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REPORT ON THE ECONOMIC AND SOCIAL CONDITIONS IN WEST AFRICA IN 2008 AND 2009



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Part one

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Executive Summary

The Report on Economic and Social Conditions in West Africa in 2008 and 2009 shows that the performance of the countries in the sub-region has been seriously affected by the severe crisis in which the world economy has been mired since end-2007. As a result of this global crisis, world production contracted by 2.6% in 2009, after four years in which average annual growth stood at over 4.5 %.

Over the past few years, the countries of West Africa have maintained steady growth, driven by the combined effect of strong international demand for primary products and domestic reforms. That performance which was still considerably below the 7% target required to effectively fight poverty in the context of the Millennium Development Goals (MDGs) is now being undermined by the effects of the global financial, food and energy crises of the last two years. In fact the decline in international prices and demand for primary products, the contraction of inflows of foreign direct investment, development aid and worker's remittances are beginning to be felt. According to the most recent projections, with this new dynamic, annual growth in West Africa in 2009 is set to average 3.2%, compared to 5.5% for the previous five years. This will have adverse social effects and could well halt the countries' progress towards the millennium development goals.

On the other hand, however, these crises have served to highlight one of the paradoxes in the development pattern of the sub-region, one that is replete with water and land resources but depends on foreign sources to meet its food requirements. The agriculture sector, a veritable growth niche accounting for nearly 25% of GDP and providing over 60% of jobs, deserves to be at the centre of development strategies at national and sub-regional levels. This is why the report recommends that efforts should be refocused on the primary sector to generate long-run multiplier effects on the countries' economies. To do this, Member States must begin by making food self-sufficiency an issue of national sovereignty in order to boost availability of and access to food staples and to maintain price stability. They would also be able to intensify the development of their agri-industrial sectors, expand their production base and their intersectoral linkages, and diversify their exports.

The countries underperformed this past year as a result of the energy crisis, and this was most marked in the industrial sector where repeated power outages took a heavy toll.

In the social sector, youth unemployment and underemployment pose a major problem in West Africa. Declining productivity and a lack of productive inputs and incentive measures in the primary sector (where the vast majority of people are employed), continue to fuel the rural exodus of young people. This, coupled with the embryonic industrial sector and its low labour-absorptive capacity, aggravates youth unemployment and underemployment. It also underlines the informal nature of West African economies, most striking in the hypertrophy of the tertiary sector where young graduates and other vulnerable groups seeking work find refuge.

With respect to public finance, the situation in West African countries is that, in general, budget income is not adequate to finance operating costs or provide the huge capital expenditure outlay needed to combat poverty. This situation was considerably worse in 2008 when governments had to draw heavily on the public purse to temper the effects of inflationary shocks triggered by high food and energy prices. This was in addition to the challenges inherent in political and economic governance that have defied solution despite laudable efforts over the past years.

Continued efforts to foster a healthy political environment and consolidate peace will also be crucial to ensure that Member States make judicious use of their economic potential. The democratic successes that have been recorded and the reconstruction efforts in conflict-emerging countries are to be commended. Equally commendable is the prospect of elections in Cote d'Ivoire in 2009 and the role played by the ECOWAS Commission in the recent crisis in Guinea and Guinea Bissau is also praiseworthy.

INTRODUCTION

1. The report on economic and social conditions in West Africa is a flagship publication that the ECA Sub-regional Office for West Africa prepares every year and presents to the Intergovernmental Committee of Experts (ICE) from the sub-region. It provides data and baseline information on recent development policy with the aim to stimulate wide debate among the Member States, intergovernmental organisations and actors in development. The report makes recommendations, which the principal partners assembled within the Intergovernmental Committee of Experts from West Africa will discuss and improve upon, to identify the opportunities, but also the risks, for the countries and the sub-region, and the improvements they must make to their development policies and programmes.
2. This year's report is set against the background of a difficult international context as the food crisis of 2008 grows even more acute, exacerbated by the lingering financial crisis that has triggered a recession in several of the industrialised countries. Because of the economic, financial and commercial relations between the countries of West Africa and the rest of the world, the sub-region has not escaped the fallout from these developments. More than anything, the situation presents a new challenge to which ECOWAS Member States must respond individually and collectively.
3. West African countries possess natural, mineral, water and human resources in proportions that cannot be reconciled with their low level of development. Gold is found in Ghana and Mali, diamond in Sierra Leone, Ghana and Guinea, uranium in Niger, bauxite in Guinea and Sierra Leone, petrol in Nigeria, and iron ore in Nigeria, Sierra Leone and Liberia. There is limestone in Benin, Nigeria and Sierra Leone, and colombine and tin in Nigeria and in Guinea. Several watercourses run through the sub-region, including major rivers: the Niger, Senegal and Gambia, and Lake Volta. West Africa also produces agricultural raw materials, the bulk of which is traded on the international market. Cotton is produced primarily in Mali, Burkina Faso and Benin, rubber in Liberia, cocoa and coffee in Ghana, and in Cote d'Ivoire. Progress made in education has endowed the countries with graduates and they boast an increasingly qualified workforce.
4. Still, and in spite of the efforts deployed, the performance of the countries in the sub-region, in terms of development, is below expectations. For example, eleven of the fifteen nations in the

zone are ranked among the least developed countries. Need one recall the rampant poverty and disease or the recent armed conflicts that constitute yet more challenges needing attention? To this catalogue of constraints can now be added the negative fallout from the international economic crisis, requiring these countries to show greater discipline and redouble efforts to improve both macroeconomic management and the way that they design and implement development policies and programmes.

5. This report therefore fits into the increasing momentum for finding options for maximizing the development efforts being made by the countries and the sub-region, in light of the recent global occurrences. Accordingly, before analyzing the situation in the sub-region, the report first reviews international trends to highlight their implications for West Africa.
6. The report is in two parts. Part I looks at recent economic developments in West Africa and prospects for 2009 and Part II discusses food security in West Africa. The first part has been prepared based on data derived from ECOWAS, the West African Economic and Monetary Union (UEMOA), the International Monetary Fund (IMF), the United Nations Department of Economic and Social Affairs (UNDESA), and the Member States. It is sub-divided into two chapters. Chapter (1) is on the international environment and examines recent global economic performance and the impact on the economies of the sub-region. Chapter (2) outlines recent developments in the economic situation of West Africa and prospects for 2009. This first part of the report also features a session on the conclusions and recommendations, which identifies not only the opportunities open to the countries and the sub-region but also the challenges they must overcome to give more weight to their development actions.
7. The theme chosen for the second part of the report is that of food security and reflects the Bureau's efforts to alert the sub-region's leaders to the need to coordinate their activities if they are to mitigate the effects of the international crisis. It is particularly vital to bear in mind that the West African countries have been greatly constrained by the food crisis, caused by surging food commodities prices that resulted from the combined effect of climate change, increased global consumption, changing consumption patterns, and low global stocks. In an attempt to mitigate the resultant economic and social consequences, governments have resorted to fiscal and price control measures; these, however, are unsustainable and have limited impact. This is why analysts are increasingly calling for a shift in focus and asking that countries in the sub-region seek to better utilize regional resources by turning attention to the measures they need to take to

ensure individual and collective security. The second part of the report, which is a separate document, attempts to contribute to this discourse.

CHAPTER ONE: INTERNATIONAL ENVIRONMENT

8. The evolutions at global level affect the economic performance of the West African nations given that developed and emerging countries constitute the markets and the financiers for the countries of the sub region. Indeed, the West African economies are exporters of primary commodities into the global market. They also depend on the industrial countries and emerging markets for imports of raw material, consumer products and durable goods. Economic performance in West Africa equally depends on financial flows from developed countries in the forms of remittances, ODA and FDI, although parts of ODA is tied to imports and technical assistance from the aid-giving nations, which, sometimes, raises concerns over their suitability to local priorities. As for FDI, despite recent criticisms over its low impact on unemployment, the environmental degradation, and limited economic and financial return, it is still much needed to build the productive capacity in the West African nations. For these and other reasons, any significant developments in the global scene have direct and indirect impacts on the countries and West Africa as a whole. This is why this chapter reviews recent developments in the world economy and highlights their implications for West Africa.

1.1. Global economic trends

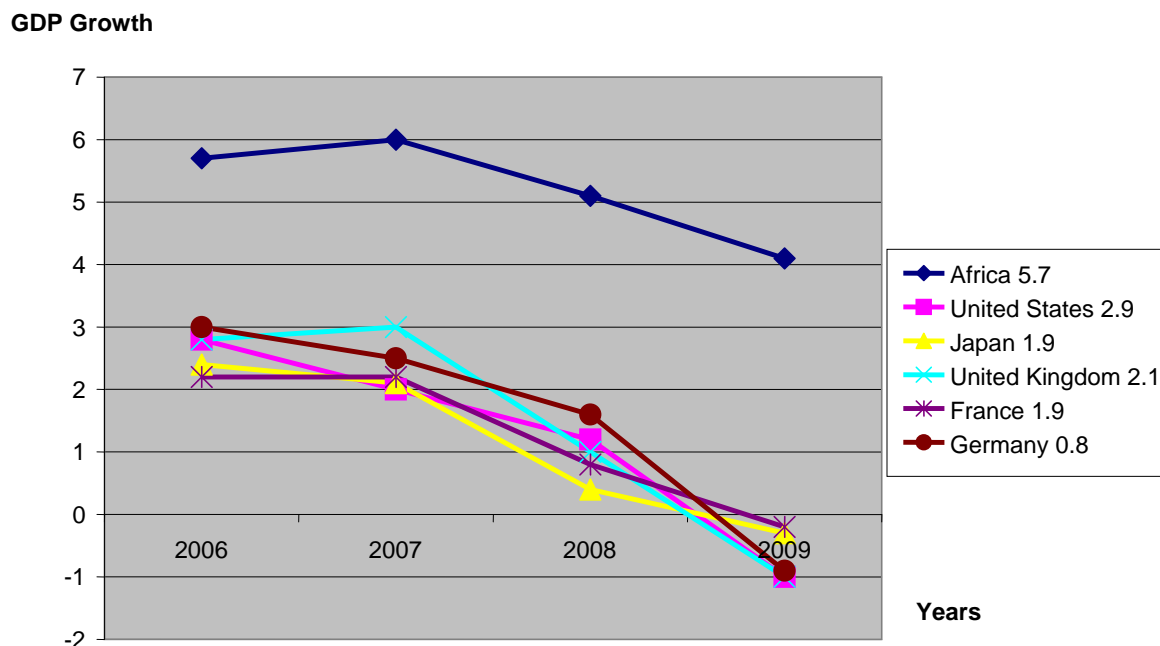
9. After four years of average annual global real GDP growth of more than 4.5%, recent data indicate a decline of the economic performance in the major industrial countries, with the US economy on the verge of outright recession, and a slowdown in other industrial countries mainly in Europe. Indeed, growth has recently slowed across much of the world economy following stronger-than-expected performance during the first and the second quarters of 2008 (IMF, 2008, UN/DESA, 2008). As a result, the global real GDP growth has declined from 5% in 2007 to 3.75% in 2008. The downward trend is likely to continue in 2009 with the growth rate projected to further decelerate to 2% that marks the borderline of global recession.
10. This slowdown is mostly associated with a decline of the demand of the US economy, which is pronounced and may be extended over a considerable period. Growth of world trade decelerated to 4.4% in early 2008, down from 6.3% in 2007, mainly owing to a decline in imports of the United States. United States imports, which account for about 15% of the world total, have registered a decline in each quarter since the fourth quarter of 2007 and dropped as steeply as 7% in the second quarter of 2008.

11. Surging commodity prices, particularly those for oil and food, boosted global inflation in 2008, leaving consumer price inflation at its highest level in a decade. Inflation was markedly higher in developing economies and economies in transition than in the developed economies. In the second half of 2008, however, inflationary pressures dissipated rapidly following the steep fall in world commodity prices and weakening demand worldwide. The projected economic downturn is expected to weaken inflationary pressures further in 2009. World consumer price inflation measured on a 12-month basis will fall below the recent high of over 6% but remain above 4% through 2009. Economic policies, therefore, will generally face the dual challenges of ensuring that inflation returns to acceptable rates within reasonable time horizons and of guarding against unnecessarily deep and prolonged slowdowns in output growth.
12. The employment situation is expected to deteriorate in most regions during 2009 and much of the employment gains could be lost because of the global economic slowdown. Employment began to change course in many economies in the second half of 2008, with unemployment rising rapidly in some countries (the United States) as lower consumption, production and trade started to have an adverse impact on the demand for labour.
13. For most emerging-market nations, growth will also slow somewhat from 7.4% in 2007 down to 5.7% in 2009 as a result of declining domestic demand associated with tighter policies to combat rising inflation and lowering exports to industrial countries and other emerging-market countries. However, economic performance in emerging market countries is becoming less dependent on industrial-countries' growth than it was a decade ago (World Bank, 2008).
14. For those emerging-market countries that are mainly importers of primary products, the pull back in global commodity prices should help to contain the slowdown in growth, as well as aid in reducing inflation. In contrast, growth in many commodity exporters will be adversely affected. However, it is assumed that although growth of global demand for most primary commodities will slow down from the rapid pace of recent years, it is unlikely to collapse as it did during some past global recessions.
15. For the industrial countries as a group, real GDP growth in 2008 is estimated to be 1.2%, and growth for 2009 is projected to be moderately negative at about -0.5% (UN/DESA, 2008). In emerging-market economies, circumstances vary and so do appropriate policies, but the general

prospect is for continued quite strong economic growth, despite the slowdown in the industrial countries.

16. The growth trend in some major countries is tilted to the downside as shown in the graph below.

Figure 1: Real GDP growth and projections as of November 2008



Sources: IMF, World Economic Outlook update, November 2008; UN/DESA, based on OECD, Main Economic Indicators and Individual national sources, 2008.

