Table 8. Inflation rate picked up from 9⅓ per cent in 2009 to 10 per cent in 2010, and rose further to 10⅓ per cent in 2011 in the ECOWAS subregion (ECOWAS, 2011). The main elements that accounted for the upward trend in prices were food, accommodation, transportation, and energy in line with crude oil price increases in the global market. Inflationary pressures differed from country to country, with a number of countries (Guinea-Conakry, Nigeria, and Sierra Leone) clustered in a double-digit zone and others veering in that direction. The country-specific factors included increased domestic demand (Benin, Ghana, and Nigeria); robust public spending, especially during their presidential elections in 2011 (Nigeria, Sierra Leone, Liberia, and The Gambia); the lagged effects of currency depreciation of late 2009; introduction of the goods and services tax (Sierra Leone); and the spillover effects of exchange rate depreciation (Côte d'Ivoire and Nigeria).

	2004	2005	2006	2007	2008	2009	2010	2011
Benin	0.9	5.4	3.8	1.3	8.0	2.2	2.1	2.8
Burkina Faso	-0.4	6.4	2.4	-0.2	10.7	2.6	-0.6	1.9
Cape Verde	-0.9	0.4	4.8	4.4	6.8	1.0	2.1	5.0
Côte d'Ivoire	1.5	3.9	2.5	1.9	6.3	1.0	1.4	3.0
The Gambia	14.3	5.0	2.1	5.4	4.5	4.6	5.0	5.9
Ghana	12.6	15.1	10.2	10.7	16.5	19.3	10.7	8.7
Guinea	17.5	31.4	34.7	22.9	18.4	4.7	15.5	20.6
Guinea Bissau	0.8	3.2	0.7	4.6	10.4	-1.6	1.1	4.6
Liberia	3.6	6.9	7.2	13.7	17.5	7.4	7.3	8.8
Mali	-3.1	6.4	1.5	1.5	9.1	2.2	1.3	2.8

	2004	2005	2006	2007	2008	2009	2010	2011
Niger	0.4	7.8	0.1	0.1	10.5	1.1	0.9	4.0
Nigeria	15.0	17.9	6.2	5.4	11.6	12.5	13.7	10.6
Senegal	0.5	1.7	2.1	5.9	5.8	-1.7	1.2	3.6
Sierra Leone	14.2	12.0	9.5	11.6	14.8	9.2	17.8	18.0
Togo	0.4	6.8	2.2	0.9	8.7	1.9	3.2	4.0

Table 8: ECOWAS member States Consumer Prices, 2004-2011

72. The policy implications for the inflation trend suggest that countries with high inflation rates must tighten sufficiently to maintain macroeconomic stability but not so fast as to choke off economic growth. For those countries with low inflation rates (Benin, Burkina Faso, and Mali with rates below 3 per cent), there is scope to continue with growth-supportive policies to generate employment, while keeping an eye on budding macroeconomic instability and unmanageable debt.

3.3.4 Trade and Exchange rate Movements in ECOWAS Countries

73. West Africa's share of world merchandise trade declined between 2001 and 2011, in terms of both exports and imports. The subregion accounted for just ¾ of one per cent of world merchandise exports in 2001, and this has declined further to ½ per cent share in 2011, in line with the fall in Africa's share of world exports. The value of imports, in contrast, has been stable with little change between 2001 and 2011 (WTO, 2011).

74. West Africa's exports are principally of minerals (including petroleum). As mentioned earlier in the report, sector shares of export earnings are determined more by trends in world prices than changes in export volumes. In the early 2011, the value of mineral exports declined slightly while the value of agriculture commodities increased slightly, with manufactures remaining stable. While the export prices of primary

commodities overall held their value in 2009 (Figure 10), this was driven largely by increased world prices for timber and crude petroleum.

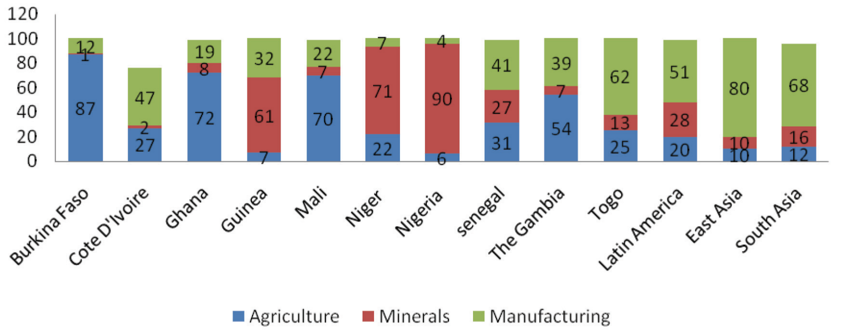


Figure 10: Composition of exports, 2009 (%)
Source: WTO, 2011

75. On net, the sustained demand (especially from emerging Asia and the BRICS) ensured high commodity and oil prices, which eclipsed the price drop of other exports from the subregion. In the event, the terms of trade improved for some ECOWAS countries, while in others they declined (Figure 11; data for Liberia not available). The subregion as a whole shows little change from 2010 to 2011.

Figure 11: Terms of Trade of Goods (2008-2011)
Source: IMF, 2011e

76. During the mid-term review of the African Growth and Opportunity Act (AGOA), the preferential arrangement governing the

US-African trade and investment relations, in May 2011 the AGOA Forum's discussions centered on the fact that the Act will expire in 2015. The ensuing recommendations not only were about the extension of the life of the Act, but also contained suggestions to modify the Act to include: (i) the relaxation of some aspects that hinder greater inclusiveness and accessibility of the Act to the beneficiaries; (ii) some flexibility on the rules of origin and requirements on third-country sourcing of yarn and textile inputs; and (iii) a distinction between relatively well-off AGOA eligible countries and those emerging from conflict to enable the Act to meet its goal of promoting development (UNECA and AUC, 2011).

3.3.5 Savings and Investments

77. According to the United Nations Conference on Trade and Development (2010), domestic savings and investment rates in West Africa in the 1990s were well below the rates recorded in the 1980s, and were lower still in the 2000s than in the 1990s, which had been a particularly difficult period (Figure 12). According to the same source (UNCTAD, ibid), savings and investment rates fell by 23¾ per cent and 26¼ per cent, respectively, in the period 2005-2008 and by 17½ per cent and 19¼ per cent, respectively, in the period 2009-2011.

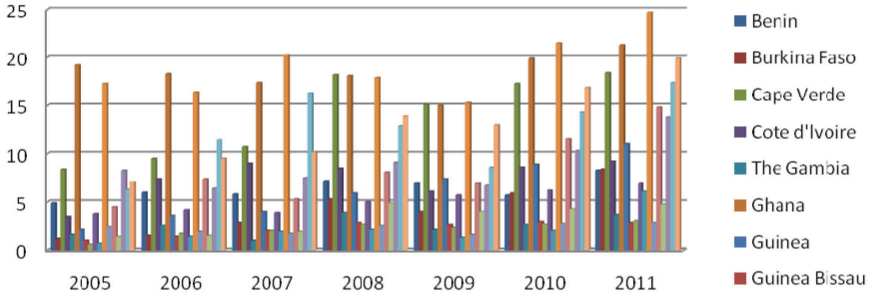


Figure 12: Domestic Investment in Selected ECOWAS countries (As ratio of GDP)
Source: AfDB, 2011

78. The gap between savings and investment has widened, making the subregion ever more dependent on external financing for its development (Figure 13; data for Liberia not available from source). In West Africa, available data indicate that net average domestic savings

barely exceeded 12 per cent of GDP in 2011, with only two countries recording rates of 15 per cent of GDP and above: Côte d'Ivoire (18½ per cent), and Ghana (15¾ per cent).

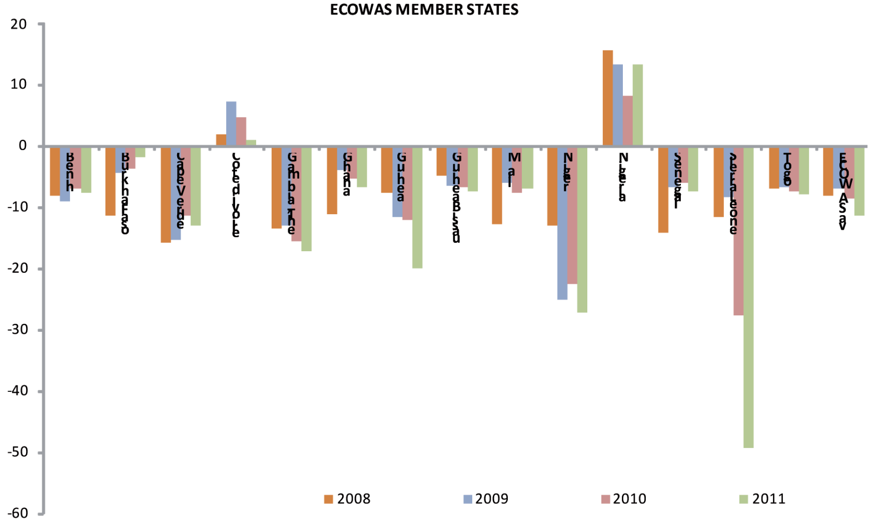


Figure 13: Gross National Savings-Total Investment Gap, 2008-2011
Source: IMF, 2011e

3.3.6 Foreign Capital Flows and Remittances in West Africa

79. On average, the current account deficit slightly widened in West Africa in 2011, from 1¾ per cent of GDP in 2010 to 2¼ per cent of GDP in 2011 (Figure 14). Oil-importing countries saw imports' growth accelerating, fuelled by public investment, rising private demand, and increasing oil and food prices. However, the export earnings of this group of countries rebounded somewhat. As a result, the current account deficits were moderate. However, the oil importing countries emerging from conflicts (in particular, Liberia) posted relatively larger current account deficits due to their relatively dire need for imported goods of all kinds, including food and reconstruction equipment. For example, Liberia's deep current account imbalance is due to the large UNMIL presence, which accounts for around 50 per cent of imports. Besides this, imports consists of capital imports for large investments projects.

