WEST AFRICAN DEVELOPMENT OUTLOOK

Economic Recovery in the midst of Uncertainties

JUNE 2021

The West African Development Outlook (WADO) is an annual publication by the staff of the ECOWAS Bank for Investment and Development (EBID). The views, projections and policy recommendations expressed in the WADO are not necessarily those of EBID, its Board of Governors or the countries they represent. These opinions are exclusively those of the staff of the Bank.

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ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
COVAX	COVID-19 Vaccines Global Access
EAC-5	East African Community, excluding South Sudan
EBID	ECOWAS Bank for Investment and Development
ECOWAS	Economic Community of West African States
GDP	Gross Domestic Product
ILO	International Labour Organisation
IMF	International Monetary Fund
PPEs	Personal Protective Equipment
ROE	Rest of ECOWAS
SADC	Southern African Development Community
SSA	Sub-Saharan Africa
UNWTO	United Nations World Tourism Organisation
WADO	West African Development Outlook
WAEMU	West African Economic and Monetary Union
WAMZ	West African Monetary Zone
WHO	World Health Organisation

FOREWORD

The year 2020 presented, arguably, the most challenging socio-economic experience in a lifetime for the West African sub-region. The COVID-19 pandemic turned a year touted as one of sustained economic growth into one of economic retrogression and health nightmare, leading to the loss of lives and livelihoods. For many countries, the setback was such that it will take a while for them to return to the state of affairs at end-2019.

While revenues were constrained, expenditure sky-rocketed in many Member States, leading to gaping fiscal deficits. In addition, lockdowns and border closures led to a loss of working hours and jamming of supply chains as aggregate demand for key commodities waned. This resulted in varied price effects, with food prices inching up in several countries. Basic supplies such as face masks and other personal protective equipment also experienced an uptick in prices as demand outstripped supply. The price of crude oil started to increase in the first quarter of 2021 as demand rebounded, with implications for price stabilisation across the sub-region, especially within the WAMZ.

With people and governments having grown tired of the COVID-19 restrictions, the vaccine approval in late 2020 came as welcome news across the globe. However, the stark reality is that the vaccine rollout has highlighted the economic disparities in our world all the more. While wealthy nations are securing vaccines quickly, countries in our part of the world are struggling to do same, falling predominantly on the COVID-19 Vaccines Global Access (COVAX) initiative to begin the vaccination process. This disparity in vaccine deployment is indicative of the ill-preparedness of countries to deal with pandemics. In effect, the possibility of defeating the virus in the sub-region will likely be pushed back beyond 2021, given that most countries' vaccines will arrive in the last quarter of 2021.

The macroeconomic fundamentals did not look good in 2020, with a deterioration in key indices across the sub-region. Projections for 2021 portend a V-shaped recovery, with improved performances in economic activity in 2022. Fiscal deficits are also projected to narrow but debt levels are expected to increase in many countries, as the need for financing persists. With a gradual recovery in commodity prices, especially crude oil, export proceeds are expected to increase in 2021, leading to a narrowing of the current account deficit.

On its part, the Bank extended a grant of US$1.5 million to Member States towards their fight against the pandemic and to mitigate the adverse impact of the pandemic on the vulnerable in society. Furthermore, the Bank deferred principal and interest payments for clients whose operations were affected by the pandemic at no extra cost to them, while disbursing to some projects it had committed to financing.

Going forward, the Bank has positioned itself in the best possible way to partner with Member States to recover from the pandemic shocks. This finds expression in the 2021-2025 Strategic Plan, Strategy 2025, which is themed, "***Towards a restored, enabled and resilient ECOWAS***", anchored by the following pillars:

- repositioning the Bank to deliver on its value proposition; and
- promoting resilient, inclusive and sustainable growth and development.

The theme for the 2021 West African Development Outlook, "***Economic Recovery in the midst of Uncertainties***", captures the aspirations of Member States, while recognising the challenging environment within which they have to work. To this end, the Bank will work with Member States to pursue the financing of SMEs/SMIs, agriculture, health and infrastructure, among others, to ensure that lives and livelihoods are protected.

In addition to this, it is important for Member States to identify and improve on the positives from the pandemic experience. It is also vital that they narrow their fiscal deficits and control the rate of debt accumulation, with a view to moving overall debt within sustainable limits. It is also important to point out that the war on the COVID-19 pandemic has not yet been won. It is, therefore, imperative to keep to the protocols, while working assiduously towards procuring vaccines in good time.