17. The main risk for global growth is that the ongoing turmoil in financial markets would further reduce domestic demand in the advanced economies and create more significant spillovers into emerging market and developing economies. Growth in emerging market economies that are heavily dependent on capital inflows could be particularly affected. In addition, a number of other risks also remain elevated. Monetary policy faces the difficult challenge of balancing the risks of higher inflation and slower economic activity, although a possible softening of oil prices could moderate inflation pressures. Global trade will suffer, and economic activity in the emerging world will also slow down considerably.

18. Although the global economy could gradually start improving in the second half of 2009, the adjustment to a new financial architecture that will take shape in the coming years will be a lengthy process which could put a dampener on economic activity for a long time. The intensification of the financial crisis in the United States, and its widening to major European nations is expected to put a significant toll on economic activity across the high-income countries. Even if confidence in global credit markets is restored quickly, reductions in the finance available for firms and consumers, coupled with a slowdown of global demand have set the stage for a recession, which is likely to last through 2009 in the major economies such as in the United States, Europe, Japan and other nations.

a. United States of America

19. As the world's largest economy and the epicentre of the recent financial turbulence, the United States merits particular attention in the present international context. The rationale for this attention, as well as some understanding of the attendant risks, can be obtained by examining the channels through which events in the US economy can affect the rest of the world. There are mainly two; the trade channel and the financial channel. The latter is more immediate because of cross border financial linkages or integration brought by globalisation. Thus, a drop in asset prices in the US, the epicentre of the financial crisis, because of a recession also leads to lower asset prices in economies where cross linkages are high. The US is also the centre of the world financial system hence the severity of the crisis and the potential knock-on effects to the rest of the world economy is great. The world has experienced the effects of the financial channel in the last few months, with most stock exchanges across the world crashing and some halting trade. There have also been widespread initiatives by developed country central banks to save their financial systems by boosting liquidity. Experts are already predicting a deep and potentially long lasting recession in the developed world.

20. The former (the trade channel) has so far received less attention. This may be due to the fact that unlike the financial channel, the trade channel works with lags and its effects take a while to be felt. Trade constitutes a significant part of the world economy and the level of trade has been rising over the years. In the past few decades global trade flows growth rates have consistently outstripped global GDP growth rates, so global trade to GDP rates have also been rising rapidly. However, this is still concentrated in the stellar performance of relatively few countries, notably China. Despite the formation of the EU and the performance of emerging economies, the

US is still the largest economy in the world on most parameters. The US is the biggest importer in the world and most Asian countries including China whose economies are export driven derive much of their incomes from exports to the US. However, it should be noted that China's GDP growth is substantially driven by domestic investment. Nonetheless, recession prospects in the US will affect China's export incomes. This then affects the ability of China to import from resource rich African countries.

21. Although the US economy has been fragile since 2007, until mid-2008 the major drag had been a slump in the housing sector, while strong external demand and a sizeable fiscal stimulus package had kept the economy growing at a mild pace. The situation deteriorated significantly in the second half of 2008 as the credit crisis intensified dramatically. In response to this financial meltdown, the Government has drastically strengthened its policy stance, including by passing the Emergency Economic Stabilization Act (EESA), which, among other measures, allocated \$700 billion to enable the Government to recapitalize banks. Effective implementation of the EESA, along with further monetary easing, might eventually stabilize financial markets. In the baseline outlook, gross domestic product (GDP) growth is forecast to be -1.0% in 2009, compared with an estimated, still positive, growth of 1.2% for 2008. Risks for a much deeper and longer recession remain high should all the policy measures fail to thaw the credit markets soon
22. This downturn in almost all the economic sectors is affecting job creation. During 2008 job losses had been concentrated in construction and manufacturing, but have now spread to almost all sectors, including services. Unemployment surged to a rate of more than 6% in the second half of 2008, up from the low of 4.5% in 2007. The rate of unemployment is expected to rise to above 7% in 2009.
23. After peaking at an annual rate of 5.6% in mid-2008, headline inflation has been moderating, along with a significant correction in energy and food prices. Core inflation has remained well above 2%, which is perceived as the upper bound of the comfort zone for the Federal Reserve (Fed). However, with the sharp decline in economic activity, with no further increases in commodity prices envisaged and with inflation expectations dropping significantly from late 2008, the outlook for 2009 is for core inflation to drop below 2%.

b. Japan

24. Japan's economic growth has slowed from 2.1% in 2007 to 0.4 % in 2008 (UN/DESA, 2008). This was the lowest growth rates among the advanced economies. The economy is forecast to remain in recession into the first half of 2009 before seeing a return to positive growth rates in the third quarter of 2009. The strengthening of the yen against the dollar in recent months and weakening of exports to the United States, together with slow domestic demand and deteriorating sentiment among Japanese businesses and consumers suggest a further write-down in the forecast for real GDP growth to -0.3 % for 2009. This forecast takes account of three negative influences on Japanese growth: (i) World oil prices are now higher than was earlier assumed and high oil prices exert a negative influence on Japanese economic growth; (ii) Demand growth in Japan's key export markets (including the United States and China) appears likely to be more sluggish than was earlier assumed; (iii) Very sluggish growth in household real incomes and in business expectations of needs to invest in expanding capacity suggest continued weak growth of domestic demand. For all these negative influences, the Japanese policy authorities have little room to provide offsetting stimulus.
25. Overall, consumer prices are being pushed higher by the increase in energy and commodity prices. However, inflation will moderate along with the slowdown of the global economy, lower commodity prices and the appreciation of the yen. In 2008, the inflation rate is estimated at 1.6% and is expected to decelerate to 1.1% in 2009. Ordinarily, this might tempt the Bank of Japan to increase short-term interest rates, but actual and prospective economic weakness could deter such actions.

c. Euro Zone

26. In the euro area, real GDP growth was unexpectedly strong in the first quarter of 2008 due primarily to a better than 5% annualized GDP gain in Germany and a rebound from moderately negative to moderately positive growth in Italy. Economic activity decelerated sharply thereafter, with Germany, France, Italy, and the euro area as a whole all recording negative real GDP growth. Spain experienced its first quarter of negative growth since 1993 and has experienced the sharpest absolute deceleration as from the second quarter of 2008.
27. Because of the moderately strong growth in the first quarter and the carry-over effect from moderately strong growth during 2007, the growth forecast for the euro area in 2008 is reduced only to 1.1% in November 2008 (UN/DESA, 2009). This sluggish performance of

European economies for the final three quarters of 2008 also pulls down the forecasts for year-over-year growth for 2009 which are revised for particular countries as follows: Germany - 0.9%; France -0.2%; Italy -1.0%; Spain -1.8%; the euro area -0.5%.

28. The reasons for the growth slowdown in Europe and the downward revisions in growth forecasts vary considerably from country to country. However, one common element across most countries both inside and outside the euro area is rising inflation and the monetary policy response to it. Overall rates of consumer price inflation (which are the focus of monetary policy across Europe) have escalated significantly over the past couple of years, rising from 2.2% in 2007 to 3.4% in 2008 which is well above the targets of European monetary authorities. In response, monetary policies were tightened to varying degrees by the European Central Bank (ECB), the Bank of England, the Swedish Riksbank, and the Swiss National Bank. If inflation rates come down as expected with the aid of weakening of world commodity prices and if economic growth continues to slow as now expected across most of Europe, it may reasonably be expected that European central banks will ease back on their monetary policies. This should help provide some stimulus to growth by the second half of 2009.
29. On the other hand, unemployment data show a gradual upward trend since the low point of 7.2% for the euro area as a whole in the first quarter of 2008, reaching 7.5% in August and September of 2008. The forecast for 2009 is around 8.1% which is still relatively low, compared to the previous cyclical rate of 9% between 2002 and 2005 (UN/DESA, 2008).
30. The depth of recession in Europe should be comparable to that in the United States, in part because corporate finance in Europe is more reliant on the banking sector but also because lower commodity prices will dampen import demand in the United States.

d. United Kingdom

31. In the United Kingdom, growth in 2008 is estimated to have also slow to slightly less than 2% (IMF, 2008). But this is not entirely unwelcome in view of the need to curb inflationary pressures, and the Bank of England has plenty of room to ease further should that appear warranted.
32. With evidence of significant weakening in the UK economy, difficulties in the financial system (most notably the failure of Northern Rock), and some moderation of inflationary pressures, the Bank of England began to dial back its tight monetary policy in December 2008.

e. Emerging markets

33. In the emerging Asia, growth somewhat slowed in 2008. This trend would remain in 2009 with the growth rate staying above 6%, and India continuing to grow at nearly 8%. China's growth will dip, from 11.3% in 2007 to 10.8% in 2008. India will maintain its position as a major driver of world output, with 9% growth in 2008 versus 8.6% over the last four years, according the IMF.
34. Nevertheless, slower economic growth across a large part of the world, particularly in North America and Europe could curb the rapid rise in China's exports, which has been the engine of its economy. China's economic growth also appears to be moderating because of a cooling off of investment growth, especially in the property sector. This is due partly to the government's efforts to contain a significant rise of inflation and to restrain speculative overinvestment in real estate. As inflation moderates with the aid of falling prices of some key food items, the government may relax some of its recent tightening actions in order to ensure economic growth sufficient to employ an expanding labour force in the non-agricultural sectors of the economy. Growth somewhat below the average pace of the past five years but still in the 9 to 10% range is a reasonable prospect. According to the IMF, China's growth is projected to slow from 10.8% in 2008 to 7.5% in 2009, but the government's recently announced \$586 billion stimulus program may edge China's growth back to 8.5% in 2010.
35. For India, there are also indications that growth is slowing somewhat from the over 9% pace of the past couple of years. The April forecast of year-over-year growth of slightly around 9% still appears to be realistic for 2008. For 2009, some reduction in the growth forecast, down to 8%, is reasonable. This slowing of growth in the Indian economy partly reflects policy efforts to contain and reverse a sharp rise of inflation, which is particularly politically sensitive in India.
36. In the rest of the Asian emerging markets, after a generally solid first quarter, growth has slowed dramatically in the second quarter, with Hong Kong, Singapore, and Taiwan all reporting significantly negative GDP growth and with South Korea continuing to show quite sluggish growth. Declining exports of manufactured products to the industrial countries and China are an important reason for the slowdown. Slowing of domestic demand is also relevant, particularly in Korea.

37. The employment situation in some economies has equally started to show signs of deterioration. Recent statistics for Hong Kong, Singapore and Taiwan show rising unemployment rates from mid-2008. In general, given the decline of economic growth in Asia, unemployment rates for many countries are expected to increase by about 1% point in 2009 over 2008 (UN/DESA, 2008).

Figure 2: Consumer price inflation and projections as of November 2008

Figure 2: Consumer price inflation and projections as of November 2008

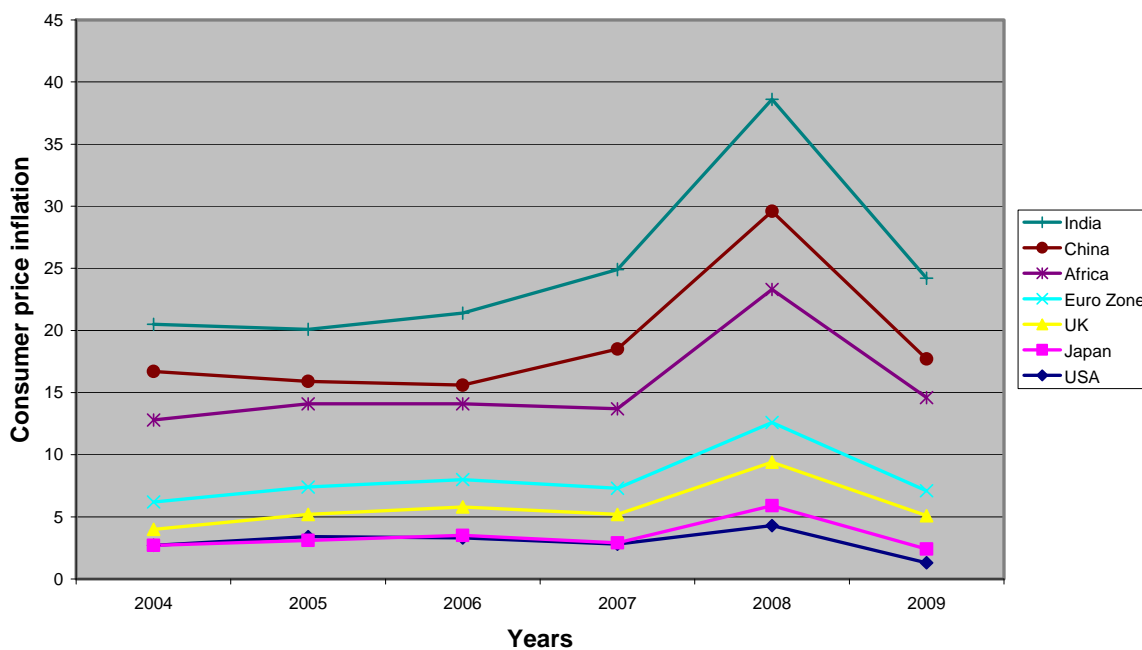
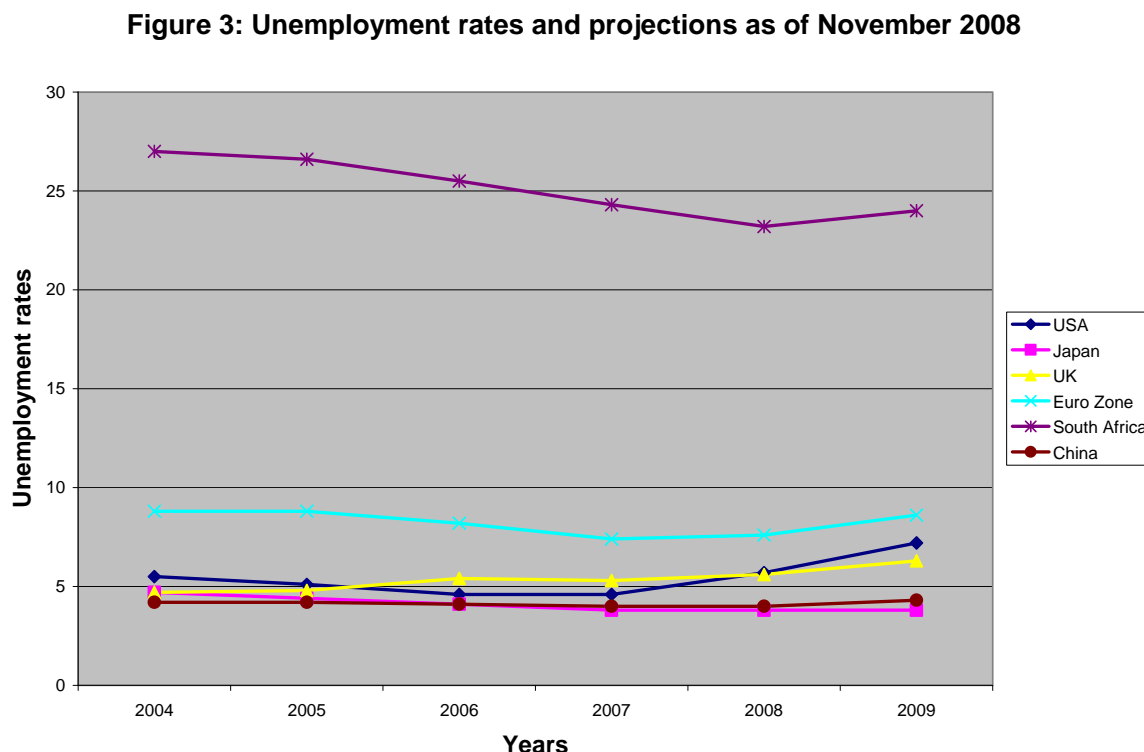


Figure 3: Unemployment rates and projections as of November 2008



1.2 Trends in commodity prices

38. Recent sharp declines in crude oil and food prices mark the end of what has been the most historic commodity price boom of the past century. Like earlier booms, this one was driven by strong global economic growth and has come to an end with the abrupt slowdown in the global economy precipitated by the financial crisis.