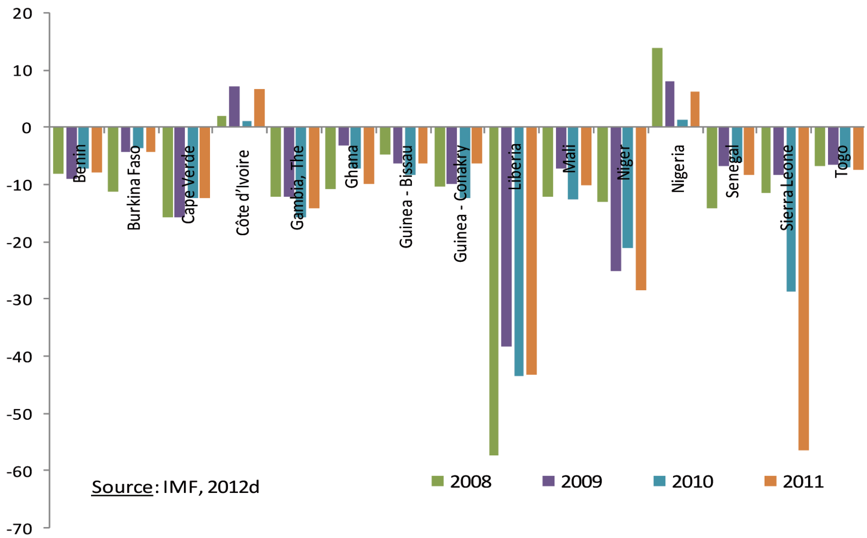


Figure 14: ECOWAS member States: Current Account Balance (2008-2011)
(Percent of GDP)

80. The policy implications point to the need for member States to usher in an apt savings environment that entails: promoting the collaboration among the stock exchanges in the subregion; narrowing the borrowing-savings gaps so as to encourage the bank intermediation mechanism to channel savings towards investments; and, where necessary, calibrating the tax system to encourage savings rather than consumption.

81. Since the changes in the current account are driven by a narrow range of factors (changes in commodity prices), the central message of this report becomes applicable again: there is need to diversify away from these narrow range of resources, lest the member States become constrained in foreign exchange if the said prices turn unfavorable.

3.3.7 Macroeconomic and Policy Convergence in West Africa

82. The continued poor macroeconomic conditions in the world have had an impact on countries in West Africa, worsening their capability to meet the macroeconomic convergence criteria in the context of ECOWAS, WAMZ, and UEMOA integration agenda, particularly the secondary criteria (Box 3).

83. Table 9 shows how the subregion's countries have performance against the ECOWAS's convergence criteria. The number of countries that met the ECOWAS budgetary imbalances criterion actually declined from the peak of eight in 2007 to four in 2010 and further to two in 2011. The number of countries that met the ECOWAS inflation criterion however rose from seven to ten between 2010 and 2011. Performance in respect of gross external reserves declined from 11 countries in 2009 to ten in 2010 and 2011. In 2011, 13 countries met the ECOWAS criteria on budget deficit financing by central bank.

84. With respect to secondary criteria of ECOWAS, the situation in 2011 showed a general lack of improvement over 2010. The number of countries that met the salary mass and tax revenue/GDP ratio remained unchanged between 2010 and 2011. However, only very few countries were able to meet other criteria. The number of countries that met the real interest rate condition fell from seven in 2010 to five in 2011. Real exchange rate stability and the public investment/tax revenue ratio had increase in number of countries that complied.

	2005	2006	2007	2008	2009	2010	2011
Budget Deficit/GDP	5	6	8	7	3	4	2
Inflation	9	9	7	1	10	7	10
Gross External Reserves	1	9	9	1	11	10	10
Central Bank Budget Deficit Financing	15	13	15	13	12	12	13
Domestic Arrears	5	6	6	7	8	10	11
Tax Revenue/GDP	2	2	2	2	2	2	2
Salary Mass/Tax Revenue	7	8	9	7	6	4	4
Public Investment/ Tax Revenue	6	7	7	7	7	6	10
Real Interest Rate	7	6	6	0	11	7	5
Real Exchange Rate Stability	11	12	13	6	12	10	12

Table 9: Number of Countries that met the Convergence Criteria in ECOWAS
Source: WAMA, 2012

85. Table 9 further shows that none of the countries in the subregion has been able to meet all conditions. Niger, with eight out of the ten convergence criteria, is the best performer. The worst performance was recorded by Guinea, which met only one secondary criterion. In between

were countries like Mali, Burkina Faso, Senegal, and Togo which observed seven convergence criteria. Benin and Cape Verde met six of the criteria each.

86. The Report of the 26th Meeting of the Governors of the WAMZ for Policy harmonization came up with a number of recommendations to speed up the member States' move towards meeting at least the Zone's convergence criteria. These recommendations include the need for: (i) government expenditure to be channeled towards growth promoting activities and sectors including agriculture, tourism and infrastructure in order to create jobs and reduce poverty; (ii) member countries to spur the domestication of Fiscal Responsibility Act that was endorsed by countries since 2007 to ensure sound public expenditure management; and (iii) member countries to intensify efforts to strengthen domestic revenue mobilization and broaden the tax base to include the informal sector as well as modernization of revenue agencies for effective management of revenues.

Box 3: Convergence Criteria for the Economies of West Africa

UEMOA	WAMZ	ECOWAS
PRIMARY CRITERIA		
• Ratio of basic budget balance to nominal GDP (key criterion) ≥ 0 %; • Average annual inflation rate: ≤ 3% per annum; • Ratio of outstanding domestic and foreign debt related to nominal GDP ≤ 70%; • Arrears in payment: - Domestic arrears in payment: non cumulative arrears for the current operating period - Arrears in foreign payment: non-accumulation of arrears for the current operating period.	- Budget deficit, excluding grants as % of nominal GDP ≤ 4% - Inflation rate (end period) < 10% - Central Bank Financing of budget deficit in relation to previous year's tax revenue ≤ 10% - Gross reserves (in months of imports) ≥ 3 months	• Average annual rate of inflation ≤ 5%) • Budget deficit as % of nominal GDP (excluding grants) ≤ 4%) • Central Bank financing of the budget deficit in relation to previous year's tax revenues ≤ 10%) • Gross external reserves ≥ 6 months
SECONDARY CRITERIA		
• Ratio of wage bill to tax revenue: ≤ 35 %; • Ratio of public investment funded by domestic resources in relation to tax revenues ≥ 20%; • Ratio of current foreign deficit in relation to nominal GDP ≤ 5% ; • Tax ratio (*) ≥ 17%.	- Tax revenues as a % of GDP ; ≥ 20% - Wage bill as a % GDP ; ≤ 35% - Domestically financed public investment as a % of tax revenue ; ≥ 20% - Real interest rate ; > 0 - Nominal exchange rate; +/- 15% - Non accumulation of arrears	• Ratio of the wage bill to tax revenue ≤ 35% • Ratio of public investment funded by domestic resources in relation to tax revenue ≥ 20% • Tax ratio ≥ 20% • + Real Interest Rates: • Real Exchange Rate Stability • Domestic arrears (no new accumulation and liquidation of all outstanding ones)

CHAPTER 4: SOCIAL DEVELOPMENTS IN WEST AFRICA IN 2011

87. West Africa's economic rebound and sustained growth are yet to translate into commensurate progress towards social development, including the many indicators laid out in the MDG agenda. This is not to say that West Africa has not made any progress. In fact, most West African countries have positively progressed at a varying pace towards all MDG targets, with notable reduction in undernourishment, increased primary school enrolment, and improvement on some health indicators. However, poverty rates, maternal mortality rates, and unemployment rates have remained extremely high in most countries.

88. This part of the report reviews social, institutional, and environmental developments in West Africa.

4.1 Population Structure and Growth

89. West Africa constitutes nearly 30 per cent of Africa's total population. Nigeria is the most densely populated country in the continent, and accounts for about 51 per cent of the total population of West Africa. Most of the other countries are small. The population growth rate in the region is one of the highest in the world, reflecting a combination of declining death rate and rising birth rate. The small sizes of the population in some countries pose a major constraint to economies of scale required in large infrastructure investments in sectors like power, telecommunication, and railway. Another feature of the population is the high share of young people in the age structure of the population and the rising urbanization rate in most countries.

90. The population structure of the subregion is both an asset and also a developmental challenge for the countries. The youthfulness of the population implies that there is an available pool of labor force in the future to meet productive requirements. On the other hand, it also imposes some challenges for the government in the provision of education and health infrastructure as well as job opportunities. As Table 10 shows, the youth dependency ratio is very high in these countries, made more difficult by the current environment of joblessness and poverty.

Country	Population			Average annual population growth		Population age composition (%)			Dependency ratio (%) of working age population	
	(million)			(%)		Ages 0-14	Ages 15-64	Ages 65 +	Young	Old
	1990	2009	2015	1990-2009	2009-2015	2009	2009	2009	2009	2009
Benin	4.8	8.9	10.6	3.3	2.9	43	54	3	80	6
Burkina Faso	8.8	15.8	19	3.1	3.1	46	52	2	90	4
Cape Verde										
Côte d'Ivoire	12.6	21.1	24.2	2.7	2.3	41	55	4	73	7
Ghana	15	23.8	26.6	2.4	1.8	38	58	4	66	6
Guinea	6.1	10.1	11.8	2.6	2.7	43	54	3	79	6
Guinea Bissau	1	1.6	1.8	2.4	2.3	43	54	3	79	6
Liberia	2.2	4	4.8	3.2	3.2	43	54	3	79	6
Mali	8.7	13	15.4	2.1	2.8	44	54	2	83	4
Niger	7.9	15.3	19.1	3.5	3.7	50	48	2	104	4
Nigeria	97.3	154.7	178.7	2.4	2.4	43	54	3	78	6
Senegal	7.5	12.5	14.5	2.7	2.4	44	54	2	81	4
Sierra Leone	4.1	5.7	6.6	1.8	2.3	43	55	2	79	3
The Gambia	0.9	1.7	2	3.4	2.5	42	55	3	77	5
Togo	3.9	6.6	7.6	2.7	2.3	40	57	4	71	6
Latin America	435.6	572.5	606.9	1.4	1	28	65	7	43	10
East Asia	1599.6	1943.8	2035.8	1	0.8	23	70	11	28	16
South Asia	1128.7	1567.7	1706.5	1.7	1.4	32	63	5	51	7

Table 10: Population Dynamics
Source: World Bank, 2011b

91. Figure 15 shows the labor force participation rate across the West African states. The rate of women participation is low in Mali, Niger, and Nigeria compared with Ghana and Liberia where it almost equals that of men.