George Agyekum DONKOR, PhD, DBA
President and Chairman of the Board of Directors

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Performance

The WADO notes that the West African economy has never been adversely impacted like it was in the year 2020. The Global Financial Crisis of 2008 and the Asian Financial Crisis that preceded it in 1997 did not have the kind of impact COVID-19 has had on these economies. The main difference is that the pandemic hit the sub-region directly and indirectly, through infections, deaths, lockdowns, border closures, loss of fiscal revenues, coupled with a surge in public expenditure, a decline in general demand for commodities as well as a decline in development partner support.

This has set the sub-region back many years, with gaping fiscal deficits across countries, increasing debt and debt sustainability concerns, a momentary loss of the battle against poverty and possible neglect of infrastructure investment in favour of increased social spending. Economic activity in the sub-region declined by 0.7 percent, down from a 3.6 percent growth in 2019. The low GDP growth rates, notwithstanding, the end-year performances were much better than initially anticipated. This was partly due to a rebound in commodity prices after the rather stringent COVID-19 containment measures were eased, with their attendant adverse impacts on aggregate demand.

Globally, the pandemic led to a loss of approximately 255 million equivalent full-time jobs in 2020. This constituted an 8.8 percent loss of working hours relative to the last quarter of 2019. In Africa, a total of 29 million jobs were lost, representing a 7.7 percent contraction relative to the fourth quarter of 2019. Western Africa (including Mauritania and Saint Helena) lost 7 million jobs, representing a 6.4 percent shrinkage relative to the fourth quarter of 2019.

Outlook

Real GDP growth in the ECOWAS region is projected at 3.9 percent and 4.4 percent in 2021 and 2022, respectively, with divergent recovery paths for Member States. This is due to a combination of commodity price recoveries and events that could hamper output. The overall growth is also influenced by stepped down growth projections for economies with a dominant tourism sector on account of the low-key recovery of the sector in the first quarter.

The year 2021 began with rising crude oil prices, relative to 2020, and high freight charges, as the demand for shipping services resumed. Given that all countries in the sub-region are net importers of refined petroleum products, there is the likelihood that ex pump prices will be adjusted upwards in many countries to mitigate the impact of this price event on the fiscal. The combination of these two factors, as well as food inflation, are expected to engender an uptick in general price levels in 2021.

Recommendations

The uncertainty surrounding the length of time the pandemic will last makes it imperative for the monetary and fiscal authorities to adopt a longer spell pandemic policy stance in order to eliminate the element of surprise.

In a bid to narrow the fiscal deficit and make gains on debt sustainability, it is important to assume a conservative revenue stance, while working to rationalise expenditure in 2021 and 2022. There is also a real need to explore innovative strategies to increase revenues, without bringing excessive hardships on the citizenry, for investment in critical areas of the economy.

Fiscal consolidation, notwithstanding, social expenditure should not be unnecessarily squeezed, given that a longer pandemic will push more people into vulnerability. In effect, as countries work to improve their economies, they must be conscious of the fact that the pandemic pushed more people into extreme poverty. Thus, the budget for social safety nets must be commensurate with the realities on the ground.

Member States should also:

- invest in food crop production to address the lingering issue of food security;
- support SMEs/SMIs to recover from the pandemic shock;
- explore ways of assisting competitive companies in participating fully in the African Continental Free Trade Area (AfCFTA) initiative; and
- build vaccine production capacity.

Downside Risks

Key risks to the outlook include the following:

- a longer COVID-19 pandemic;
- weak commodity demand and commodity price deterioration;
- revenue underperformance; and
- insecurity.

SOCIO-ECONOMIC PERFORMANCE AND PROSPECTS

DETERIORATING SOCIO-ECONOMIC INDICATORS

Africa has managed to escape the debilitating impacts of quite a number of global events that have ravaged economies over the past two decades. The Asian Financial Crisis of 1997 and the Global Financial Crisis of 2008 are but a few examples of such events. As these crises led to financial meltdowns in many regions across the world, with a run on the financial sector all too prevalent, African economies, including West African economies, were mildly impacted.