39. Between early 2003 and mid-2008, crude oil prices climbed by 320%, and internationally traded food prices by 138% (World Bank, 2008). Almost all commodity prices peaked in early or mid-2008, and most have declined sharply since then. Therefore, the prolonged boom is clearly over, even as the social and human consequences of historic high prices linger. Prices across the board have fallen, giving up much of their earlier gains. However, they still remain a lot higher than they were at the start of the boom and are expected to remain higher than during the 1990s over the next 20 years, owing to biofuel-driven demand for food grains. For the next five years, real food prices worldwide are expected to remain about 25% higher than they were in the 1990s (IMF, 2008).

a. Crude oil

40. Crude oil prices dropped from \$143/bbl in early July 2008 to less than \$50/bbl in mid-November 2008. This price drop stemmed from weaker demand across industrial countries, appreciation of the dollar, and concerns about demand prospects in the wake of financial turmoil. The sharp decline in crude oil prices has also been a significant contributor to declines in other commodities, because these markets are increasingly linked through production costs and through the development of biofuels.

b. cotton

41. The world cotton market is dependent on the New York futures market, which is the principal international tool for hedging price risk and for price discovery. Cotton prices stayed relatively unchanged in the U.S, indicating that stability may be back on markets. This is the result of a combination of factors including slowing global economic growth, financial market uncertainties and anticipated lower demand from developed economies for cotton textiles.

42. Over the years 2007-2008 cotton prices were back above their long-term range of 50-60 cents per lb. As of August 2007 price ranges 68.00-69.25 cents per lb for Ivory Coast, 68.00-69.00 cents per lb for Burkina Faso, 67.75-69.25 cents per lb for Mali and 68.00-68.5 cents per lb for Benin (www.emergingtextiles.com). December 2009 cotton futures prices are currently around 70 to 71 cents per lb. The 2009 crop marketing year will no doubt begin with tighter stocks than it began with in 2008. It is expected that, should the US cotton acres decline further in 2009, the stage would be set for high prices. A pessimistic outlook on 2009 crop prices would be 65 to 70 cents per lb, i.e. little or no improvement from where the market is now. A more optimistic outlook would be 80 to 85 cents or higher.

c. Coffee

43. Total exports of Arabica coffee, according to the ICO, during the first six months of calendar year 2008, fell by 2.8% compared to that in the same period in 2007. Exports during the first half of the 2008 fell in some countries, particularly in Vietnam (- 18.1%), Brazil (-6.1%) and India (-5.5%) compared to their levels in the same period in 2007 (www.ICO.org). Central America production costs are relatively high while in some African countries the coffee industry has experienced difficulties in recent years. Above all opening stocks for crop year 2008-2009 are expected to be at their lowest levels in many years. This situation has led to a price increase

in major coffee markets in the world. The main reason for the price recovery is the cutback in exports from Vietnam, which is experiencing problems related to climatic conditions. In addition, supplies of Robusta from other regions, particularly in Africa, have also been reduced.

1.3. Food commodities

44. World cereal production is estimated to have reached a new record in 2008 as high prices boosted plantings and weather conditions were generally favourable. Production was forecast to be large enough to meet the anticipated utilization and also allow for some replenishment of the much depleted global reserves. This prospect has already led to a sharp drop in international prices of most cereals from their peaks during the first half of 2008. However, the pace and the extent of the price declines, particularly in recent weeks were also influenced by the crisis in global financial markets and falling crude oil prices. These developments have added much uncertainty as to the future of price levels and raised the worrying possibility that plantings for the next season may be negatively affected.
45. It is important to recall that the world harvested a record cereal crop also in 2007 and yet international prices soared and many countries faced severe food crises. The underlying factor behind the price surge in 2007-2008 was the reduction in overall supplies in several exporting countries that had harvested smaller crops, while others restricted exports for fear of food shortages. If prices were to remain depressed in 2008-2009 and plantings for next year are affected, a similar, if not more pronounced, price surge may be witnessed in 2009-2010, unleashing even more severe food crises than those experienced in the current season.

a. Rice

46. Although rice prices in the world market have been falling in recent months, the decline has not always translated to lower domestic prices in importing countries, where they remain, in many cases, well above 2007's level. Nevertheless, an improved supply situation, following abundant 2008 crops, is expected to drive down domestic prices further in 2009 in many producing countries, bringing about improved prospects for consumption. The tightness that dominated the international rice market in the first half of 2008 has been easing since June 2008, when new rice supplies became available from the secondary 2007 crops. The strengthening of the United States Dollar, which gained on average 10% against major currencies between mid-June and mid-October 2008 also contributed to the dip in prices. So far, however, international rice

quotations have held much better than those of wheat or maize and are still more than 78% above their value in October 2007. The slide has been limited so far by policies in place in several exporting countries, in particular export restraints in Egypt and India and government domestic procurement in Thailand (FAO, 2008). It is noteworthy, however, that the steady decline in prices is leading governments to shift their focus from consumers to producers, in sharp contrast with actions taken in the first half of the year, when domestic food inflation was at the centre of their attention. As a result, several of them are actively intervening to sustain farm prices.

47. Rice imports by African countries are expected to be particularly affected in 2009 by the economic downturn. The importation of rice by the region is principally under the control of the private sector, which could well be more exposed to the risks of a global tightening of liquidity than state trading enterprises. As a result, many African countries are expected to cut their imports compared with 2008 even under the prospect of falling international prices. The restoration of import duties in Nigeria could also depress the inflow of rice to West Africa in 2009

b. Wheat

48. Good crop forecasts have kept wheat prices worldwide under downward pressure from the beginning of the season. When 2008 production estimates, pointing to a new world record became firmer, prices started to fall significantly. Confirmation of large export supplies is the removal of world-wide export restrictions, which accelerated the price slide. In recent months, prices were also influenced by developments in the financial markets and growing worries over an economic slowdown that might depress demand. In October, most wheat export prices were nearly 50% below their peaks in March 2008 (FAO, 2008). Prices for all wheat classes continued their free fall during November and into December 2008, reaching the lowest level in nearly 2 year.
49. With prospects for a record 2008-2009 world wheat crop looming over the market, wheat prices are likely to trend lower in the short-term, barring unforeseen production or harvesting problems. The largest expected increases in production among wheat-producing countries are: Canada, up 25%; the European Union, up 17%; the United States, up 16%; China, up 3%; and India, up 1%. In addition, Australia's wheat production is forecast 83% higher than last year's drought-ravaged crop, although several months remain before harvest. Production is expected lower in Argentina, because of reduced plantings due to political problems.

1.4. Implications for the West African economies

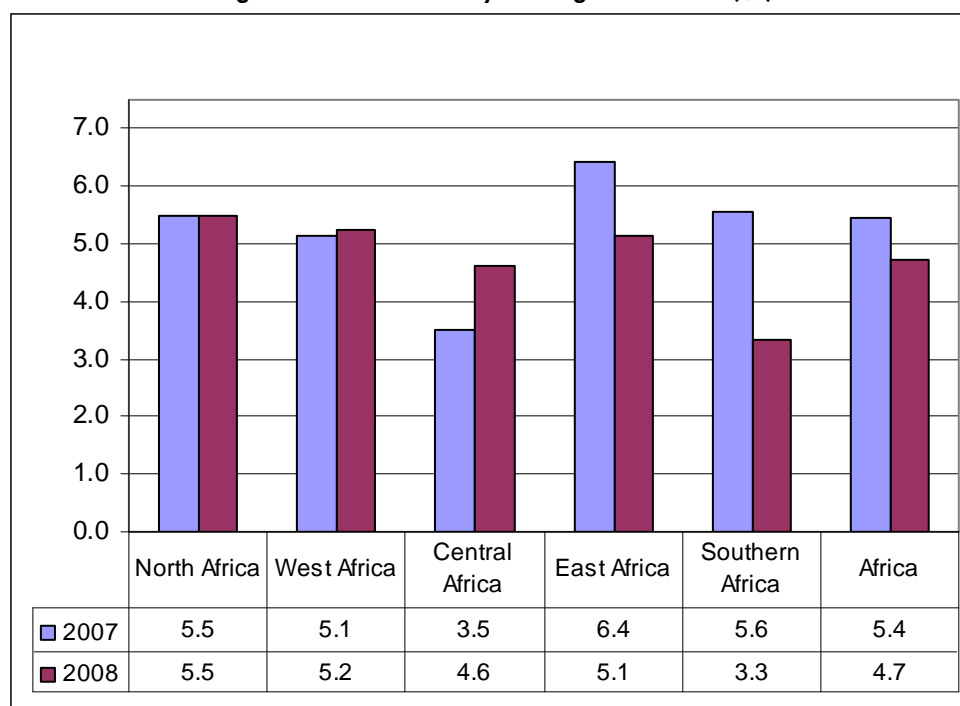
50. For West Africa, reasonable political stability and strong commodity prices have been key to the better than 5% annual growth rates achieved for the past four years in many countries in the sub-region. So far, it appears that these critical factors remain in place, with at least the hope that the situation in Guinea and the rebellion in Mali, Niger and Nigeria may finally begin to improve. A high proportion of countries in the sub-region share the common characteristic that their recent strong growth performances are closely tied to the upsurge in global commodity prices, especially for crude oil, cotton, cocoa and other mineral raw materials. Although crude oil prices have retreated significantly from their peaks earlier in 2008, they remain at high levels. The implication is that growth will not continue to accelerate in the sub-region and will likely moderate somewhat, but it will not collapse provided that global commodity prices remain reasonably strong. This stipulation appears likely to be met under the central forecast that global growth will not slow too much in 2009. A significantly larger slowdown would imply real trouble for a number of West African countries heavily dependent on commodity exports.
51. Looking forward, recent adverse trends are anticipated to intensify. This will obviously lead to an especially sharp decline in investment growth in West African countries, weaker exports as import demand from high-income economies declines, and lingering and in some cases still-escalating inflation. In this condition West Africa GDP growth would decline below the average of the past four years. Recovery in 2010 is subject to a relatively quick improvement in financial and growth conditions among the high-income countries, a prospect currently subject to a high degree of uncertainty.
52. In fact growth outcomes for 2009 in West Africa are anticipated to vary significantly across countries, depending on their reliance on external flows and bank lending to finance investment, trade links to deeply affect high-income countries, and the degree of participation of foreign banks in the domestic financial sector. Moreover, policy responses to the crisis will play a large role in shaping the near-term economic outlook in the sub-region. Reductions in the inflows of foreign capital to the region would likely slow growth further in those countries that need to finance already large current account deficits, and there is some threat of potential balance-of-payments financing problems.

I.5 African Economy in 2008

53. After more than five years of sustained growth, the African economy slowed down in 2008, recording a growth rate of 5% as against 5.9% in 2007. The drivers of this growth, namely the exploitation and export of low value added mining and agricultural products, have begun to show signs of fragility due to the world financial and economic crises.
54. Assisted by high oil prices over a large part of 2008, the oil-producing countries, which account for about 52.8% of the GDP of the continent, once again pushed up growth to a rate of 5.7% as against 4.2% for the non-oil exporting countries.
55. At the regional level, East Africa, a non oil exporting region, continues to lead in growth performance with 5.6% as a result of the dynamism of the economies of the DRC, Ethiopia, Tanzania and Uganda. Growth in North Africa (5.2%) has been driven by the performance of the hydrocarbons sector. Central Africa is the only sub-region in which growth increased significantly by nearly one point to 5.0% following resumption of oil production in the Republic of Congo. Growth is sustained in West Africa (5.2%) by oil production in Nigeria, and good performance of agriculture in virtually all the countries of the sub-region. Southern Africa remains the sub-region with the lowest performance at 4.3% growth in 2008 due to the slowdown of mining activities in South Africa. The graph below compares the economic trends in the five sub-regions of the African continent.