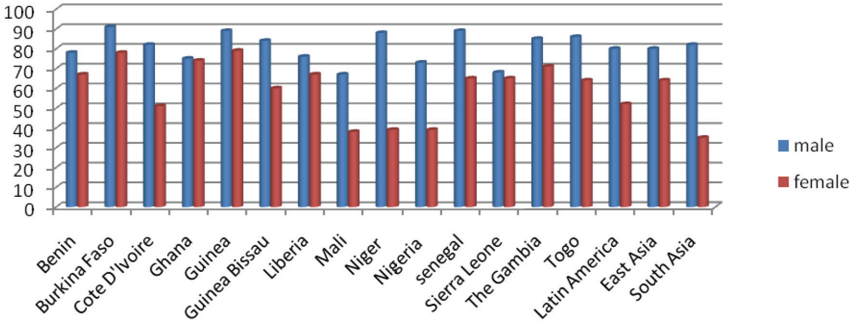


Figure 15: Labor Force Participation rate in West Africa
Source: AfDB, 2011

4.2 Poverty and Income Distribution

92. The overall progress towards achieving the MDGs remains mixed in most West African countries, and subject to formidable challenges. Poverty rates remain chronically high, with the proportion of employed people living on less than $US1.25 a day having increased from 60 to 66 per cent between 2009 and 2011. However, as Table 11 shows many countries have made some remarkable progress from the conditions that prevailed at the turn of the millennium.

Country	Share of population below PPP $1.25 a day (%)		Poverty gap ratio at PPP $1.25 a day (%)		Share of population below PPP $2 a day (%)		Poverty gap ratio at PPP $2 a day (%)	
Country	2000	2011	2000	2011	2000	2011	2000	2011
Benin	47.3	22.4	15.7	7.0	75.3	67.1	33.5	18.7
Burkina Faso	56.5	30.2	20.3	16.2	81.2	70.1	39.3	21.0
Cape Verde	-	21.0	17,4	6.1	42.3	27.8	16.3	8.1
Côte d'Ivoire	24.1	7.5	14.1	7.5	72.0	44.3	32.1	14.9
The Gambia	34.3	12.1	12.1	5.8	56.7	31.0	27.1	13.7
Ghana	30.0	14.4	18.0	10.6	79.5	42.7	24.8	16.8
Guinea	40.2	43.3	21.7	15.0	81.0	61.7	41.0	26.5
Guinea Bissau	52.1	48.8	16.5	7.9	79.2	60.4	34.8	19.5
Liberia	-	70.7	50.6	40.8	98.3	89.6	68.4	51.2
Mali	86.1	51.4	36.8	18.8	83.1	68.0	46.5	26.9

Country	Share of population below PPP $1.25 a day (%)		Poverty gap ratio at PPP $1.25 a day (%)		Share of population below PPP $2 a day (%)		Poverty gap ratio at PPP $2 a day (%)	
Country	2000	2011	2000	2011	2000	2011	2000	2011
Niger	78.2	43.1	26.5	9.9	85.8	72.4	45.8	25.2
Nigeria	68.5	64.4	35.7	22.3	85.6	72.5	48.7	28.0
Senegal	54.1	33.5	21.2	9.8	65.8	55.4	37.0	20.5
Sierra Leone	62.8	53.4	20.3	8.2	77.9	59.0	40.5	31.0
Togo	-	38.7	22.9	8.7	74.6	53.4	33.9	22.1

Table 11: Poverty and Income Distribution in West Africa
Source: World Bank, 2011b

93. In Nigeria, 64½ per cent of the population lived below $US1.25 per day in 2011, a slight decline from 68½ per cent in 2000. In Liberia, the proportion was 70¾ per cent. Côte d'Ivoire has the lowest rate of 8 per cent. Poverty gap ratio shows that among the countries in the sub region, Liberia has the highest ratio of 51¼ per cent, Sierra Leone 31 per cent, and Nigeria 28 per cent. While Sierra Leone and Liberia have just emerged from civil war, Nigeria's case is a consequence of the oil wealth.

94. Regarding eradication of extreme hunger, many West African countries recorded a decline in malnutrition over the past year. The proportion of the population below the minimum level of dietary energy consumption has fallen from 28 to 25 per cent in West Africa (World Bank, 2011b). However, this positive trend remains threatened by rising international food prices in 2012.

4.3 Health and Education

95. Progress has been made across the subregion in some indicators of education outcomes, where primary school enrolment ratio increased by 16 per cent between 2001 and 2011 (Figure 16). The abolition of primary school fees in some states in Nigeria resulted in a threefold increase in primary-school enrolment since 2007, reaching 95 per cent in 2011. However, many West African countries are confronted with the challenge of improving the quality of education (Table 12). Completion rates of primary school and the pupil-to-teacher ratios, both proxies for quality provision, are poor by international standard. Despite some improvements in primary and secondary completion rates at about 60 per cent in most countries, class size has remained very large.

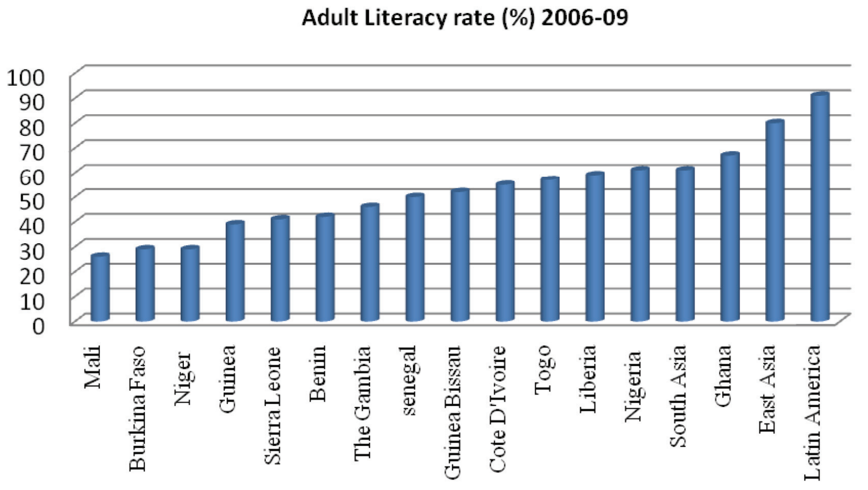


Figure 16: Education in West Africa: Adult Literacy Rate (%)
Source: World Bank, 2011b

96. The disproportionate focus on primary education compared to the higher educational skills needed by the labor market is one of the major drivers of unemployment (World Bank, 2011b). This has been acknowledged by the African Union (AU) resolutions for the Second Decade of Education (2007-2016), which considers all levels of education as crucial elements of economic and social development.

	Gross intake ratio in first grade of primary education		Transition rate to secondary education	
	% of relevant age group		% of relevant age group	
Country	Male 2009	Female 2009	Male 2008	Female 2008
Benin	161	152	-	-
Burkina Faso	90	83	56	51
Cape Verde				
Côte d'Ivoire	77	67	47	45
Ghana	109	111	91	92
Guinea	106	96	50	40
Guinea Bissau	-	-	-	-
Liberia	117	107	64	60
Mali	102	89	72	68
Niger	97	83	56	62
Nigeria	102	83	44	44
Senegal	96	102	62	57
Sierra Leone	201	182	-	-

	Gross intake ratio in first grade of primary education		Transition rate to secondary education	
	% of relevant age group		% of relevant age group	
Country	Male 2009	Female 2009	Male 2008	Female 2008
The Gambia	91	96	83	83
Togo	105	102	66	58
Latin America	-	-	-	-
East Asia	105	107	-	-
South Asia	126	117	80	80

Table 12: Education Efficiency in West Africa
Source: World Bank, 2011b

97. Table 13 shows the access to basic health services in West African countries. Health indicators in the subregion are still far below from those prevalent in other developing regions, and also vary among the countries in the subregion. Life expectancy for males is highest in Cape Verde (69½ years) and lowest in Guinea Bissau (46¾ years), Sierra Leone (47½ years), and Nigeria (48¾ years). For females, the life expectancy at birth is highest in Cape Verde at 77¼ years, followed by Benin (67½ years), and Togo (65½ years). It is lowest in Guinea Bissau, Niger, and Sierra Leone where it averages 50¼ years.

98. Health expenditure as a share of GDP is below 5 per cent for most countries, and on the average the private sector spends more on health than the public sector. Overall health expenditure per capita was below $US100 in 2011 for all countries except Cape Verde, where it is $US145 per capita. This low expenditure on health partly explains the prevalence of various forms of preventable and communicable diseases in West Africa, and why life expectancy remains one of the lowest in the world, and child and maternal mortality rates remain among the highest in the world.