However, the same cannot be said of the COVID-19 pandemic, which has greatly impacted lives and livelihoods globally and tested the crisis readiness of West African economies, albeit to a lesser degree when compared to the rest of the world. The simultaneity, scale and depth of the COVID-19-induced socio-economic malaise across ECOWAS Member States is like none other.

COVID-19: A ravaging second wave

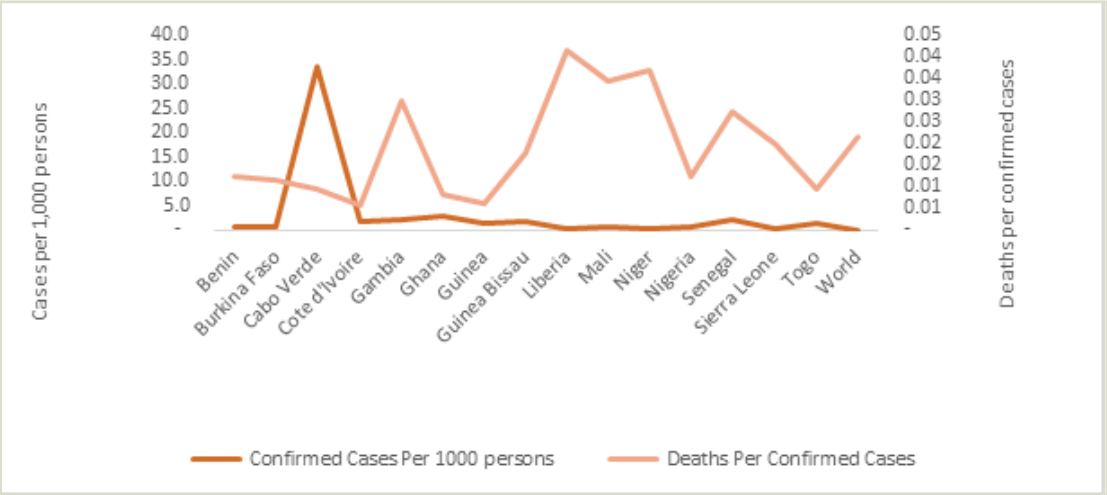
The West African sub-region initially contained, to the amazement of many, the COVID-19 pandemic well in 2020, after the first reported case on February 27, 2020, in Nigeria. There were fears that the pandemic would overstretch the generally poor health infrastructure and inadequate healthcare personnel in the sub-region. While those fears were grounded, the reality was quite the opposite in 2020, due to the general adherence to the restrictions put in place by Member States. Data from the Johns Hopkins Coronavirus Resource Centre on the case count from the inception to April 10, 2021, show that 0.1 percent of the ECOWAS population had been infected, compared to 1.7 percent globally (1.8% globally, excluding ECOWAS).

By April 10, 2021, the total number of cases in the sub-region was 443,397, with 5,831 fatalities. The fatality-to-case count ratio comes to approximately 1.0 percent, which is lower than the global rate of 3.8 percent.

That said, the sub-region witnessed a dramatic increase in cases during the more infectious and deadly second wave, which led to increased hospitalisations, overstretching medical facilities across Member States in the first four months of 2021.

Cabo Verde had the highest cases per one thousand persons (33.5), while Togo had the lowest (0.0004). While case fatalities have been generally low, it has varied across countries, with approximately 4.0 percent of infected persons in Liberia and Niger losing their lives, compared to an average of 1.0 percent in the sub-region (Figure 1).