Graph 1: GDP Growth by Sub-region (%)

Figure 4: GDP Growth by Sub-region in Africa (%)



Source: ECA from official sources

56. This performance is linked to a high level of inflation due to the high oil and food prices, and for some countries, to pressure by demand. The average prices stood at about 15.0% in sub-Saharan Africa (excluding Zimbabwe) with a peak of nearly 44.2% in Ethiopia. These inflationary pressures had negative impacts on the economies of all the countries, net importers of energy or not. This put enormous pressure on the current account balance, and led to cash flow problems in public finance, as Governments tried to subsidize local prices so as to protect the purchasing power of households.

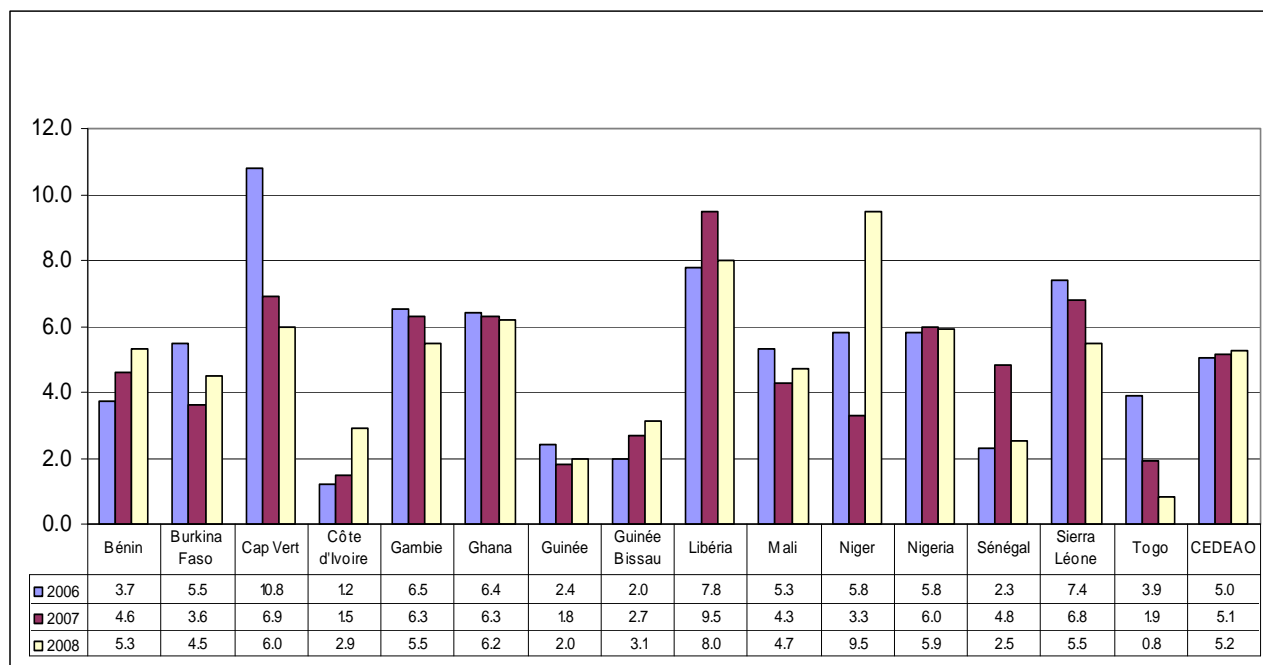
57. This trend of African economies over the past two years has once more highlighted the following key characteristics: (i) limited diversification of production based on a few primary export mining and agricultural products, making the economies vulnerable to external shocks of demand and terms of trade; (ii) extreme dependence on imports to satisfy food needs despite the abundance of arable land, water, markets and labour on the continent ; (iii) inadequate supply of electric power; and (iv) limited use of opportunities offered by regional integration.

CHAPTER TWO: RECENT ECONOMIC TRENDS IN WEST AFRICA

2.1 Recent Economic Trends in West Africa

58. In West Africa, GDP growth stood at 5.2% in 2008 as against 5% in 2007, as a result of oil production in Nigeria, good performance of agriculture in virtually all the countries in the sub-region, and improvement of the political climate in Côte d'Ivoire. The countries with the best performance and growth above the sub-regional average are Niger (9.5%), Liberia (8.0%), Ghana (6.2%), Cape Verde (6.0%), and Nigeria (5.9%). The countries with the lowest growth rates are Togo (0.8%), Guinea (2%), Côte d'Ivoire (2.9%), Guinea Bissau (3.1%) and Senegal (3.9%).

Figure 5: Economic Growth Rate by Country in West Africa (%)



Source: ECOWAS and ECA Calculations

59. This major trend is still based on exports of mining and agricultural products. Agriculture benefited from well distributed rainfall, in space and time, in most countries of the zone. The risks incurred as a result of high dependence of agriculture on adequate rainfall underscore the need to control water as an essential factor for stability of production. Similarly, the dependence of countries on a limited number of low value added products aggravates the vulnerability of the

sub-region to shocks caused by the volatility of the prices of cash products, and changes in demand.

60. The shortage of basic infrastructure, such as electric power, has been a limiting factor on the performance of the embryonic industrial fabric. The economies of the countries have, throughout the year, been affected by power outages due to the ageing power stations and transmission networks, and to the lack of new investments in the sector. It is estimated that less than 20% of the population have access to electricity. Sustainable access to energy is one of the major constraints that need to be lifted to place the sub-region on the path to economic diversification. Consequently, it is important to note the key role that should be played by the ECOWAS Commission energy programme which seeks to ensure sustainable access to affordable energy in the West African sub-region. The programme, which falls within the framework of sub-regional cooperation, promotes the effective use of sub-regional resources through harmonized national energy policies. The effective implementation of projects identified under this programme, such as: (i) the West African gas pipeline (GAO) ; (ii) the regional energy sector regulation project; (iii) the renewable energies centre; and (iv) the ECOWAS regional policy for access to energy, could provide a lasting solution to the energy crisis in West Africa.
61. As regards the economic situation, one of the main challenges in macroeconomic management in 2008 was price control. No country in the zone complied with the convergence criterion of 3% inflation. The high volatility of oil and cereal prices undermined internal and external balances. On average, prices increased by 10.9% for all the fifteen countries of the sub-region, as against 5.6 % in 2007, fueled by food and energy prices. The price average was 8.1% in WAEMU as against 2.1% in 2007, which is a record since the inflationary impact of the devaluation of the CFAF in 1994. WAMZ countries, with the exception of Cape Verde and the Gambia, recorded two-digit inflation rates, with an average of 11.8 %.
62. Public finance was used frequently by Governments to limit the impacts of the inflationary shocks due to the rising food and energy prices. Subsidies for oil and food products to limit the impact of rising world prices on households drained liquidity from public finance in most of the countries. Apart from Nigeria, which benefitted from the historic upsurge in oil prices during the first half of the year, the budget deficit worsened significantly in 2008 to -8.4% of GDP in the entire zone.

63. At the political level, the sub-region witnessed the transparent presidential elections in Ghana, which is an example to be followed in a sub-region marked by internal conflicts. In Côte d'Ivoire, following the Ouagadougou Peace Accord, the authorities initiated negotiations with its financial partners on a post-conflict emergency assistance programme. Peace in Sierra Leone and Liberia enabled both countries to pursue their post-conflict reconstruction programmes. Despite the coup d'état in Guinea, the authorities have initiated dialogue with internal and external partners, and they plan to organize free and transparent elections. These developments are encouraging because they help to enhance political stability that would secure investments in the sub-region.

2.1.1 GDP Sector Trends

The Primary Sector

64. The primary sector, which comprises food production, export agriculture, fisheries and forestry, is the highest provider of jobs, and uses about 70% of the working population. The primary value added increased by 5.4% in 2008 to 30.7% of PIB.

65. As regards food production, in response to the upsurge in prices, some Governments adopted structural policies to improve the supply of local agricultural products, for example GOANA in Senegal and the Rice Initiative in Mali. These bold measures, coupled with adequate rainfall, led to record production of cereals, increasing by nearly 15% in 2008 in comparison to the previous harvest, according to estimates by AGRHYMET/CILSS. The sub-region (excluding Senegal and Sierra Leone) produced 52 million tonnes of cereals in 2008, as against 45 million during the previous crop season. In terms of development, Cape Verde, the country with the lowest percentage in the primary sector (10% of GDP), almost quadrupled its cereal production. Liberia, the most agricultural country in the sub-region (51.2% of GDP), witnessed its cereal production increase by 90.3%. This performance should, in 2009, help to reduce the inflationary pressure noted on food prices in 2008.

Table 1: Cereal Production in West Africa

(Thousand Tonnes)	Results 2007-2008	Forecasts 2008-2009	Trend (%)
Benin	1159	1298	12.0
Burkina Faso	3089	4213	36.4
Cape Verde	3	12	300.0
Côte d'Ivoire	1327	1736	30.8
Gambia	207	216	4.3
Ghana	1673	1813	8.4
Guinea	2250	2519	12.0
Guinea Bissau	163	215	31.9
Liberia	155	295	90.3
Mali	3885	4057	4.4
Niger	3369	4626	37.3
Nigeria	26903	30209	12.3
Senegal	-	-	
Sierra Leone	-	-	
Togo	872	940	7.8
ECOWAS	45055	52149	15.7

Sources: AGRHYMET/CILSS

66. The performance of export agriculture was mixed, depending on the crops and the countries. Cotton production declined in Benin (-10.3%), Côte d'Ivoire (-16.4%), Mali (-13.4%) and Togo (-14.0%). In Burkina Faso, cotton production increased by 45.2% due to the rise in farm purchase price and the stabilization of inputs purchase price. Cocoa production increased by 6.1% in Côte d'Ivoire and by 32.6% in Ghana.
67. The performance of food production shows the importance of political commitment to the quest for food security. In view of the proportion of agriculture in the economy and the number of jobs it offers, it should be given pride of place in poverty reduction and wealth creation strategies. To that end, barriers should be lifted from supply by ensuring secured access to lands, and facilitating the financing of local production and access to inputs.
68. From a more pragmatic standpoint, secured access to land could be achieved through securitization of lands (long lease, land certificates). This could reassure investors and secure loans. The creation of agricultural investment zones, like industrial free zones, would be a

significant step and facilitate the setting up of businesses in the production and distribution of seeds and fertilizers, and in the development of irrigation areas.

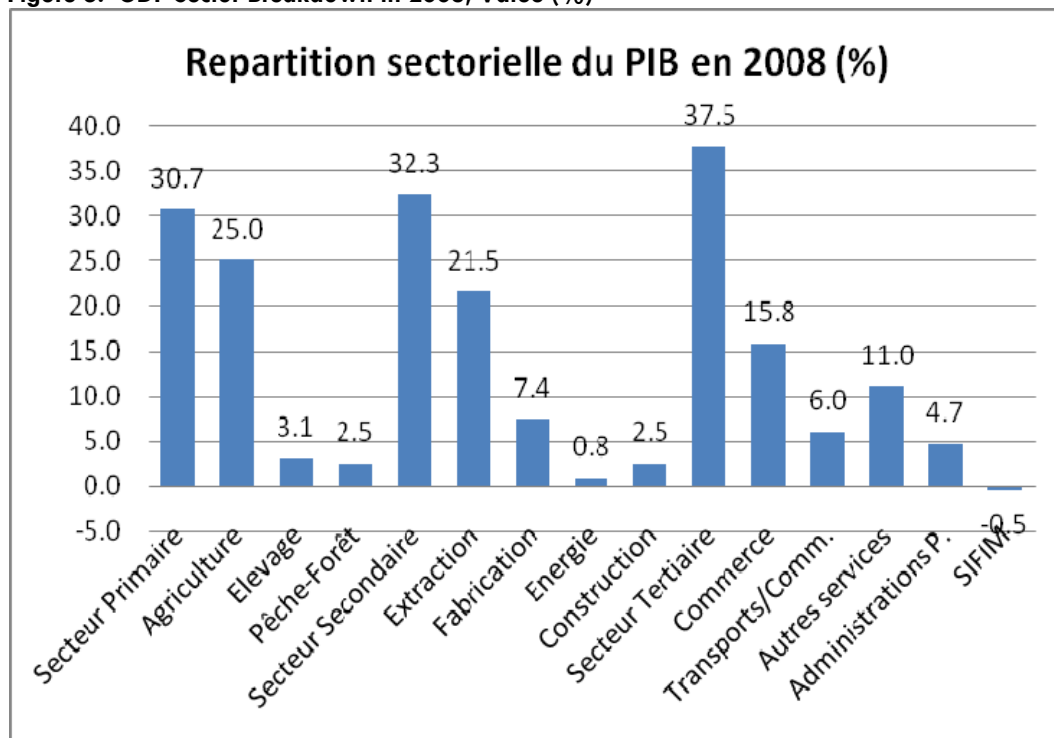
69. As regards demand, the sub-regional market should be opened up further so as to minimize risks relating to supply and demand shocks, and thereby reduce price variability for consumers and producers. The establishment of information systems on products in Chambers of Agriculture, the elimination of police and customs harassments, the development of transport infrastructure (highways and rural roads, as well as railway, sea and river networks) would be significant steps towards integration of the sub-regional market.

The Secondary Sector

70. The secondary sector comprises mining industries, the utilities sector (water and electricity), the manufacturing sector, and construction. It accounts for about 32.3% of GDP, with 21.5% for mining, 7.4% for the manufacturing sector, 2.5% for construction, and 0.8% for the energy sector. The secondary sector recorded a growth of 6.4% in 2008, driven by the oil and gold industries.
71. The mining industry plays a highly dominant role in the secondary sector in Nigeria (crude oil), Guinea (bauxite) and, to a lesser extent, Sierra Leone (gold) and Mali (gold) with 32.4%, 15.5%, 7.3% and 7.1% of GDP respectively.
72. The countries that have an efficient processing industry, in comparison to their GDP, are Côte d'Ivoire (16.4%), Burkina Faso (12.3%) and Senegal (13.5%). Nigeria has one of the least efficient manufacturing industries, with only 5.2% of GDP. The other countries with less efficient manufacturing industries are Sierra Leone (2.5%), Guinea (3.6%), the Gambia (4.0%), Niger (5.6%), and Liberia (5.6%).