	Life expectancy at birth (years)		**Share of GDP (%)**		**Share of Health Expenditure (%)**		**Health Expenditure per capita ($) 2011**
Country	**Male**	**Female**	**Public**	**Private**	**Public**	**Private**	
Benin	64.3	67.5	2.4	2.0	54.9	45.1	32.7
Burkina Faso	54.0	56.8	4.1	2.5	61.4	38.6	39.6

	Life expectancy at birth (years)		Share of GDP (%)		Share of Health Expenditure (%)		Health Expenditure per capita ($) 2011
Country	**Male**	**Female**	**Public**	**Private**	**Public**	**Private**	
Cape Verde	69.4	77.2	3.0	1.4	73.0	27.0	145.8
Côte d'Ivoire	57.8	60.5	1.4	4.2	19.8	80.2	56.4
The Gambia	55.8	58.0	3.2	3.3	50.0	50.0	27.4
Ghana	56.0	58.6	3.4	4.0	46.0	54.0	46.2
Guinea	57.3	61.5	1.3	5.2	16.2	83.8	19.0
Guinea Bissau	46.8	50.1	1.8	4.9	26.6	73.4	18.9
Liberia	57.8	60.5	6.0	8.6	39.4	60.6	30.2
Mali	49.7	50.2	2.9	3.1	48.9	51.1	39.5
Niger	52.1	53.7	3.8	2.9	37.6	62.4	70.2
Nigeria	48.7	50.1	2.6	3.9	43.9	56.1	49.5
Senegal	55.4	58.5	3.4	2.8	77.1	22.9	59.6
Sierra Leone	47.4	50.1	1.6	13.5	9.2	90.8	44.8
Togo	62.0	65.6	2.2	4.6	19.9	80.1	30.0

Table 13: Health Indicators in West Africa, 2011
Source: World Bank, 2011b

99. Many West African countries have shown some progress towards achieving certain health-related MDGs. The aggregate under-five mortality rate dropped from 160 to 115 per 1,000 births between 2001 and 2011. Ghana, Liberia, and Nigeria have all reduced their under-five mortality rates by 50 per cent or more. However, the highest rates of child mortality in the world continue to be found in sub-Saharan Africa (SSA). In 2010, one in eight children died before their fifth birthday. All 31 countries with under-five mortality rates exceeding 100 per 1,000 live births in 2009 were in SSA. Although the SSA under-five mortality rates have declined by 28 per cent since 1995, and even more in West Africa, the improvement is insufficient to meet the targets set in the MDGs.

100. In terms of maternal health, progress also remains mixed. The latest available data show an overall decline in maternal mortality worldwide (UN, 2010) (Table 14). West and East Africa have shown

significant progress, with a 24¼ per cent and 26½ per cent reduction in maternal mortality between 1990 and 2010, respectively. In comparison, Southern Africa has experienced an increase in maternal mortality rates, from 150 deaths per 100,000 live births in 2000 to 281 per 100,000 in 2010. West Africa has also seen an 8.1 per cent increase over the same period. As a whole, SSA only experienced a 3⅓ per cent reduction in maternal mortality rates since 1990, which remains far from the MDG 5.

101. Three of the six countries that account for 50 per cent of all maternal deaths globally are in Africa, namely Nigeria (West Africa), Ethiopia (East Africa), and DRC (Central Africa). It is therefore pertinent for governments to put maternal health as a central focus of their health agenda, otherwise Africa will continue to have the highest burden of maternal deaths worldwide.

	Access to Health Services 2006 (%)			Access to Health Services 2008 (%)		
Country	Total	Urban	Rural	Total	Urban	Rural
Benin	65	78	57	75	84	69
Burkina Faso	72	97	66	76	95	72
Cape Verde	80	86	73	84	85	82
Côte d'Ivoire	81	98	66	80	93	68
The Gambia				92	96	86
Ghana	80	90	71	82	90	74
Guinea	70	91	59	71	89	61
Guinea Bissau	57	82	47	61	83	51
Liberia	64	72	52	68	79	51
Mali	60	86	48	56	81	44
Niger	42	91	32	48	96	39
Nigeria	47	65	30	58	75	42
Senegal	77	93	65	69	92	52
Sierra Leone	53	83	32	49	86	26
Togo	59	86	40	60	87	41

Table 14: Access to Basic Utilities(health services)
Source: AfDB, 2011

102. On the fight against the HIV/AIDS pandemic, the HIV incidence fell by over 25 per cent between 2001 and 2010. At the end of 2010, 45 per cent of adults and children eligible for antiretroviral therapy (ART) were receiving it, compared with only 4 per cent seven years

earlier. AIDS-related deaths decreased by 21 per cent in West Africa over the past year as well. Furthermore, there has been pronounced progress in reducing the incidence and impact of HIV among children under 15, with 32 per cent fewer children newly infected and 26 per cent fewer AIDS-related deaths among children. However, while access to ART and prevention efforts have improved, the total number of people living with HIV in West Africa has remained high at 15½ million people in 2009 (UNAIDS, 2010).

103. Progress in access to safe drinking water and improved sanitation, which have direct bearing on health status, has been steady across West Africa (Table 15). In 2009, some West African countries showed an improvement in coverage of improved drinking water by over 70 per cent. For example, Ghana improved water supply coverage from approximately 35 per cent to about 55 per cent between 1992 and 2010. Likewise, Nigeria improved coverage from 30 to 60 per cent during the same period. Despite this progress, evidence showed that inequities in access and outcomes exist, based on income variance and geographical location. Average access to safe drinking water services was four times higher for urban households compared to their counterparts in rural areas.

	Access to Health Services 2006 (%)			Access to Health Services 2008 (%)		
Country	Total	Urban	Rural	Total	Urban	Rural
Benin	65	78	57	75	84	69
Burkina Faso	72	97	66	76	95	72
Cape Verde	80	86	73	84	85	82
Côte d'Ivoire	81	98	66	80	93	68
The Gambia				92	96	86
Ghana	80	90	71	82	90	74
Guinea	70	91	59	71	89	61
Guinea Bissau	57	82	47	61	83	51
Liberia	64	72	52	68	79	51
Mali	60	86	48	56	81	44
Niger	42	91	32	48	96	39
Nigeria	47	65	30	58	75	42
Senegal	77	93	65	69	92	52
Sierra Leone	53	83	32	49	86	26
Togo	59	86	40	60	87	41

Table 15: Access to Basic Utilities (water)
Source: AfDB, 2011

4.4 Gender

104. West Africa progressed somewhat on women empowerment and gender equality in 2010 and 2011 (Table 24). Gender parity in primary schools was on track in some countries, although it was seriously off-track for higher levels of education in all countries. One of the key indicators of women empowerment relates to enhanced participation of women in decision-making. Some ECOWAS countries made notable progress by achieving 20-30 per cent or more participation of women in parliament. Some of the examples that can be cited include Nigeria (25⅓ per cent), Liberia, (48¼ per cent), and Ghana (27½ per cent). However, gender inequality remained a concern especially in relation to employment and income.

105. As can be seen in Table 16, with the exception of Cape Verde, all countries in West Africa are below the African Union target of 50 per cent parliamentary representation of women. In terms of employment in the non-agricultural sector, only Nigeria has more that 50 per cent of its women in the non-agricultural sector. For the other countries, agriculture is the main source of employment for women. For example, in Benin 86 per cent of women are employed in agriculture.

106. To address issues of gender inequality, some of the countries in the subregion, like Nigeria, have established a separate Ministry of Women Affairs. While these ministries will not themselves solve the gender inequality problem, if they help draw attention, and marshal the requisite political will and resources, they must be applauded. However it must always be clear: the ultimate objective is to register real progress towards eliminating gender inequality.

	Ratio of girls to boys in primary & secondary school (%)		Ratio of literate young women to men (% ages 15-24)		Women in national parliament (% of total seats		Share of women employed in the non agricultural sector (%)	
Country	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**
Benin	65.0	85.9	43.0	68.9	6.0	10.8	5.9	13.6
Burkina Faso	70.2	86.2	34.7	56.9	8.1	16.4	16.0	32.1
Cape Verde	73.0	104.3	41.9	72.5	45.3	102.2	30.1	45.2
Côte d'Ivoire	69.3	97.6	73.6	84.6	6.0	28.9	8.9	21.6
The Gambia	81.6	92.6	65.4	85.9	2.0	10.0	14.3	32.1
Ghana	89.7	96.0	86.2	97.6	10.3	21.9	31.7	43.2
Guinea	62.5	78.1	-	79.5	9.0	18.5	24.5	38.9
Guinea Bissau	65.8	73.9	52.5	79.1	9.0	15.4	25.2	46.2
Liberia	71.9	83.4	74.8	114.9	8.6	32.5	13.4	38.3
Mali	70.3	89.5	56.0	83.1	12.2	15.4	17.3	25.8
Niger	65.8	76.9	58.7	78.0	1.1	12.8	24.1	45.9
Nigeria	80.2	102.5	64.9	87.4	15.9	30.2	35.8	56.8
Senegal	81.9	109.5	52.8	75.7	12.0	24.9	37.9	40.4
Sierra Leone	54.0	78.4	51.6	71.8	9.0	13.6	12.0	25.8
Togo	50.2	69.6	76.0	89.3	0.7	11.3	41.0	64.2

Table 16: Gender Issues in West Africa

Source: World Bank, 2011b

CHAPTER 5: ECONOMIC AND SOCIAL PROSPECTS FOR 2012 AND 2013 IN WEST AFRICA

107. Growth in the ECOWAS region was robust in 2011 at 6½ per cent. This high growth rate was expected to be maintained or increased in 2012 as new countries enter the oil and mineral production processes, and the economies of countries emerging from conflict rebound. Specifically, Côte d'Ivoire's economy should pick up sharply after the return to political stability. Such a pickup is significant since the country accounts for 30 per cent of UEMOA's GDP, and the recovery will assist neighboring countries through the resumption of trade, remittances, and investments. In other economies in the subregion: iron ore production should help raise pace of growth in Sierra Leone and Liberia; Guinea's mining investment is set to rise sharply due to new policy framework and political stability, thus raising growth; and oil production in Ghana should boost GDP growth. These activities will enable the subregion to retain its status among the fastest growing economic zones in the world. Moreover, factors such as the rising of investment flows from emerging countries (for example, China) would offset the expected decline in international capital flows from traditional sources, and the rising middle income class will boost consumer spending.