Graph 3: GDP Sector Breakdown in 2008 Value

Figure 6: GDP Sector Breakdown in 2008, Value (%)



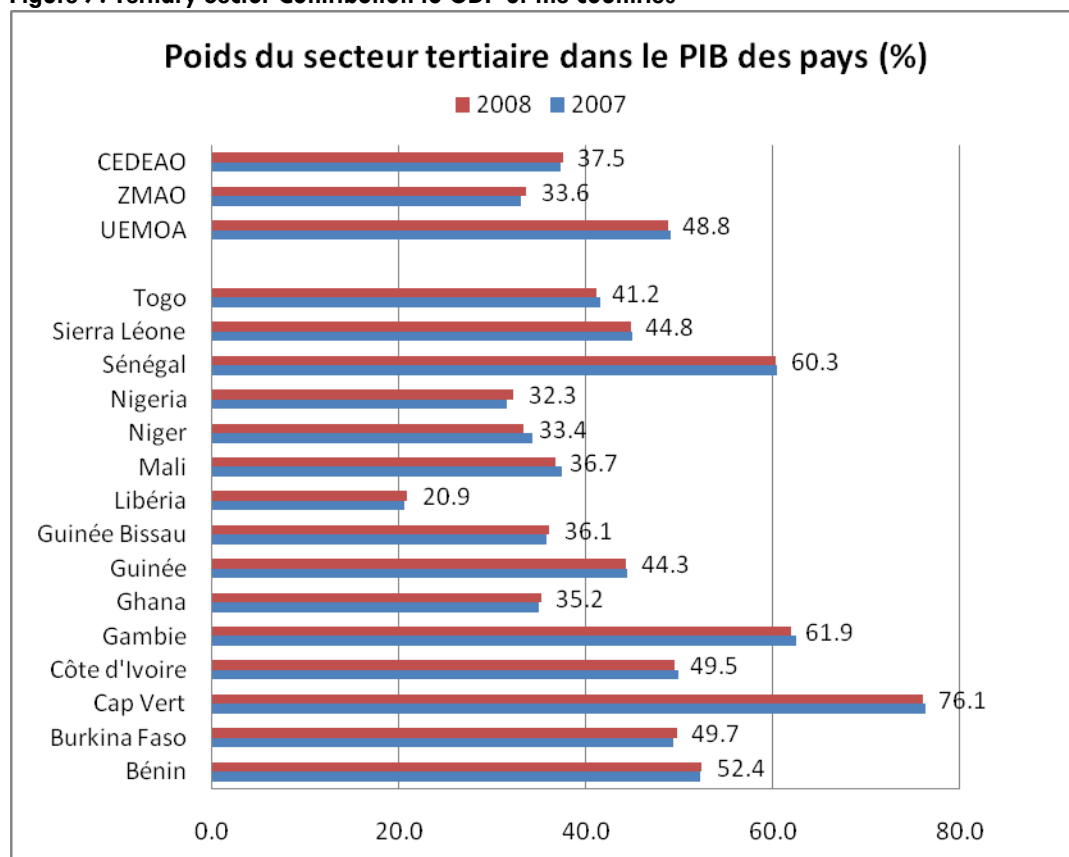
Source: Data from ECOWAS, WAEMU, and Countries

The Tertiary Sector

73. The tertiary sector comprises lines of business, restaurants and hotels, transport and communication, and other activities (public services and administration). The tertiary sector recorded growth of 4.5% in 2008 and represented, in nominal terms, 37.5% of GDP in the sub-region.

74. As regards the development of tourism, Cape Verde is the most dominant country in terms of contribution by the tertiary sector to GDP with 76.1 %; followed by Senegal and the Gambia with 60.3% and 61.9% respectively. The countries with the lowest performance in the tertiary sector are Liberia (20.9%) and Nigeria (32.3%).

Figure 7: Tertiary Sector Contribution to GDP of the countries



Source: ECA Calculations on Country Data

75. An analysis of the transport and communication sector shows the unexplored development potential of countries such as Nigeria (5% of GDP), Côte d'Ivoire (5.1%) and Ghana (5.0%), which are the three major economies of the sub-region, with nearly 76% of the total wealth of West Africa. Mobile telephony has recorded a sharp growth in West Africa, with nearly 80% of annual growth in Nigeria between 2003 and 2007, and 50% annual growth in Côte d'Ivoire over the same period. Despite these developments, the ICT performance indicators remain below the African average for fixed and mobile telephony and use of the Internet, with 3.8%, 24.1% and 4.3% respectively of the population (see Table below).

Table 2: ICT Indicators in West Africa, 2007

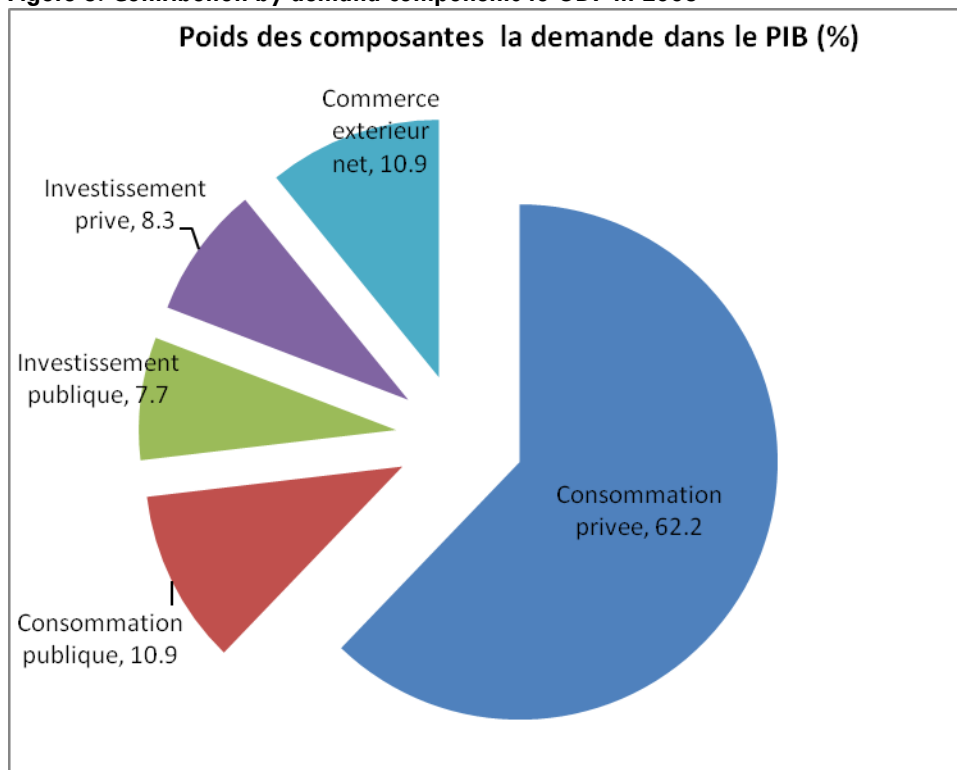
	Fixed Telephones		Mobile Telephone Subscribers		Internet Users	
	000s	p. 100	000s	p. 100	000s	p. 100
Benin	110.3	1.22	1'895.0	20.98	150.0	1.66
Burkina Faso	94.8	0.70	1'611.0	10.90	80.0	0.59
Cape Verde	71.6	13.80	148.0	27.9	33.0	6.36
Côte d'Ivoire	260.9	1.41	7'050.0	36.6	300.0	1.63
Gambia	76.4	4.47	796.0	46.58	100.2	5.87
Ghana	376.5	1.60	7'604.0	32.39	650.0	2.77
Guinea	26.3	0.33	189.0	2.36	50.0	0.52
Guinea-Bissau	4.6	0.27	296.0	17.48	37.0	2.26
Liberia	...	...	563.0	15.01	...	...
Mali	85.0	0.69	2'483.0	20.13	100.0	0.81
Niger	24.0	0.17	900.0	6.33	40.0	0.28
Nigeria	6'578.3	4.44	40'396.0	27.28	10'000.0	6.75
Senegal	269.1	2.17	4'123.0	33.31	820.0	6.62
Sierra Leone	...	...	776.0	13.23	10.0	0.19
Togo	82.1	1.30	1'190.0	18.08	320.0	5.07
West Africa	7500.2	2.65	68220	24.10	12233.2	4.32
Africa	35'411.2	3.77	264'475.0	27.48	50'406.4	5.34
<i>Tunisia</i>	<i>1'273.3</i>	<i>12.33</i>	<i>7'842.0</i>	<i>75.94</i>	<i>1'722.2</i>	<i>16.68</i>
<i>South Africa</i>	<i>4'642.0</i>	<i>9.56</i>	<i>42'300.0</i>	<i>87.08</i>	<i>5'100.0</i>	<i>10.75</i>

Source: ITU World Telecommunication/ICT Indicators Database.

2.1.2 GDP Structure

76. The GDP structure is dominated by total consumption, which represents 73.1% in value of the wealth created in 2008. Investment and net external trade account for 16.0% and 10.9% of GDP respectively. Contributions by final consumption, investment and net external trade to GDP growth stood at 3.0%, 2.0% and 0.2% respectively in 2008.

Figure 8: Contribution by demand components to GDP in 2008



Source : ECOWAS, WAEMU, Countries

Final Consumption

77. The high proportion of consumption in GDP results in inadequate domestic savings to finance investments required for growth. West African economies still depend on investments from the rest of the world to finance their development. In 2008, total consumption increased in real terms by 4.3% as a result of higher government spending.

Investment

78. The proportion of investment in GDP is below the level required for sustaining adequate growth to reduce poverty significantly. In 2008, investment rose by 8.7% to 16.0% of GDP. Public investment is limited to an average of 7.9% of GDP.

Net External Trade

79. All the countries have very open economies, with an estimated rate of 91.6% in 2008. Exports rose by 8.0% in real terms to 40.6 % of nominal GDP in 2008. As for imports, they rose by 7.5% in 2008 as against 15.8% in 2007. Following these developments, the net external trade

stood at 10.9% of GDP. Only two countries out of the fifteen in the sub-region recorded a positive net external trade balance, namely Côte d'Ivoire (4.6% of GDP) and Nigeria (22.7% of GDP).

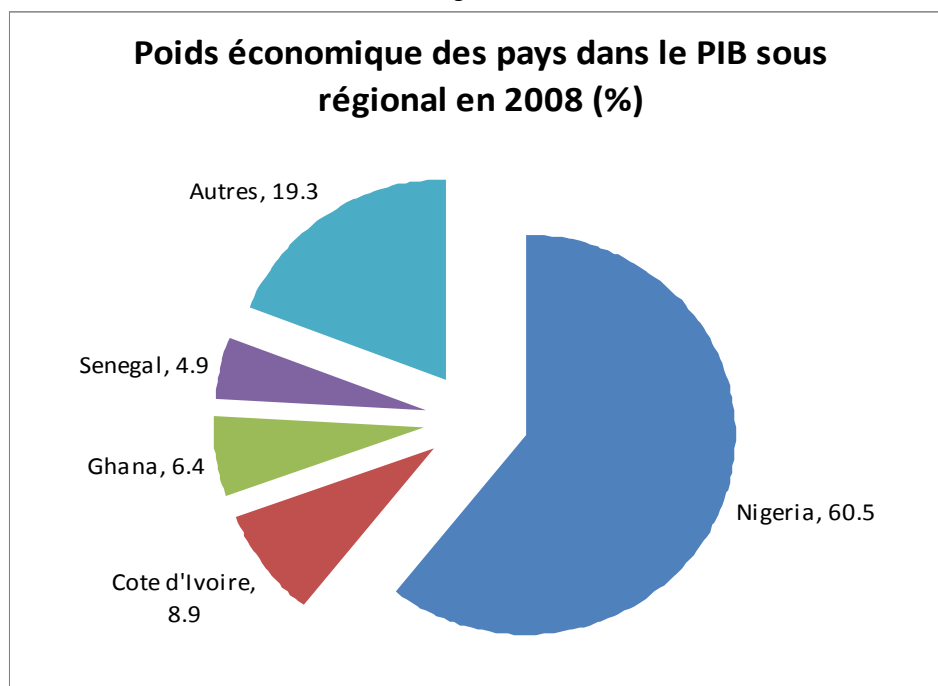
80. External trade is marked by exports with very low added value, comprising agricultural exports (cocoa, coffee, cotton, banana, etc.) and mining products (petroleum, gold, bauxite, etc.), as well as by imports of agricultural and manufactured products for final consumption, intermediate consumer goods, and capital goods.

2.1.3 Contribution by the countries to the economy of the sub-region

81. Nigeria, with 60.5%, is the dominant country in terms of contribution to GDP in the economy of the sub-region (constant price 2000). Côte d'Ivoire, Ghana and Senegal follow with 8.9%, 6.4% and 4.9% of national wealth respectively. These four countries alone account for 84.0% of the sub-regional wealth. The remaining eleven countries contribute 16.0 % to GDP, with Guinea Bissau (0.2%), the Gambia (0.9%), Liberia (0.4%) and Cape Verde (0.7 %) having the lowest performances.

82. Nominal GDP per capita stood at an average of 991 dollars in 2008 as against 860 dollars in 2007. Cape Verde had the highest per capita GDP of 3,219 dollars in 2008. Followed by Côte d'Ivoire (1,249 dollars), Nigeria (1,226 dollars), and Senegal (1,047 dollars) with ratios above the average. The lowest rates were noted in the Gambia (226 dollars), Liberia (227 dollars) and Niger (376 dollars).

Figure 9: Economic Contributions of Countries to Sub-regional GDP in 2008



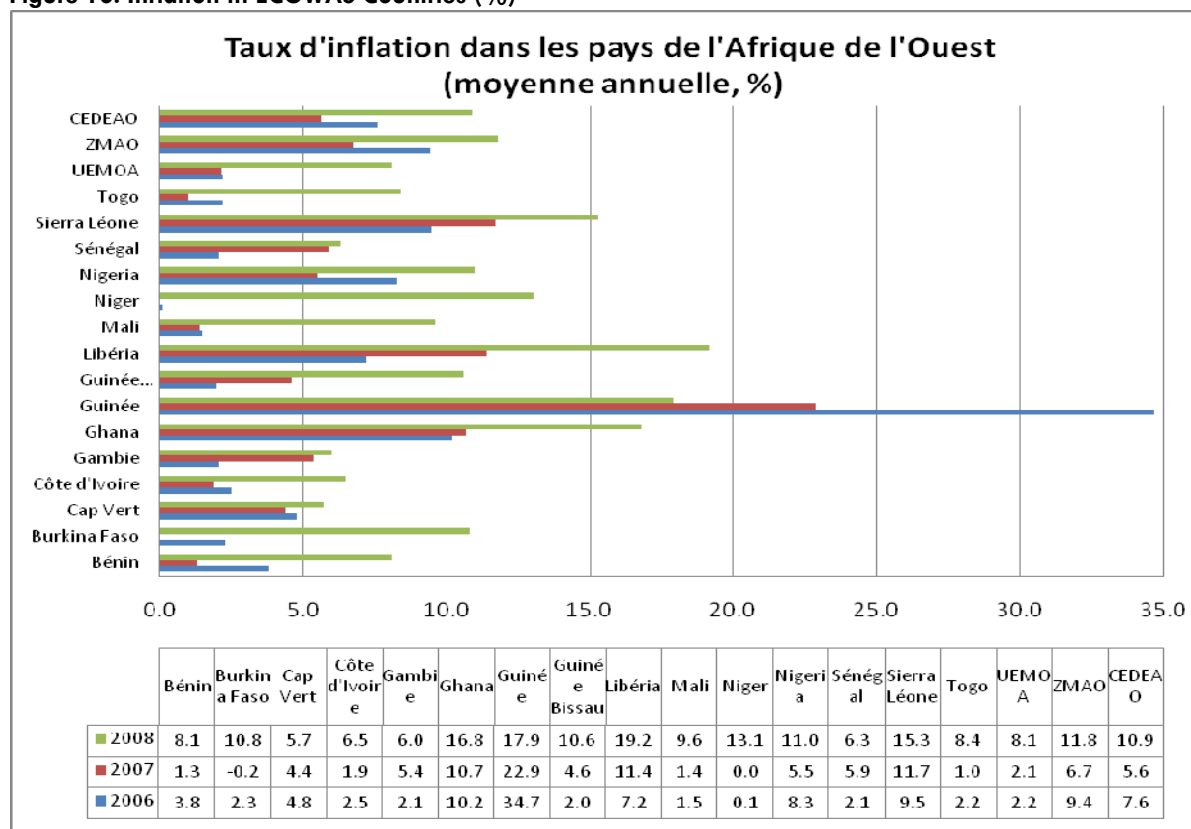
Source: ECA Calculations on ECOWAS, WAEMU, Country Data

2.2 Inflation

83. The general price level, measured by the consumer price index, increased by 10.9% in 2008 in all the ECOWAS countries – driven by food products, transport, gas and other fuels. The general price level stands at 8.1% in WAEMU countries as against 2.1% in 2007, which is a record since the inflationary impact of the devaluation of the CFAF in 1994. WAMZ countries, with the exception of Cape Verde, recorded double digit inflation rates, with an average of 11.8 %.

84. Most of the countries have adopted tax (no customs duty and reduction of value added tax) and price control policies to mitigate, in the short term, the inflationary impact of world prices on domestic prices. These *ad hoc* measures have shown their limits within the context of scarcity of food products and poor management of public finance.

Figure 10: Inflation in ECOWAS Countries (%)



Source: ECOWAS, WAEMU, Countries

85. No WAEMU country complied with the community standard of 3% annual inflation. The general price level increased by 4.2%, compared to 2.1% in 2007. The lowest rate was recorded in Senegal (6.3%), followed by Côte d'Ivoire (6.5%). Guinea Bissau (10.6 %) and Burkina Faso had the highest inflation rates in the WAEMU zone.

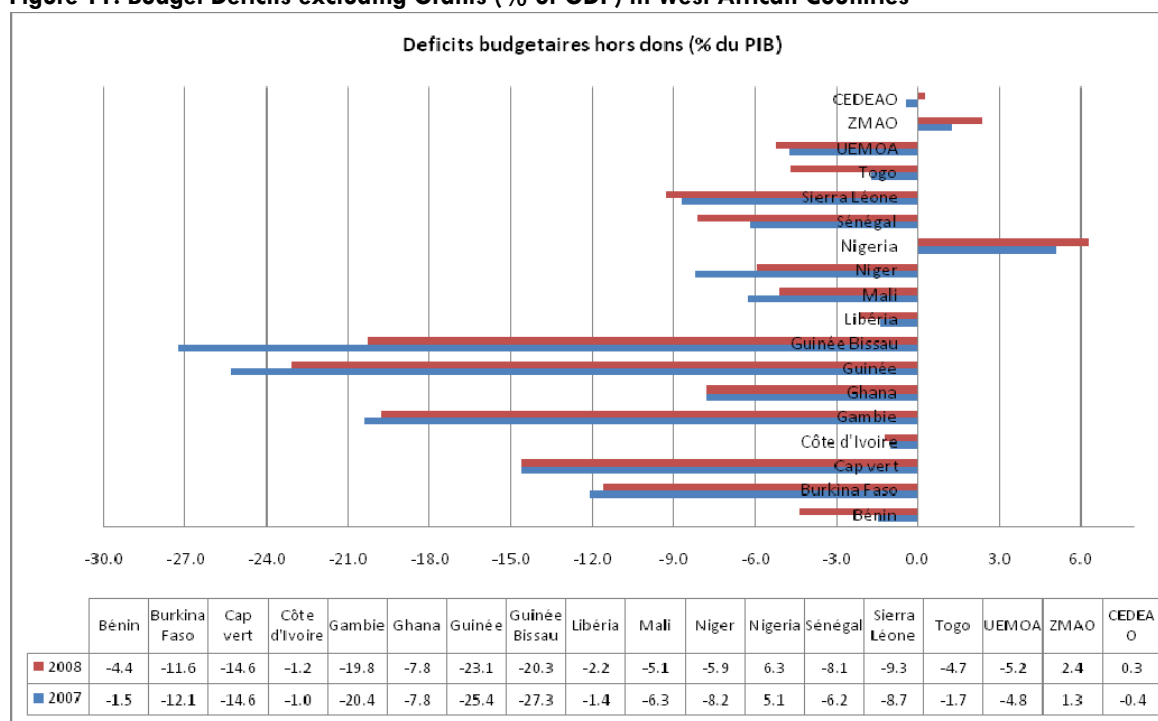
86. In the West African Monetary Zone (WAMZ), the general price level exceeded the double digit (11.8%), following the performance in 2007 when the price level was 6.7%. All the countries recorded an inflation level above the maximum community standard of 5.0%. Ghana recorded the poorest performance with an inflation rate of 16.8%, which is the highest rate since 2000. Sierra Leone, the Guinea and Nigeria all recorded rates above 10 percent.

2.3 Public Finance and Debt

2.3.1 Public Finance

87. The public finance situation has been difficult in most of the countries in the zone because of the tax measures to abolish taxes on food products and provide subsidies for petroleum products so as to mitigate the impact of world prices on domestic prices. The budgetary balance, excluding grants, stood at 0.3% of GDP in 2008 as against -0.4% of GDP in 2007. This trend is due to the performance of oil revenue in Nigeria which benefited enormously from the upsurge in oil prices for most of 2008. Excluding Nigeria, the budget balance, exclusive of grants, was -8.4% in 2008 as against -8.2% in 2007.

Figure 11: Budget Deficits excluding Grants (% of GDP) in West African Countries



Source: ECOWAS, WAEMU, Countries

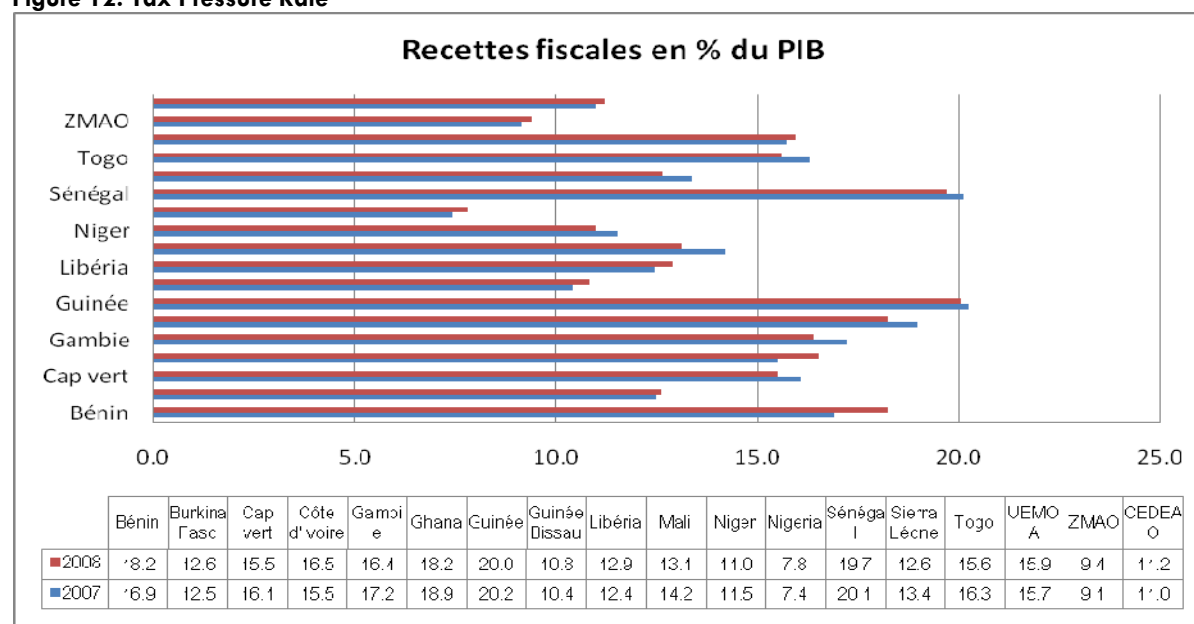
Budgetary Revenue

88. Budgetary revenue, excluding grants, increased by 24.9% in 2008, as a result of oil revenue in Nigeria, to 31.9% of GDP as against 30.3% in 2007. Excluding Nigeria, budgetary revenue, exclusive of grants, increased by 18.2% to 18.2% of GDP. The performance of budgetary revenue is due to improvement in revenue collection following the adoption of measures to strengthen the taxation services, combat fraud and computerize tax procedures. These efforts are expected to continue to broaden the tax base and correct the low level of tax pressure, which stood at 11.2% of GDP in 2008 for the entire sub-region.

89. In the WAEMU zone, budgetary revenue, excluding grants, increased by 9.3% in local currency to 18.5% of GDP, as against 18.3% in 2007. Tax revenue, which accounted for 89% of budgetary revenue, increased by 9.4% in local currency, with a tax pressure rate of 15.9% as against 15.7% in 2007. This increase stems from collection efforts made by the taxation authorities in almost all the States, as well as from the reinforcement of working tools and the introduction of computerization.

90. In the WAMZ, budgetary revenue, excluding grants, accounted for 44.5% of GDP and comprised tax revenue (11.5% of GDP) and non-tax revenue (33% of GDP). Most of the revenue comes from oil in Nigeria, which contributed 91.3% to budgetary revenue formation.