108. Whether this positive scenario materializes will depend on the speed with which the subregion resolves the political impasse engulfing Mali and Guinea-Bissau, and how effectively the Community deals with the drought that adversely affected Burkina Faso, The Gambia, Mali, Niger, and Senegal, and with humanitarian crisis intensifying in the Sahel. Before these political events, most of the countries in the subregion had moved up on the international scales of governance, macroeconomic reforms, openness, and transparency. For instance, elections were successfully held in Liberia, Nigeria, Togo, Guinea, and Senegal.

109. Moreover, the economic possibilities in 2012 are such that the cloudy global economic growth prospects will continue to have chain effects across the world including the West African countries through trade, investment, and capital flows. While the recovery in global economy is expected to be slow and patchy in 2012, it is expected that most of the primary commodity exports of West Africa will continue to enjoy relatively high prices, driven by high demand from emerging countries and the search for safe assets such as gold in the face of investors' loss of confidence in their economies. Moreover, heightened concerns about fossil fuels will ensure that uranium prices will remain high, giving countries such as Niger an opportunity to grow faster. Therefore, West Africa is likely to withstand the global economic slump much better than many other subregions.

110. There is the possibility that a precipitous increase in the prices of oil and food will adversely impact the economies of importing countries in the subregion. While the oil price increase could be kept in check by sluggish economic growth in the developed countries and new oil supplies due to the re-entrance of new countries in the production line, the prices of food have been rising and are likely to steepen in the year ahead.

111. Another challenge in 2012 and 2013 relates to the declining pace of private and official international capital flows into developing countries. This may constrain the fiscal and monetary space available for the countries of the South to mitigate the impact of the downfall in the prices of their commodity exports. These countries may have to be proactive in their response to possible downturn on government fiscal revenues by prioritizing their spending and providing an environment conducive for private investment in infrastructure. The countries however need to be cautious of high inflation and fiscal deficits going forward.

112. On net, while the subregion faces political governance and drought challenges, the prospects for 2012 point to growth that remains relatively high. However, member States need to be mindful that key macroeconomic indicators are likely to come under pressure: inflationary pressures that emerged last year are likely to intensify driven largely by food price increases. In response, monetary policies are unlikely to tighten fast enough in fear of arresting an already precarious growth.

Government revenues will be eclipsed by expenditures as member States seek to improve infrastructure and maintain social spending. Fiscal deficits and government debt may therefore rise in the short term as private and public capital inflows remain under pressure.

113. Beyond these short-term scenarios, there are long-term structural issues the ECOWAS member States need to continue addressing such as undiversified production and export structure, low human capital, the high rate of youth unemployment, state fragility, and climate change. For example, figure 17 shows the vulnerability ratio for different countries in the subregion. Countries like The Gambia, Côte d'Ivoire, Guinea, Togo, Niger, Burkina Faso, Senegal, and Mali in that order are the most vulnerable to increase in food and fuel prices. However, lower commodity prices would also ease headline inflation in many of these countries.

Figure 17: Vulnerability of West African countries to Food and Fuel Price Shocks, 2009*
Source: AfDB, 2011
Note: * vulnerability is defined as share of food and fuel imports as per cent of GDP

114. Therefore, the subregion must evaluate its vulnerabilities and prepare contingencies to deal with them in the event the global economy deteriorates further. Vulnerabilities could come from less access to global financial markets, which may affect the ability of governments and firms to finance growing balance sheet deficits. Also, declining demand for exports of developing countries could put pressures on balance of payments and government accounts of countries that are heavily reliant on commodity exports and remittances inflows.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

115. Economic activity in West Africa has remained brisk even against a gloomy global economy. This activity has been supported by elevated prices of export primary commodities of critical importance to the subregion. Combined with some capital inflows in the form of ODA and private flows, the subregion has managed to roll out strong counter-cyclical policies aiming to maintain social spending in order to cushion the impact of slower growth and job losses on the poor, and to sustain public infrastructure investment programmes. On the other hand, the price of imports of critical importance to West Africa also rose. The high prices of imported food items such as rice threatened to undermine efforts to reduce poverty in a subregion already facing severe drought, especially in the Sahel region. While the price of oil benefited exporters in the subregion in 2011, oil importers faced high import bills, with spillover effects to food and transport costs. As a result, macroeconomic instability in the form of inflation and fiscal deficits has intensified.

116. Looking ahead to 2012, the subregion is expected to remain on its high growth trajectory, supported by continuing high primary commodities and accommodative fiscal and monetary policies, especially in countries where budget deficits and public debts are low, and where the inflation is not threatening macroeconomic stability. However, there are severe downside risks to this expected high growth. These risks include how a combination of external and internal developments pans out. Externally, continuous weaknesses in developed economies will impact negatively on certain commodity prices, as well as on capital flows to ECOWAS countries. Internally, it will be critical to find short and long term solutions to the vulnerability to drought and other climate change issues so as to avoid humanitarian tragedy and worsening poverty.

West Africa must also address the underlying factors that expose it to constant political governance slippages.

117. On the social front, while the subregion has enjoyed relatively good economic growth rates in recent years, this growth has not made a serious dent on social indicators. Indeed, most of the subregion's growth was generated by industries that are not labor-intensive, such as oil, minerals, and telephony. The greater contribution by the agricultural sector stemmed from a better rainy season and buoyant agricultural commodity prices, rather than from structural reforms for sustainable high performance of the sector. In the event, dire poverty and joblessness remain rife, with the latter affecting the youth particularly hard. The low employment content and poor social outcomes of West Africa's growth are the result of lack of meaningful economic diversification and continued heavy dependence on commodity production and exports. This highlights the need for promoting economic transformation for West Africa to accelerate and sustain growth in order to raise incomes, create employment, and eliminate extreme poverty. Some of the specific measures are summarized in the next few paragraphs.

118. First, for the MDGs and other social development goals to be attained, West African countries must find ways to translate economic growth into meaningful job creation and social development. This can be done by implementing several broad actions, including: strengthening the mainstreaming of social development objectives in national growth and development strategies with adequate budgetary allocations to achieving the MDGs; promote active private sector and NGO involvement in efforts to achieve social development goals; and improve national capacity to monitor and report on MDGs and other social development goals, including strengthening national statistical systems. West African countries must also focus on the social development indicators in which they lag behind other subregion.

119. Second, given the uncertain international economic and business environment projected for 2012 and 2013, countries in the subregion must promote the manufacturing sector, strengthen international competitiveness, and reduce constraints to long-term, non-resource-based economic development. In this regard, there is continuing need to: improve macroeconomic management; strengthen domestic institutions

and capacity; reduce corruption and misuse of government resources; commit to stable inflation and exchange rates in line with agreed regional convergence criteria; and ensure low real and nominal interests.

120. Third, West African governments should reduce uncertainty surrounding trade policy. They should: reduce high tariff rates; conclude the EPA regional negotiations with the EU; remove non-tariff barriers to trade; and strengthen the implementation of the protocol on free movements of people across the subregion. They should also implement the Common External Tariff in order to boost trade and free movement of agricultural products to facilitate an effective regional market. More efforts to improve governance are needed, including the transparency of the electoral process.

121. Fourth, as part of diversifying the origins and destinations of traded goods and services, West African countries should strengthen the South-South cooperation between West African countries and other emerging countries, in particular, China, Russia, India, and Brazil, given the increasing role of these countries in international development and trade. This cooperation has to generate maximum benefits for member States and the subregion. For example, the ECOWAS-China memorandum of understanding should be strengthened to facilitate the growth and maturity of the regional industrial sector. Furthermore, it is worth stressing that such strengthened cooperation can facilitate the exchange of appropriate technologies among developing countries, thereby reducing adjustment costs.

122. Fifth, economic diversification should be an important medium to long-term strategy for countries of the subregion, in order to minimize the problems associated with focusing on a few sectors. The dependence on rain-fed agriculture and one or two mineral exports is not a sustainable strategy for long-term economic growth and development. In particular, these countries become vulnerable to vagaries of weather, cyclical commodity prices and other factors beyond their control. Efforts should be made towards creating and exploiting value chains in agriculture and mining through strengthening value additions. Value-addition in these sectors will create more jobs locally, increase incomes, boost intra-country trade, and also diversify exports and lift the profile of West African countries in global trade.

123. Sixth, the subregion must meet the infrastructure deficit head on. To support governments' efforts, public-private partnerships must be promoted through the development and implementation of appropriate policy and institutional frameworks. Furthermore, strengthened regional collaborations in infrastructure provision will facilitate the pooling of required capital resources to develop the high-cost infrastructure. The work of subregional institutions such as the West African Gas Pipelines and the West African Power Pool in facilitating interconnectivity will help address these infrastructure bottlenecks. The promotion of renewable energy should be an integral part of the sub regional energy strategy.

124. Seventh, regional initiatives to foster regional integration must be reinvigorated and regional institutions and member States should strive to attain all convergence criteria among the West African states. Beyond regional integration, these criteria have a further benefit of ensuring sustainable economic development within and between member States.

125. Eighth, the promotion of environmentally friendly growth should be intensified in order to sustain development. It is also important for the West African countries to adopt and implement environmentally friendly policies as part of sound and sustainable development strategies. The initiative by the United Nations to launch a Global Green New Deal, led by the United Nations Environment Programme, is noteworthy for its aim to ensure that measures to protect the environment and address climate change also create new economic opportunities, including for trade and investment. Concomitantly, measures to cope with the global economic predicament and resuscitate growth should help preserve the environment and mitigate climate change, including through investments in clean industries and technologies.

126. Ninth, as part of efforts to diversify revenue sources, West African countries must intensify their domestic and regional resource mobilization efforts in order to close the funding gap. In this regard, member States should improve the management of transnational resources such as water-ways, forestry, and fishery, and through policy and action attract more diaspora remittances.

127. Finally, the upheavals in Mali and Guinea demonstrate that the governance gains of the last years cannot be taken for granted. They

must be guarded at all times, lest they retract the social and economic achievements of the last decade or so. The example of Côte d'Ivoire is a case in point, showing how political unrests can undermine not only the country in questions but the entire region through economic and social linkages. The implementation of the ECOWAS Conflict Prevention and Management framework should be strengthened to ensure sustainable peace and stability.

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APPENDIXES

Appendix 1: The Global Real GDP Outlook in Summary (% change from previous year)

Real GDP growth	2009	2010	2011e	2012f	2013f
World	-2.3	4.1	2.7	2.5	3.1
Memo item: world [PPP weight]	-0.9	5.0	3.7	3.4	4.0
High income	-3.7	3.0	1.6	1.4	2.0
Euro Area	-4.2	1.7	1.6	-0.3	1.1
Japan	-5.5	4.5	-0.9	1.9	1.6
United States	-3.5	3.0	1.7	2.2	2.4
Developing countries	2.0	7.3	6.0	5.4	6.0
East Asia and Pacific	7.5	9.7	8.2	7.8	7.8
Europe and Central Asia	-6.5	5.2	5.3	3.2	4.0
Latin America and Caribbean	-2.0	6.0	4.2	3.6	4.2
Middle East and N. Africa	4.0	3.6	1.7	2.3	3.2
South Asia	6.1	9.1	6.6	5.8	7.1
Sub-Saharan Africa	2.0	4.8	4.9	5.3	5.6

Source: World Bank, 2012

Notes: PPP = Purchasing Power Parity, e=estimate, f=forecast

Appendix 2: Real GDP growth rates of ECOWAS Member States

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
AFRICA	5.7	5.2	5.6	5.9	6.2	6.4	5.6	2.5	4.5	5.6
ECOWAS	3.9	7.7	5.6	5.9	5.3	5.7	5.6	5.6	6.8	6.5
UEMOA	1.3	3.4	2.7	4.2	2.9	3.2	3.9	3.1	3.9	3.8
• Benin	4.4	3.9	3.1	2.9	3.8	4.6	5.0	2.7	2.8	3.4
• Burkina Faso	4.6	8.0	4.6	8.6	5.5	3.6	5.2	3.2	5.2	5.8
• Côte d'Ivoire	-1.7	-1.4	1.2	1.7	0.7	1.6	2.3	3.8	**3.0**	**-5.8**
• Guinea Bissau	-7.2	0.3	2.8	4.3	2.1	3.2	3.2	3.0	3.5	4.3
• Mali	4.3	7.6	2.3	6.1	5.3	4.3	5.0	4.5	4.5	5.4
• Niger	5.8	3.8	-0.8	7.4	5.8	3.4	9.6	-0.9	7.5	6.0
• Senegal	1.2	6.7	5.8	5.7	2.5	4.9	3.2	2.2	4.0	4.2
• Togo	-1.3	4.8	2.5	1.2	3.9	2.1	2.4	3.2	3.4	3.7

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
WAMZ	4.6	9.1	6.4	6.4	5.9	6.4	6.1	6.4	7.6	7.2
• The Gambia	1.3	7.4	6.6	0.3	3.4	6.0	6.1	4.6	5.5	5.3
• Ghana	4.5	5.2	5.6	5.9	6.4	6.5	8.4	4.7	6.6	13.6
• Guinea	4.2	1.2	2.3	3.0	2.4	1.8	4.9	-0.3	1.9	4.3
• Liberia	7.8	-1.9	-2.8	1.4	3.1	3.2	3.5	3.6	3.7	3.9
• Nigeria	4.6	9.6	6.6	6.5	6.0	6.5	6.0	6.7	7.9	7.0
• Sierra Leone	6.5	10.7	9.6	7.6	6.0	6.0	4.0	3.2	5.0	5.6
• Cape Verde	5.3	4.7	4.3	5.6	10.1	8.6	6.1	4.0	5.6	5.8

Source: ECOWAS, 2011

Appendix 3: Composition of GDP Growth by Source of Demand

	Public Consumption (%)		Private Consumption		GFCF		Exports		Imports	
Country	**2008**	**2011**	**2008**	**2011**	**2008**	**2011**	**2008**	**2011**	**2008**	**2011**
Benin	8.71	4.86	10.26	4.72	14.54	16.72	12.97	2.39	6.64	4.28
Burkina Faso	20.79	19.7*	66.25	64.2*	33.03	33.3*	12.5	18.2*	33.2	36.1*
Cape Verde	4.4	15.2	8.1	6.7	8.0	-1.0	16.2	4.2	10.5	2.0
Côte d'Ivoire	-	-	81.5+	80.3+	18.54	19.74	-	-	-	-
The Gambia	-	-	-	-	0.3	2.8	23.1	15.2*	33.5	22.2*
Ghana	-	-	-	-	9.9	13.4*	18.7	25.2*	-36.4	-34*
Guinea	-	-	-	-	-	-	-	-	-	-
Guinea Bissau	2**	-29.3	5**	8.9	12**	8.1	0**	11.8	12**	4.1
Liberia	-	-	-	-	-	-	-	-	-	-
Mali	17.6	17.3*	71.6	71*	21.3	21.2*	29.2	25*	43	35.9*
Niger	12.8	-42.3	11.2	10.5	59.5	4.2	27.5	11.1	40.1	-2.6
Nigeria	-	-	-	-	-4.7	1.1	42.7	40.5	-19.2	-22.1
Senegal	5.2	5.4	11.9	4.8	13.9	8.0	13.8	11.2	21.5	11.0
Sierra Leone	14.4	59.6	72.9	61.7	30.1	19.7	16.6	25.8	35.8	44.1
Togo	-	-	99.1+	99.6+	17.67	17.53	-	-	-	-

Note : * 2010, ** 2009, + Aggregate Consumption

Source: WAMA, 2011

Appendix 4: Regional Shares of World Merchandise Trade, 2001 and 2011

Region	Real Export Growth (%)		Real Import Growth (%)	
	2001	2011	2001	2011
North America	16. 1	21.4	23.2	34.3
Western Europe	37.5	37.6	39.6	37.8
Asia	25.7	31.5	22.8	24.6
Latin America	4.8	7.2	6.0	8.1
Africa	2.7	2.1	2.6	2.1
West Africa	0.6	0.5	0.8	0.6

Source: WTO, 2011

Appendix 5: Composition of Regional Exports (Sector % Share in Regional Total)

Region	Agriculture		Minerals		Manufactures	
	2009	2011	2009	2011	2009	2011
North America	13.5	14.7	9.7	13.8	76.8	71.5
Western Europe	12.8	13.9	8.4	11.9	79.8	74.2
Asia	8.2	12.1	10.5	16.2	79.3	71.7
Latin America	23.6	24.6	23.0	46.1	53.4	29.3
Africa	18.4	22.7	62.1	68.1	19.5	9.2
West Africa	12.0	16.4	58.7	63.0	29.3	20.6

Source: WTO, 2011

Appendix 6: Composition of Regional Imports (Sector % Share in Regional Total)

Region	Agriculture		Minerals		Manufactures	
	2009	2011	2009	2011	2009	2011
North America	8.6	9.0	13.8	14.6	77.6	76.4
Western Europe	11.2	10.1	12.5	13.8	76.4	76.1
Asia	12.1	9.7	18.9	20.0	70.0	70.3
Latin America	10.6	12.4	12.4	13.6	77.0	74.0
Africa	18.9	17.7	13.8	15.1	67.3	76.2
West Africa	14.3	13.0	11.7	12.0	74.0	75.0

Source: WTO, 2011

Appendix 7: Average Tariffs by Country

Country	1990 -1995	2000 – 2005	2006 – 2011
Benin	41.0	12.0	15.6
Burkina Faso	21.0	12.0	6.9
Cape Verde	15.2	-	11.2
Côte d'Ivoire	22.9	12.0	13.1
The Gambia	12.9	10.3	14.8
Ghana	16.7	14.6	8.6
Guinea	11.9	-	11.9
Guinea Bissau	15.2	17.2	10.7
Liberia	11.7	12.3	15.6
Mali	12.9	10.7	8.4
Niger	16.4	14.3	9.1
Nigeria	33.7	30.0	10.0
Senegal	13.3	12.0	8.4
Sierra Leone	30.3	-	13.6
Togo	15.0	12.0	13.9

Source: WTO, 2010, and African Development Bank, 2011

Appendix 8: Share of External Trade Balance in GDP in ECOWAS, 2005-2011 (%)

Country	2005	2006	2007	2008	2009	2010	2011
Benin	-12.6	-11.3	-15.3	-13.6	-14.3	-12.5	-12.2
Burkina Faso	-15.6	-15.3	-	-	-	-12.4	-10.5
Cape Verde	-32.9	-35.6	-38.0	-39.2	-41.8	-41.5	-37.6
Côte d'Ivoire	7.5	10.3	5.9	7.7	8.0	8.6	9.5
The Gambia	-22.8	-17.5	-16.3	-18.6	-19.7	-13.2	-12.6
Ghana	-25.3	-15.5	-16.3	-19.5	-10.8	-3.1	-2.0
Guinea	-1.3	-3.3	-4.6	-5.3	-4.7	0.3	-3.0
Guinea Bissau	-	-	-	-	-	-32.9	-24.5
Liberia	-14.0	-54.6	-162.5	-141.5	-	-138.5	-124.7
Mali	-11.7	-8.1	-9.4	-	-	-6.8	-8.3
Niger	-9.2	-	-	-	-	-	-14.5
Nigeria	15.5	15.1	15.1	12.3	8.7	10.3	14.6
Senegal	-15.6	-17.5	-22.3	-26.6	-19.9	-12.4	-8.5
Sierra Leone	-12.9	-7.6	-7.0	-13.0	-12.8	-3.1	-4.5
Togo	-16.9	-19.5	-20.5	-	-7.2	-9.6	-8.5