Figure 12: Tax Pressure Rate



Source: ECOWAS, WAEMU, Countries

Total Expenditure

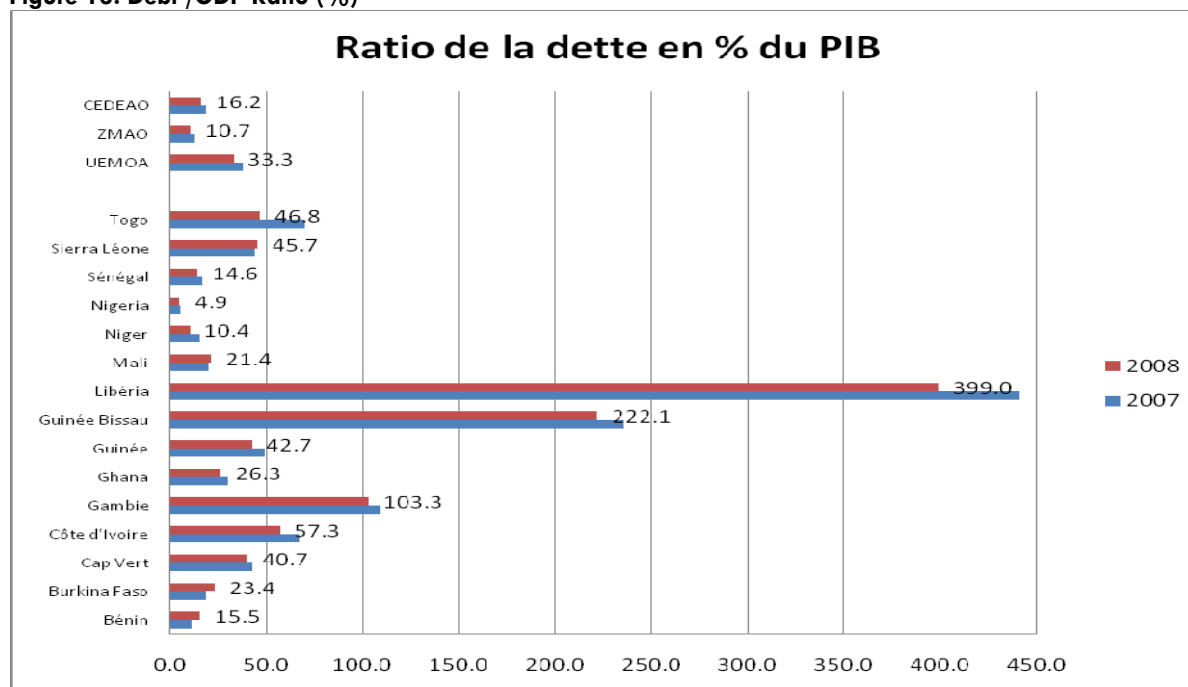
91. Total expenditure, as a percentage of GDP, increased by 1 point to 31.7% of GDP in 2008. The growth was due to a rise in current expenditure by 0.7 point, which represents 25.7% of GDP, and in capital expenditure by 0.3 point which represents 8.5% of GDP. The increase in current expenditure is due to subsidies granted by the countries in response to the upsurge in living costs, and to the increase in the wage bill of some countries such as Benin, Côte d'Ivoire and Mali. Capital expenditure benefitted infrastructure construction works.
92. In the WAEMU zone, total expenditure increased by 9.7% in local currency to 23.7% of GDP. This increase in public expenditure stemmed mainly from capital expenditure, which rose by 19.2% in local currency to 7.2% of GDP.
93. In the WAMZ zone, total expenditure as a percentage of GDP increased by 1.2 point to 34.8% of GDP in 2008. This increase stemmed from a rise in capital expenditure by 0.8 point (8.3% of GDP) and by 0.5 point in current expenditure (25.7% of GDP).
94. Nigeria made efforts to reform the energy sector and meet the enormous requirements of the country. The efforts initiated since 2007 to provide the country with basic infrastructure increased capital expenditure, which rose from an average of 1.4% of GDP over the 2000-2006 period to 8.1% of GDP in 2008.
95. The adoption of tax policies to abolish taxes on imported food and oil products increased liquidity pressure on public finance, 88% of whose resources come from taxes (excluding Nigeria). This situation, which is not sustainable in the medium term for States that obtain most of their revenue from customs duty, was a major challenge for the 2008 fiscal year. Providing tax facilities for agricultural production activities (subsidies for fertilizers, provision of quality seeds, and facilitation of access to irrigated lands) could have a significant impact on the economies, leading to increased local production, job creation and increase in current account balance. Furthermore, the countries should pursue efforts to increase the proportion of capital expenditure so as to provide basic infrastructure (roads for access to markets in production areas, energy, and telecommunications) required for economic development.

96. The low tax pressure shows that more efforts still need to be made to collect tax revenue. The modernization of monitoring, revenue collection and fraud control facilities initiated in some countries should be pursued. Substantial efforts should be made by Nigeria, Niger, Sierra Leone, Guinea Bissau, Liberia and Burkina Faso to increase the contribution of tax revenue to the total revenue.

2.3.2 Debt

97. The outstanding external debt/GDP of West African countries was estimated at 16.2% in 2008 as against 17.3% in 2007. This ratio conceals the enormous differences between the debt situations of the various countries in the sub-region. The outstanding debt/GDP for Nigeria stood at 4.9% in 2008 as against 399% for Liberia. Excluding Nigeria, the outstanding debt/GDP of West African countries stood at 41% of GDP as against 48% in 2007.

Figure 13: Debt /GDP Ratio (%)



Source: ECOWAS, WAEMU, Countries

98. As regards the Heavily Indebted Poor Countries (HIPC) Initiative, 8 countries have gone beyond the completion point (Benin, Burkina Faso, the Gambia, Ghana, Mali, Niger, Senegal and Sierra Leone), 4 are in the interim phase (Guinea, Guinea Bissau, Liberia and Togo) and Cote d'Ivoire

has not yet reached the decision point. The countries that have gone beyond the HIPC completion point and Nigeria which benefitted from a special initiative in 2005 have better debt indicators. However, due to concentration of exports on a limited number of primary products, the countries remain vulnerable to external shocks.

2.4 West African Economy in 2009

99. The year 2009 has witnessed a difficult international environment, marked by recession in most major economies. Oil prices, which stood below 50 dollars per barrel at the end of 2008, should remain stagnant in view of the expected downward trend of world demand; however, significant variations are still possible because of political risks in the main production areas in the Middle East (Iran) and Africa (Niger Delta). Conservative projections have been made for trends in the prices of export agricultural products such as cocoa, coffee and cotton.

100. At the international level, these trends should lead to a drop in demand for products from countries in the zone, particularly agricultural and mining products, a slowdown of activities in the tourism sector, and private transfers without counterpart services to countries in the zone.

101. Consequently, the expected economic growth rate in West Africa would stand at 4.9% in 2009, down 0.3 point in comparison to 2008, because of the slowdown of export agriculture and the mining sector. This growth will be sustained by domestic demand, driven by final consumption (households and Government) and public investment.

102. In view of the international economic crisis and its effects on world demand, exports of goods and services would increase by 4.5%, which is half the rate in 2008. Imports should increase by 4.0% in 2009 as against 7.5% in 2008.

103. As regards supply, food production should continue to grow, and should increase by 5.6% as a result of public investments in the sector. Mining and export-oriented manufacturing activities should slow down due to falling world demand. The expected investments in electricity production and other infrastructure should support growth in the secondary sector. In the tertiary sector, tourism should slow down in countries such as Senegal and Cape Verde as a result of the world economic crisis. Activity in the telecommunication sector should continue.

104. Price levels would be favourably influenced by world production and stocks projected at high levels for the 2008/2009 crop year. For rice, for example, the level of stocks stands at 82.7 million tons (see USDA), the highest level since the 2002/2003 crop year. In the sub-region, the specialized agencies estimate growth of cereal production at more than 15% for the 2008/2009 crop year. These trends, coupled with relative decline in oil prices, should ease the general price level in the countries of the sub-region, as a result of the energy and food components of the consumer price index. The inflation rate is expected to stand at 7.3% in 2009 for West Africa. For the WAEMU countries, the inflation rate would be about 3.8%, a level slightly above the convergence criterion. WAMZ countries should see the general price level fall below the double digit threshold, to 9.5%.
105. The expected fall in demand for export products foreshadows a difficult period for public finance in 2009 in most of the countries. For the oil-exporting countries, the contribution of taxation/petroleum should decline in 2009. The decline in taxes/other export revenues is expected to worsen the budget deficit.
106. At the political level, events in recent years show that the capacity of West Africa to prevent and manage conflicts has strengthened, as a result of ECOWAS initiatives. This trend is expected to continue so as to improve political stability, which is a key factor for the establishment of a macroeconomic framework conducive to investment and growth. In particular, it is expected to improve the management of elections scheduled in various countries in the coming years.

Table 3: Schedule of Presidential Elections in West Africa

Countries	Date of Presidential Elections	Term of Office	Number of terms in office
Benin	March 2011	5 years	2
Burkina Faso	November 2010	5 years	2
Cape Verde	February 2011	5 years	
Cote d'Ivoire	To be defined	5 years	2
The Gambia	September 2011	5 years	
Ghana	December 2012	4 years	2
Guinea	Coup d'état in December 2008	-	
Guinea Bissau	June 2010	5 years	
Liberia	October 2011	6 years and 4 years	2 terms with a maximum of 10 years in office
Mali	April 2012	5 years	2
Niger	Constitutional changes	5 years	2
Nigeria	April 2011	4 years	2
Senegal	February 2012	7 years	
Sierra Leone	August 2012	5 years	2
Togo	April 2010	5 years	

Sources: ECA from official sources

107. In Nigeria, the creation of a Ministry for the Niger Delta is a significant step towards pacification of this key oil production zone. In Côte d'Ivoire, the holding of elections in 2009, after several unfruitful attempts, should revitalize the economy of this country, which is the second in the sub-region, after Nigeria.

CONCLUSION AND RECOMMENDATIONS

108. As a result of the combined effect of high international demand for raw materials and domestic reforms, West African countries recorded sustained growth over the past few years. However, this performance is well below the threshold of 7% required for effectively combating poverty under the Millennium Development Goals. The financial, food and energy crisis of the past two years has somehow disrupted this trend.
109. In particular, there are fears that because of time delays, the international financial crisis and the ensuing recession in industrialized and emerging countries have not yet made their full impacts on West Africa. These impacts will very likely be felt in 2009 and beyond, and countries in the sub-region should take appropriate measures immediately. A decline in international demand for raw materials and a drop in foreign direct investments and development assistance are some of the expected negative impacts. In addition, remittances from the Diaspora are also expected to drop, as they take conservatory rationing measures to cope with the crisis.
110. In many respects, the food crisis has also caused socio-economic disruptions in West Africa. First of all, the Governments have been forced to take emergency measures on taxes and price control so as to protect the purchasing power of the people. Since the measures were not sustainable because of their pressure on public finance, they were subsequently abandoned in favour of production development initiatives which, coupled with better rainfall, helped to ease the situation. However, social unrest is still significant, following demonstrations against the high cost of living throughout 2008.
111. The energy crisis also limited the performance of countries during the past year, particularly in the industrial sector which was highly disrupted by repeated power cuts. To remedy the situation, many industrial plants were forced to purchase generators and accessories, thereby increasing their production costs. The countries will need to invest in the renewal of power stations and transport network, as well as in better use of other available sources of energy in the sub-region. Nuclear power could be an option in this connection.
112. In addition to the factors discussed above, the economies of West African countries continue to have structural obstacles that hamper their performance. These obstacles concern hypertrophy of the tertiary sector which comprises a significant part of informal activities taken up by

vulnerable groups such as youths and women looking for jobs; an agricultural sector that depends heavily on rainfall, employs most of the labour force and could be subject to the negative impacts of climate change in the coming years; and an inefficient or embryonic industry that faces foreign competition. In addition, mention should be made of high consumption and low domestic savings which, coupled with the impacts of an undiversified export sector, limit the investment capacity of the countries.

113. As regards public finance, all the West African countries face problems of inadequate budgetary revenue to finance operating costs and generate significant resources for capital expenditure required to combat poverty. This situation was exacerbated in 2008 because public finance was highly required by Governments to limit the impacts of inflationary shocks due to rising food and energy prices. Indeed, subsidies for oil and food products to limit impacts of rising international prices on households have eaten into the public finance of most of the countries. In addition, mention should be made of challenges to political and economic governance, despite the noble efforts made over the past few years.
114. At the social level, unemployment and under-employment of youths are major causes for concern in West Africa. The decline in productivity and lack of factors of production and incentive measures in the primary sector which comprises the majority of the population continues to force youths to rural exodus. In addition to the embryonic nature of industry and its low labour absorptive capacity, such a trend worsens unemployment and under-employment of youths. It also increases the informal nature of West African economies, particularly through hypertrophy of the tertiary sector which is a refuge for young graduates and other vulnerable groups looking for employment.
115. Increasingly, there are illegal activities, political activism and upsurge in crime among youths. Others take the road to humiliating or fatal exile. If such development is not controlled, it could be the source of a social crisis with multiple consequences. The situation is a cause for serious concern in post-conflict countries, which still have a good number of ex-combatants with no occupation in the society.
116. In light of the foregoing, improvement of the fundamentals of the economies of the sub-region primarily requires refocusing on the primary sector and agro-industry. The world food crisis of last year underscores the need for such an option. Refocusing on the primary sector will have long-lasting ripple effects on the economies of the countries. With this option, it would, first

of all, be necessary to make food self-sufficiency an issue of national sovereignty, with positive impacts on availability and access to foodstuffs, as well as on price stability. It should promote the development of agro-industrial sub-sectors so as to broaden production bases and inter-sector links, and diversify exports. Priority to the primary sector which, as we know, uses the bulk of the labourforce, is also an effective strategy for combating unemployment and poverty.

117. Refocusing on the primary sector requires bold intervention by the States. Government action should focus essentially on the rehabilitation and strengthening of agricultural extension services; the dismantling or negligence of these services have contributed to depress the sector. Governments should also invest in strengthening the transport network and rural roads so as to open up the production areas. However, efforts should be made to improve commercial farming by adopting incentive measures for the private sector to create commercial farms in the large-scale agricultural sub-sectors.

118. In addition to the above-mentioned positive impacts on food security, employment and poverty reduction, the commercial farms would serve as centres of excellence for the extension of farming techniques, as well as the rehabilitation of conventional services. They would also contribute to reinforcing investment in value added activities and promoting agro-industry, which would guarantee diversification of exports.

119. The promotion of agriculture, as indicated above, should be accompanied by initiatives to further open up national and sub-regional markets through the establishment of produce information systems in Chambers of Agriculture, the elimination of police and customs harassments, and the development of transport infrastructure (highways and rural roads, railway, sea and river networks). These actions require stronger cooperation and regional integration. The embassies of West African countries could also be reinforced to serve as agencies for promoting the exports of their countries, particularly agro-industrial products.

120. As regards public finance, West African States should intensify efforts to stabilize their budgets through increased mobilization of revenue, as well as better allocation and control of expenditures. In particular, given the low tax pressure, emphasis should be laid on vigorously pursuing tax collection initiatives, reviewing exemptions, and combating tax evasion and customs fraud. Better control of expenditure and good governance in public procurements will be necessary. However, the stabilization of public finance will also enable the Governments to

contain shocks related to decline of external flows, which the international financial crisis could cause.

121. Increased mobilization of domestic savings, particularly through the bonds market, would also contribute to mitigating the impacts of the world financial crisis on the countries of the sub-region. Like Sierra Leone, Governments could also take measures to enhance the contribution by the Diaspora to the economic and social development of their nations. For example, in Sierra Leone where remittances from the Diaspora are estimated at 500 million US dollars per year, a Diaspora Division has been created under the authority of the President of the Republic; every year a Diaspora Day is organized, and all citizens living abroad are invited.

122. Continued stabilization of the political environment and consolidation of peace will also be indispensable for judicious tapping of economic potential. In this regard, the promotion of democracy and the reconstruction efforts in post-conflict countries are commendable. The same applies to the prospects of organizing elections in Côte d'Ivoire in 2009, and ECOWAS interventions in the recent crises in Guinea and Guinea Bissau. Under ECOWAS, the Governments should cooperate in combating cross-border crime, drug trafficking, capital flight and money laundering. At the national level, the countries should pursue efforts to establish peace and the culture of democracy by enhancing political and economic governance.