Source: WTO, 2011

Appendix 9: Number of Countries that met the Convergence Criteria in ECOWAS

	2005	2006	2007	2008	2009	2010	2011
Budget Deficit/GDP	5	6	8	7	3	4	2
Inflation	9	9	7	1	10	7	10
Gross External Reserves	1	9	9	1	11	10	10
Central Bank Budget Deficit Financing	15	13	15	13	12	12	13
Domestic Arrears	5	6	6	7	8	10	11
Tax Revenue/GDP	2	2	2	2	2	2	2
Salary Mass/Tax Revenue	7	8	9	7	6	4	4
Public Investment/Tax Revenue	6	7	7	7	7	6	10
Real Interest Rate	7	6	6	0	11	7	5
Real Exchange Rate Stability	11	12	13	6	12	10	12

Source: WAMA, 2011

Appendix 10: Agricultural Output and Productivity

	Crop production index		Food production index		Cereal production index (Kilograms per hectare)	
	1990	2009	1990	2009	1990	2009
Benin	53	110	58	116	848	1330
Burkina Faso	62	144	62	136	600	1036
Cape Verde						
Côte D'Ivoire	71	109	73	120	887	1724
Ghana	43	156	46	155	5411	7201
Guinea	71	133	72	133	1455	1711
Guinea Bissau	72	120	73	122	1531	1422
Liberia	71	115	88	131	1029	1553
Mali	68	162	79	183	726	1588

	Crop production index		Food production index		Cereal production index (Kilograms per hectare)	
	1990	2009	1990	2009	1990	2009
Niger	64	210	61	186	310	489
Nigeria	60	134	60	135	1148	1598
Senegal	72	130	73	134	795	1135
Sierra Leone	127	204	121	201	1202	989
The Gambia	55	114	60	117	1004	1053
Togo	71	109	74	132	747	1136
Latin America	75.8	128.1	71.2	131.2	2089	3282
East Asia	69.9	133.1	62.7	135.1	3795	4843
South Asia	78	119.3	74.5	122.7	1926	2628

Source: FAO, 2011

Appendix 11: Population Dynamics

Country	Population			Average annual population growth		Population age composition (%)			Dependency ratio (%) of working age population	
	(million)			(%)		Ages 0-14	Ages 15 -64	Ages 65 +	Young	Old
	1990	2009	2015	1990-2009	2009-2015	2009	2009	2009	2009	2009
Benin	4.8	8.9	10.6	3.3	2.9	43	54	3	80	6
Burkina Faso	8.8	15.8	19	3.1	3.1	46	52	2	90	4
Cape Verde										
Côte D'Ivoire	12.6	21.1	24.2	2.7	2.3	41	55	4	73	7
Ghana	15	23.8	26.6	2.4	1.8	38	58	4	66	6
Guinea	6.1	10.1	11.8	2.6	2.7	43	54	3	79	6
Guinea Bissau	1	1.6	1.8	2.4	2.3	43	54	3	79	6
Liberia	2.2	4	4.8	3.2	3.2	43	54	3	79	6
Mali	8.7	13	15.4	2.1	2.8	44	54	2	83	4
Niger	7.9	15.3	19.1	3.5	3.7	50	48	2	104	4

Country	Population			Average annual population growth		Population age composition (%)			Dependency ratio (%) of working age population	
	(million)			(%)		Ages 0-14	Ages 15 -64	Ages 65 +	Young	Old
	1990	2009	2015	1990-2009	2009-2015	2009	2009	2009	2009	2009
Nigeria	97.3	154.7	178.7	2.4	2.4	43	54	3	78	6
Senegal	7.5	12.5	14.5	2.7	2.4	44	54	2	81	4
Sierra Leone	4.1	5.7	6.6	1.8	2.3	43	55	2	79	3
The Gambia	0.9	1.7	2	3.4	2.5	42	55	3	77	5
Togo	3.9	6.6	7.6	2.7	2.3	40	57	4	71	6
Latin America	435.6	572.5	606.9	1.4	1	28	65	7	43	10
East Asia	1599.6	1943.8	2035.8	1	0.8	23	70	11	28	16
South Asia	1128.7	1567.7	1706.5	1.7	1.4	32	63	5	51	7

Source: World Bank, 2011

Appendix 12: Poverty and Income Distribution in West Africa

	Share of population below PPP $1.25 a day (%)		Poverty gap ratio at PPP $1.25 a day (%)		Share of population below PPP $2 a day (%)		Poverty gap ratio at PPP $2 a day (%)	
Country	**2000**	**2011**	**2000**	**2011**	**2000**	**2011**	**2000**	**2011**
Benin	47.3	22.4	15.7	7.0	75.3	67.1	33.5	18.7
Burkina Faso	56.5	30.2	20.3	16.2	81.2	70.1	39.3	21.0
Cape Verde	-	21.0	17,4	6.1	42.3	27.8	16.3	8.1
Côte d'Ivoire	24.1	7.5	14.1	7.5	72.0	44.3	32.1	14.9
The Gambia	34.3	12.1	12.1	5.8	56.7	31.0	27.1	13.7
Ghana	30.0	14.4	18.0	10.6	79.5	42.7	24.8	16.8
Guinea	40.2	**43.3**	21.7	15.0	81.0	61.7	41.0	26.5
Guinea Bissau	52.1	48.8	16.5	7.9	79.2	60.4	34.8	19.5
Liberia	-	70.7	50.6	40.8	98.3	89.6	68.4	51.2
Mali	86.1	51.4	36.8	18.8	83.1	68.0	46.5	26.9

	Share of population below PPP $1.25 a day (%)		Poverty gap ratio at PPP $1.25 a day (%)		Share of population below PPP $2 a day (%)		Poverty gap ratio at PPP $2 a day (%)	
Country	**2000**	**2011**	**2000**	**2011**	**2000**	**2011**	**2000**	**2011**
Niger	78.2	43.1	26.5	9.9	85.8	72.4	45.8	25.2
Nigeria	68.5	64.4	35.7	22.3	85.6	72.5	48.7	28.0
Senegal	54.1	33.5	21.2	9.8	65.8	55.4	37.0	20.5
Sierra Leone	62.8	53.4	20.3	8.2	77.9	59.0	40.5	31.0
Togo	-	38.7	22.9	8.7	74.6	53.4	33.9	22.1

Source: World Bank, 2011

Appendix 13: Education Efficiency in West Africa

	Gross intake ratio in first grade of primary education		Transition rate to secondary education	
	% of relevant age group		% of relevant age group	
Country	**Male 2009**	**Female 2009**	**Male 2008**	**Female 2008**
Benin	161	152	-	-
Burkina Faso	90	83	56	51
Cape Verde				
Côte D'Ivoire	77	67	47	45
Ghana	109	111	91	92
Guinea	106	96	50	40
Guinea Bissau	-	-	-	-
Liberia	117	107	64	60
Mali	102	89	72	68
Niger	97	83	56	62
Nigeria	102	83	44	44
Senegal	96	102	62	57
Sierra Leone	201	182	-	-
The Gambia	91	96	83	83
Togo	105	102	66	58
Latin America	-	-	-	-
East Asia	105	107	-	-
South Asia	126	117	80	80

Source: World Bank, 2011

Appendix 14: Health Indicators in West Africa, 2011

	Life expectancy at birth (years)		Share of GDP (%)		Share of Health Expenditure (%)		Health Expenditure per capita ($) 2011
Country	Male	Female	Public	Private	Public	Private	
Benin	64.3	67.5	2.4	2.0	54.9	45.1	32.7
Burkina Faso	54.0	56.8	4.1	2.5	61.4	38.6	39.6
Cape Verde	69.4	77.2	3.0	1.4	73.0	27.0	145.8
Côte d'Ivoire	57.8	60.5	1.4	4.2	19.8	80.2	56.4
The Gambia	55.8	58.0	3.2	3.3	50.0	50.0	27.4
Ghana	56.0	58.6	3.4	4.0	46.0	54.0	46.2
Guinea	57.3	61.5	1.3	5.2	16.2	83.8	19.0
Guinea Bissau	46.8	50.1	1.8	4.9	26.6	73.4	18.9
Liberia	57.8	60.5	6.0	8.6	39.4	60.6	30.2
Mali	49.7	50.2	2.9	3.1	48.9	51.1	39.5
Niger	52.1	53.7	3.8	2.9	37.6	62.4	70.2
Nigeria	48.7	50.1	2.6	3.9	43.9	56.1	49.5
Senegal	55.4	58.5	3.4	2.8	77.1	22.9	59.6
Sierra Leone	47.4	50.1	1.6	13.5	9.2	90.8	44.8
Togo	62.0	65.6	2.2	4.6	19.9	80.1	30.0

Source: IMF, 2011(b)

Appendix 15: Access to Basic Health Services

	Access to Health Services			Access to Health Services		
	Total	Urban	Rural	Total	Urban	Rural
	2006			2008		
	(%)			(%)		
Benin	65	78	57	75	84	69
Burkina Faso	72	97	66	76	95	72
Cape Verde	80	86	73	84	85	82
Côte d'Ivoire	81	98	66	80	93	68
The Gambia	-	-	-	92	96	86
Ghana	80	90	71	82	90	74
Guinea	70	91	59	71	89	61
Guinea Bissau	57	82	47	61	83	51
Liberia	64	72	52	68	79	51
Mali	60	86	48	56	81	44
Niger	42	91	32	48	96	39
Nigeria	47	65	30	58	75	42
Senegal	77	93	65	69	92	52
Sierra Leone	53	83	32	49	86	26
Togo	59	86	40	60	87	41

Source: African Development Bank, 2011

Appendix 16: Access to Clean Water

	Access to Health Services			Access to Health Services		
	Total	Urban	Rural	Total	Urban	Rural
	2006			2008		
	(%)			(%)		
Benin	65	78	57	75	84	69
Burkina Faso	72	97	66	76	95	72
Cape Verde	80	86	73	84	85	82
Côte d'Ivoire	81	98	66	80	93	68
The Gambia	-	-	-	92	96	86
Ghana	80	90	71	82	90	74
Guinea	70	91	59	71	89	61
Guinea Bissau	57	82	47	61	83	51
Liberia	64	72	52	68	79	51
Mali	60	86	48	56	81	44
Niger	42	91	32	48	96	39
Nigeria	47	65	30	58	75	42
Senegal	77	93	65	69	92	52
Sierra Leone	53	83	32	49	86	26
Togo	59	86	40	60	87	41

Source: African Development Bank, 2011

Appendix 17: Gender Issues in West Africa

	Ratio of girls to boys in primary & secondary school (%)		Ratio of literate young women to men (% ages 15-24)		Women in national parliament (% of total seats		Share of women employed in the non agricultural sector (%)	
	2001	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**
Benin	65.0	85.9-	43.0	68.9	6.0	10.8	5.9	13.6
Burkina Faso	70.2	86.2	34.7	56.9	8.1	16.4	16.0	32.1
Cape Verde	73.0	104.3	41.9	72.5	45.3	102.2	30.1	45.2
Côte d'Ivoire	69.3	97.6	73.6	84.6	6.0	28.9	8.9	21.6
The Gambia	81.6	92.6	65.4	85.9	2.0	10.0	14.3	32.1
Ghana	89.7	96.0	86.2	97.6	10.3	21.9	31.7	43.2
Guinea	62.5	78.1	-	79.5	9.0	18.5	24.5	38.9
Guinea Bissau	65.8	73.9	52.5	79.1	9.0	15.4	25.2	46.2
Liberia	71.9	83.4	74.8	114.9	8.6	32.5	13.4	38.3
Mali	70.3	89.5	56.0	83.1	12.2	15.4	17.3	25.8
Niger	65.8	76.9	58.7	78.0	1.1	12.8	24.1	45.9
Nigeria	80.2	102.5	64.9	87.4	15.9	30.2	35.8	56.8
Senegal	81.9	109.5	52.8	75.7	12.0	24.9	37.9	40.4
Sierra Leone	54.0	78.4	51.6	71.8	9.0	13.6	12.0	25.8
Togo	50.2	69.6	76.0	89.3	0.7	11.3	41.0	64.2

Source: African Development Bank, 2011

Appendix 18: ICT Indicators in ECOWAS, 2010

	Land Lines (per 100 people)		Mobile Telephone Subscribers (per 100 people)		Internet Users (per 100 people)	
	2008	**2009**	**2008**	**2009**	**2008**	**2009**
Benin	1.39	1.4	43.17	56.3	2.01	2.2
Burkina Faso	0.85	1.1	17.91	20.9	0.98	0.8
Cape Verde	14.18	14.3	54.68	77.5	20.28	29.7
Côte d'Ivoire	1.71	1.3	50.22	63.3	3.17	4.6
The Gambia	3.06	2.9	73.01	84.0	7.14	7.6
Ghana	0.63	1.1	50.45	63.4	4.35	5.4
Guinea	0.49	0.2	25.46	55.7	0.88	0.9
Guinea Bissau	0.27	0.3	29.81	34.8	0.72	2.3
Liberia	0.06	0.1	21.06	21.3	0.58	0.5
Mali	0.57	0.6	22.38	28.8	0.86	1.9
Niger	0.17	0.4	11.90	17	0.57	0.8
Nigeria	0.87	0.9	41.70	47.2	7.28	28.4
Senegal	1.85	2.2	41.95	55.1	7.94	7.4
Sierra Leone	Na	0.6	15.31	20.4	0.21	0.3
Togo	1.75	2.7	27.22	33.1	6.16	5.4

Source: ITU, 2011

Appendix 19: Ranking of Countries by Major Indicators of Doing Business, 2011

Country	SB	CP	RP	GC	PI	PT	TB	EC	CB
Ghana	99	151	36	48	44	78	89	45	129
Cape Verde	120	89	104	152	132	100	55	38	183
Nigeria	110	167	179	89	59	134	146	97	99
Sierra Leone	61	166	169	128	28	159	136	144	149
The Gambia	115	80	121	138	173	176	87	67	121
Burkina Faso	119	77	118	152	147	148	175	108	100

Country	SB	CP	RP	GC	PI	PT	TB	EC	CB
Senegal	101	117	167	152	167	170	67	148	79
Mali	117	87	88	152	147	159	154	133	106
Liberia	64	135	176	138	147	84	136	166	148
Togo	169	152	158	152	147	157	93	151	84
Côte d'Ivoire	172	165	151	152	154	167	127	177	118
Benin	157	125	129	152	154	144	174	138	183
Niger	159	162	84	152	154	167	127	177	118
Guinea Bissau	183	103	175	152	132	133	117	139	123
Guinea	181	171	166	168	173	173	129	164	183

Where: SB - Starting a Business; CP - Dealing with Construction Permit; RP - Registering Property; GC - Getting Credit; PI - Protecting Investors; PT - Paying Taxes; TB - Trading across Borders; EC - Enforcing Contract; CB - Closing a Business

Source: Transparency International, 2012

Appendix 20: Real GDP growth rates of ECOWAS Member States

	2009	2010	2011e	2012f	2013f
AFRICA	**2.5**	**4.5**	**4.8**	**5.3**	**5.6**
UEMOA					
• Benin	2.7	2.8	3.4	4.3	4.8
• Burkina Faso	3.2	5.2	5.8	5.2	5.4
• Côte d'Ivoire	3.8	3.0	-5.8	4.9	5.5
• Guinea Bissau	3.0	3.5	4.8	4.7	5.0
• Mali	4.5	4.5	5.4	5.1	5.9
• Niger	-0.9	7.5	6.0	8.5	6.8
• Senegal	2.2	4.0	4.2	4.4	4.4
• Togo	3.2	3.4	3.7	6.7	6.9
WAMZ					
• The Gambia	4.6	5.5	5.3	5.4	5.8
• Ghana	4.7	6.6	13.6	9.0	8.0
• Guinea	-0.3	1.9	4.3	4.5	5.0
• Liberia	3.6	3.7	3.9	-	-
• Nigeria	6.7	7.9	7.0	7.1	7,4
• Sierra Leone	3.2	5.0	5.6	44.0	13.0
• Cape Verde	4.0	5.6	5.8	6.4	6.6

Source: IMF, 2011

Appendix 21: Convergence Criteria for the Economies of West Africa

UEMOA	WAMZ	ECOWAS
PRIMARY CRITERIA		
• Ratio of basic budget balance to nominal GDP (key criterion) ≥ 0 %; • Average annual inflation rate: ≤ 3% per annum; • Ratio of outstanding domestic and foreign debt related to nominal GDP ≤ 70%; • Arrears in payment: - Domestic arrears in payment: non cumulative arrears for the current operating period - Arrears in foreign payment: non-accumulation of arrears for the current operating period.	- Budget deficit, excluding grants as % of nominal GDP ≤ 4% - Inflation rate (end period) < 10% - Central Bank Financing of budget deficit in relation to previous year's tax revenue ≤ 10% - Gross reserves (in months of imports) ≥ 3 months	• Average annual rate of inflation ≤ 5%) • Budget deficit as % of nominal GDP (excluding grants) ≤ 4%) • Central Bank financing of the budget deficit in relation to previous year's tax revenues ≤ 10%) • Gross external reserves ≥ 6 months
SECONDARY CRITERIA		
• Ratio of wage bill to tax revenue: ≤ 35 %; • Ratio of public investment funded by domestic resources in relation to tax revenues ≥ 20%; • Ratio of current foreign deficit in relation to nominal GDP ≤ 5% ; • Tax ratio (*) ≥ 17%.	- Tax revenues as a % of GDP ; ≥ 20% - Wage bill as a % GDP ; ≤ 35% - Domestically financed public investment as a % of tax revenue ; ≥ 20% - Real interest rate ; > 0 - Nominal exchange rate; +/- 15% - Non accumulation of arrears	• Ratio of the wage bill to tax revenue ≤ 35% • Ratio of public investment funded by domestic resources in relation to tax revenue ≥ 20% • Tax ratio ≥ 20% • + Real Interest Rates: • Real Exchange Rate Stability • Domestic arrears (no new accumulation and liquidation of all outstanding ones)

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The year 2012 was characterized by an extremely uncertain global and subregional economic climate, and a volatile political setting in West Africa. This raises the challenges for the calibration of a policy advice given the changing economic circumstances in the world economy and their ever-shifting implications for West Africa. During the same year, and just before the advent of military events in Mali and Guinea-Bissau, the West African region was poised for economic consolidation. The speed with which the political fallout in those latter two countries is resolved will determine the depth of socio-economic progress in 2012 and beyond.

West Africa must diversify to address its economic vulnerabilities. Thus, to inoculate itself from trade shocks, the subregion must diversify the origins and destinations of its traded goods; and furthermore preserve possession of good governance that demands an ever acute vigilance. The global output growth slowed down in 2011 and recent forecasts for 2012 and 2013 show anemic growth for different regions of the world due to the continuing economic fallout in the Euro zone. Given the interdependence of trade, financial and resource flow, the developing countries have not been immune from developed countries' economic crisis, dimming the growth prospects for 2012 and beyond.

Concerning policy harmonization, some progress has been recorded. Mainly, some achievements are noted about women empowerment and gender equality, with several ECOWAS countries achieving some 20-30 per cent or more participation of women in parliament. Despite these strides, the African Union target of 50 per cent parliamentary representation by women is still out of sight.

The ECA sub regional office for West Africa (SRO-WA), based in Niamey (Niger), covers 15 countries, all member States of the ECOWAS. These member States served by the SRO-WA are: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, the Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.

The ECA/SRO-WA enables the Commission to translate its normative and analytical work into operational activities at Sub Regional Office for West Africa level. The Office activities are directed towards strengthening cooperation and sub-regional integration within the framework of NEPAD and internationally-agreed goals, including those set out in the Millennium Declaration. In addition, ECA/SRO-WA coordinates the position of members States on a broad spectrum of socio-economic development issues.

The Office also works in close partnership with Regional Economic Communities (RECs), particularly, the Economic Community of West African States (ECOWAS) and UEMOA (West African Economic and Monetary Union) as well as sectoral intergovernmental bodies, the private sector and civil society organizations.

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