Statistical Annexes:
Table 4: Performance of Growth in West Africa- GDP and Growth Rate

Countries	Nominal GDP (USD million)			Share in GDP (%)			Real GDP Growth (%)		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Benin	5,511	6,643	6,789	2.2	2.1	2.0	4.6	5.3	3.8
Burkina Faso	6,757	7,949	8,207	2.7	2.6	2.4	3.6	4.5	5.5
Cape Verde	1,456	1,506	1,638	0.6	0.5	0.5	6.9	6.0	2.5
Côte d'Ivoire	19,794	22,821	23,387	8.0	7.4	7.0	1.5	2.9	3.7
Gambia	823	835	932	0.3	0.3	0.3	6.3	5.5	4.0
Ghana	15,156	15,707	15,605	6.1	5.1	4.7	6.3	6.2	4.5
Guinea	4,039	5,112	5,416	1.6	1.7	1.6	1.8	2.0	2.6
Guinea Bissau	379	430	436	0.2	0.1	0.1	2.7	3.1	1.9
Liberia	653	830	934	0.3	0.3	0.3	9.5	8.0	4.9
Mali	7,145	8,599	8,826	2.9	2.8	2.6	4.3	4.7	3.9
Niger	4,246	5,353	5,298	1.7	1.7	1.6	3.3	9.5	3.0
Nigeria	165,921	215,193	238,781	67.0	69.5	71.2	6.0	5.9	2.9
Senegal	11,167	13,382	13,830	4.5	4.3	4.1	4.8	2.5	2.1
Sierra Leone	1,953	2,322	2,604	0.8	0.8	0.8	6.8	5.5	4.5
Togo	2,508	2,843	2,857	1.0	0.9	0.9	1.9	0.8	1.7
WAEMU	57,506	68,021	69,630	23.2	22.0	20.8	3.2	3.9	3.5
WAMZ	190,000	241,506	265,910	76.8	78.0	79.2	5.9	5.8	3.1
ECOWAS	247,506	309,527	335,540	100.0	100.0	100.0	5.1	5.2	3.2

Table 5: Population and per capita GDP in West Africa (2008)

Countries	Population in 2008		Nominal GDP per capita (2008)		Real GDP per capita (2008) Francs at Constant Prices 2000	
	Thousand	Share (%)	USD	Growth	USD	Growth
Benin	7,956	2.8	839.4	17.8	415	2.3
Burkina Faso	14,578	5.2	548.2	15.5	270	2.1
Cape Verde	500	0.2	3,219.5	13.2	1,933	4.0
Côte d'Ivoire	18,373	6.5	1,248.7	12.4	600	-0.2
Gambia	1,613	0.6	226.4	6.3	337	2.2
Ghana	24,139	8.6	813.6	17.2	329	3.5
Guinea	10,214	3.6	706.7	4.9	382	-0.8
Guinea Bissau	1,678	0.6	257.9	12.2	136	1.2
Liberia	3,489	1.2	226.9	0.4	153	2.7
Mali	14,600	5.2	592.1	17.9	285	2.0
Niger	13,920	4.9	386.6	22.7	182	6.0
Nigeria	145,271	51.6	1,226.2	15.8	511	3.0
Senegal	12,847	4.6	1,047.2	17.4	476	1.3
Sierra Leone	6,588	2.3	429.2	-0.1	252	3.1
Togo	5,684	2.0	502.8	11.0	274	-1.8
WAEMU	89,637	31.8	762.9	15.7	366	1.3
WAMZ	191,814	68.2	1,097.9	15.2	468	2.9
ECOWAS	281,451	100.0	991.2	15.3	436	2.4

Table 6: GDP Sector Breakdown in 2008 (%)

Countries	Primary Sector			Secondary Sector				Tertiary Sector			
	Agric.	Lives tock	Fisheries	Extraction	Manuf.	Energy	BPW	Trade	Transp/Comm.	Other Services	Public Admini.
Benin	24.2	6.8	4.3	0.3	8.8	1.2	4.9	24.5	12.1	10.8	5.1
Burkina Faso	15.6	11.2	1.9	1.0	12.3	1.2	7.8	20.0	10.2	14.9	4.7
Cape Verde	7.6	1.7	2.6	0.2	9.0	1.2	5.3	18.8	19.5	18.6	19.3
Côte d'Ivoire	22.6	1.7	1.4	3.6	16.4	1.8	2.6	12.9	6.0	17.6	13.1
Gambia	20.7	5.0	2.5	0.7	4.0	1.2	4.4	25.7	16.9	12.0	7.2
Ghana	29.7	2.2	9.1	4.9	9.5	2.8	9.9	9.9	4.7	6.9	13.7
Guinea	16.3	4.4	2.9	15.5	3.6	0.9	12.8	26.2	6.2	7.6	4.3
Guinea Bissau	34.6	4.6	12.0	0.0	8.5	1.5	3.1	23.2	4.3	0.4	8.2
Liberia	51.2	0.6	17.6	0.0	5.7	0.8	3.2	5.0	6.8	4.8	4.2
Mali	23.8	9.3	5.5	7.1	10.7	2.2	4.6	14.0	6.2	6.7	9.8
Niger	32.6	13.3	5.0	5.1	5.6	1.4	2.7	11.3	5.8	8.8	7.5
Nigeria	26.6	2.5	1.4	32.4	5.2	0.0	0.1	15.8	4.9	10.2	1.4
Senegal	9.5	5.7	2.5	1.0	13.5	3.2	6.8	20.7	13.3	18.5	7.8
Sierra Leone	37.0	1.8	3.4	7.3	2.5	0.4	2.7	15.3	7.6	10.7	11.2
Togo	30.2	6.7	4.6	2.2	7.8	2.9	5.2	11.5	6.3	14.3	9.0
WAEMU	20.6	5.5	2.9	2.9	12.7	2.0	4.7	16.5	8.5	14.5	9.2
WAMZ	26.6	2.6	2.4	28.0	5.6	0.4	1.7	15.6	5.1	9.8	3.1
ECOWAS	25.0	3.5	2.5	21.5	7.4	0.8	2.5	15.8	6.0	11.0	4.7

Table 7: Inflation Rates in ECOWAS Countries (Annual Average)

	2000	2002	2003	2005	2006	2007	2008	2009
Benin	4.2	2.4	1.5	5.4	3.8	1.3	8.1	6.5
Burkina Faso	-0.3	2.3	2.0	6.4	2.3	-0.2	10.8	5.0
Cape Verde	6.6	1.8	2.3	0.4	4.8	4.4	5.7	4.9
Côte d'Ivoire	1.6	3.2	3.3	3.9	2.5	1.9	6.5	5.7
Gambia	0.8	5.5	17.6	0.8	2.1	5.4	6.0	5.5
Ghana	3.7	14.5	13.0	15.1	10.2	10.7	16.8	13.3
Guinea	6.0	3.0	12.9	31.4	34.7	22.9	17.9	9.3
Guinea Bissau	8.6	3.3	-3.5	3.4	2.0	4.6	10.6	6.2
Liberia	10.0	14.6	10.4	6.9	7.2	11.4	19.2	11.4
Mali	3.3	5.0	-1.3	6.4	1.5	1.4	9.6	2.5
Niger	2.9	2.6	-1.6	7.8	0.1	0.0	13.1	3.5
Nigeria	5.5	12.9	14.0	17.8	8.3	5.5	11.0	11.1
Senegal	0.7	2.3	0.1	1.7	2.1	5.9	6.3	3.0
Sierra Leone	-0.9	-3.1	7.4	12.1	9.5	11.7	15.3	13.9
Togo	1.9	3.1	-1.0	6.8	2.2	1.0	8.4	5.2
WAEMU	1.8	3.0	1.3	4.6	2.2	2.1	8.1	4.6
WAMZ	5.3	12.0	13.5	17.8	9.4	6.7	11.8	11.2
ECOWAS	4.2	9.0	9.3	13.9	7.6	5.6	10.9	9.8

Table 8: Inflation Rates in ECOWAS Countries (Annual Average)

Countries	2000	2002	2003	2005	2006	2007	2008	2009
Benin	1,266	1,519	1,433	1,743	994	625	1,038	1,165
Burkina Faso	1,384	1,567	1,649	2,218	1,155	1,253	1,868	2,048
Cape Verde	310	329	434	577	593	596	654	718
Côte d'Ivoire	9,253	9,931	10,056	11,796	12,160	13,335	13,147	11,994
Gambia	437	504	506	528	352	363	377	392
Ghana	6,037	6,751	8,197	6,743	3,192	4,898	5,173	5,382
Guinea	3,086	3,115	3,341	3,247	3,217	3,307	3,079	3,374
Guinea Bissau	774	812	878	1,039	1,003	893	961	887
Liberia	2,393	2,782	2,835	3,185	3,246	3,309	3,160	3,160
Mali	2,106	2,817	2,833	3,290	1,253	1,438	1,854	1,941
Niger	1,420	1,779	1,683	1,814	538	672	546	489
Nigeria	30,695	30,535	34,662	20,526	7,693	8,049	8,791	9,459
Senegal	3,118	3,737	3,940	3,687	3,455	1,878	1,962	1,757
Sierra Leone	1,428	1,177	1,464	1,214	1,152	1,225	1,291	1,360
Togo	1,203	1,436	1,423	1,556	1,497	1,768	1,337	1,188
WAEMU	20,525	23,597	23,894	27,142	22,055	21,862	22,713	21,470
WAMZ	44,387	45,194	51,438	36,018	19,445	21,747	22,526	23,844
ECOWAS	64,911	68,791	75,332	63,161	41,499	43,610	45,239	45,314

Table 9: Budget Balance Excluding Grants as % of Nominal GDP

Country	2000	2002	2003	2005	2006	2007	2008	2009
Benin	-3.6	-3.2	-4.6	-4.6	-2.5	-1.5	-4.4	4.7
Burkina Faso	-11.0	-8.6	-7.3	-10.1	-11.7	-12.1	-11.6	-11.1
Cape Verde	-8.6	-9.7	-7.9	-13.3	-17.6	-14.6	-14.6	-14.4
Côte d'Ivoire	-1.5	-1.9	-3.1	-2.6	-1.3	-1.0	-1.2	-1.5
Gambia	-7.5	-12.4	-9.0	-20.3	-18.0	-20.4	-19.8	-20.1
Ghana	-16.6	-7.2	-4.9	-6.9	-8.3	-7.8	-7.8	-7.3
Guinea	-5.8	-8.0	-8.8	-13.2	-22.3	-25.4	-23.1	-23.6
Guinea Bissau	-24.9	-17.4	-23.1	-23.8	-18.2	-27.3	-20.3	-18.2
Liberia	-1.9	-2.2	-1.5	-3.5	-0.7	-1.4	-2.2	-1.5
Mali	-7.8	-7.8	-5.4	-6.3	-6.9	-6.3	-5.1	-6.2
Niger	-8.7	-8.7	-8.1	-9.2	-6.7	-8.2	-5.9	-15.3
Nigeria	10.9	10.5	6.0	10.7	9.8	5.1	6.3	5.5
Senegal	-1.4	-2.6	-4.0	-4.5	-6.7	-6.2	-8.1	-6.4
Sierra Leone	-18.0	-8.2	-4.9	-12.4	-9.5	-8.7	-9.3	-9.5
Togo	-5.5	-0.8	1.9	-4.0	-4.1	-1.7	-4.7	-6.2
WAEMU	-4.2	-4.0	-4.4	-5.1	-5.0	-4.8	-5.2	-4.9
WAMZ	6.6	6.7	3.5	6.7	5.8	1.9	3.0	2.5
ECOWAS	3.3	3.0	0.8	3.3	3.0	0.2	1.0	1.0

Table 10: Net External Trade by Country as % of GDP

	2000	2002	2003	2005	2006	2007	2008	2009
Benin	-4.3	-8.7	-10.1	-10.7	-10.9	-10.8	-10.6	-10.8
Burkina Faso	-16.3	-12.6	-12.7	-11.8	-12.3	-14.9	-15.5	-14.2
Cape Verde	-33.5	-39.9	-37.9	-35.1	-36.4	-37.6	-37.4	-37.1
Côte d'Ivoire	6.0	15.1	10.5	0.4	5.5	3.7	4.6	4.1
Gambia	-24.7	-31.1	-33.7	-37.3	-36.5	-36.0	-36.6	-36.4
Ghana	-18.6	-12.1	-11.9	-25.6	-24.6	-22.2	-23.4	-22.8
Guinea	-6.8	-1.2	0.5	0.2	0.2	-12.5	-17.5	-9.9
Guinea Bissau	-4.3	-22.5	-10.2	-22.1	-29.1	-17.8	-20.8	-22.6
Liberia	-27.3	-2.2	-14.0	-13.9	-11.5	-13.1	-12.8	-12.5
Mali	-10.0	-3.7	-7.8	-3.7	-2.1	-4.0	-3.4	-3.2
Niger	-2.1	-4.5	-2.4	-12.4	-11.5	-13.8	-13.7	-13.0
Nigeria	32.1	8.5	4.4	13.5	23.3	22.7	22.7	21.8
Senegal	-9.3	-10.4	-12.1	-15.5	-16.7	-14.8	-15.8	-15.3
Sierra Leone	-34.4	-34.4	-34.4	-23.8	-23.8	-25.0	-24.2	-24.3
Togo	-13.8	-14.2	-15.9	-18.9	-23.6	-20.7	-21.8	-22.0
WAEMU	-3.6	0.2	-2.7	-7.5	-5.9	-6.9	-6.9	-7.2
WAMZ	22.8	2.8	0.5	8.6	17.1	16.7	16.6	16.4
ECOWAS	14.6	1.9	-0.6	3.9	11.2	10.9	10.9	11.5

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