Figure 1: COVID-19 Ratios

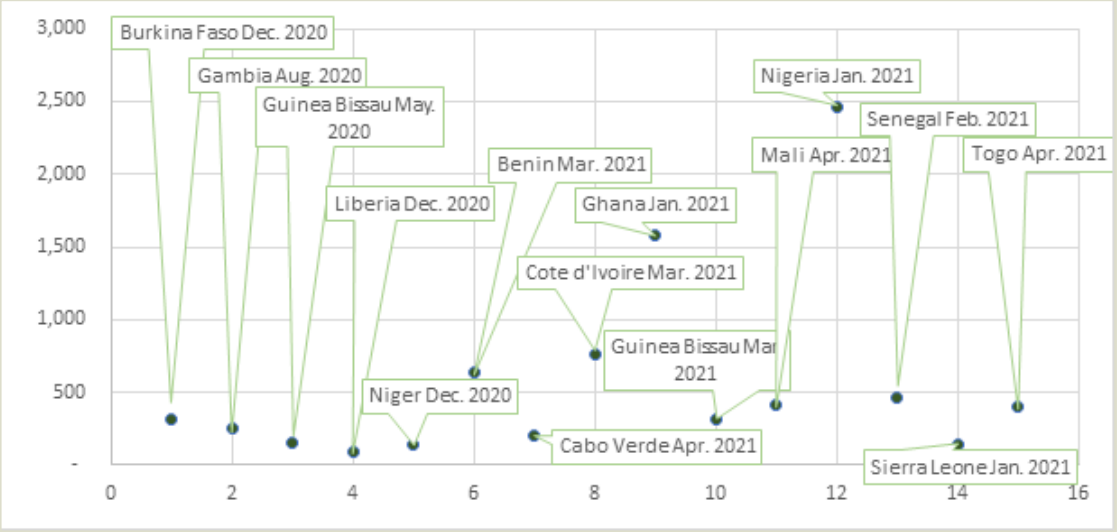


Sources: EBID staff calculations based on data from the Johns Hopkins Coronavirus Resource Centre and the United Nations Population Division

For most Member States, the peak case count was recorded in 2021 rather than in 2020. Apart from Guinea-Bissau that recorded its peak daily case count in the first half of 2020, most countries had theirs in either the last quarter of 2020 or in the first four months of 2021 (Figure 2).

The second wave of the pandemic can be blamed mostly on the relaxation of the enforcement regime of the pandemic protocols that resulted when the daily case counts started to decline. In some countries, this was heralded by the wanton flouting of the protocols during political campaigns and the implicit relaxation of same during the Christmas and New Year festivities.

Figure 2: COVID-19 Peak Case Count and Month of Peak



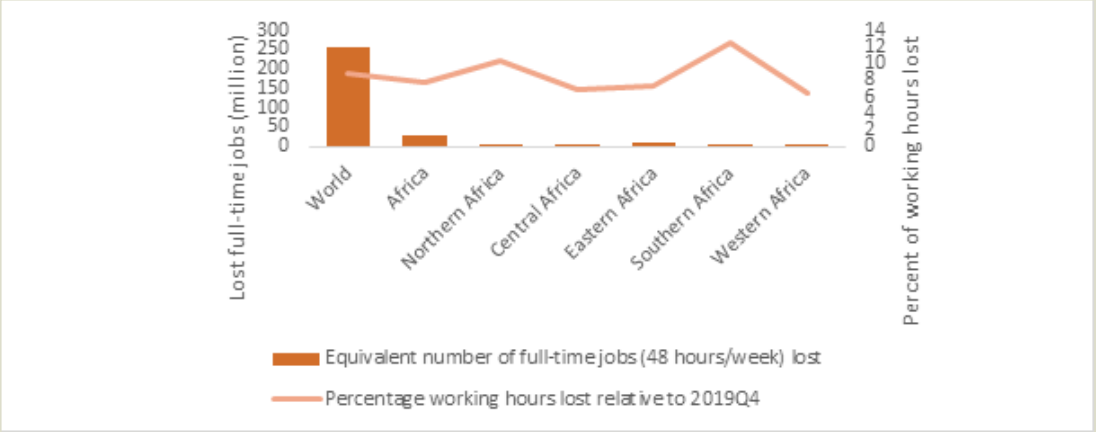
Source: EBID staff construct based on Johns Hopkins Coronavirus Resource Centre database, April 10, 2021

Lost working hours, poverty alleviation setback

As already indicated, the pandemic containment measures included partial in-country lockdowns and border closures in quite a number of countries in the sub-region. Only a few people were allowed to step out of their homes for work, leading to the loss of working hours.

Annual estimates by the International Labour Organisation (ILO) indicate that approximately 255 million equivalent full-time jobs were lost globally in 2020 due to the COVID-19 pandemic. This constituted an 8.8 percent loss of working hours relative to the last quarter of 2019. In Africa, a total of 29 million jobs were lost, representing a 7.7 percent contraction relative to the fourth quarter of 2019. Western Africa (including Mauritania and Saint Helena) lost 7 million jobs, representing a 6.4 percent shrinkage relative to the fourth quarter of 2019 (Figure 3).

Figure 3: Estimated Working-hour Losses in 2020

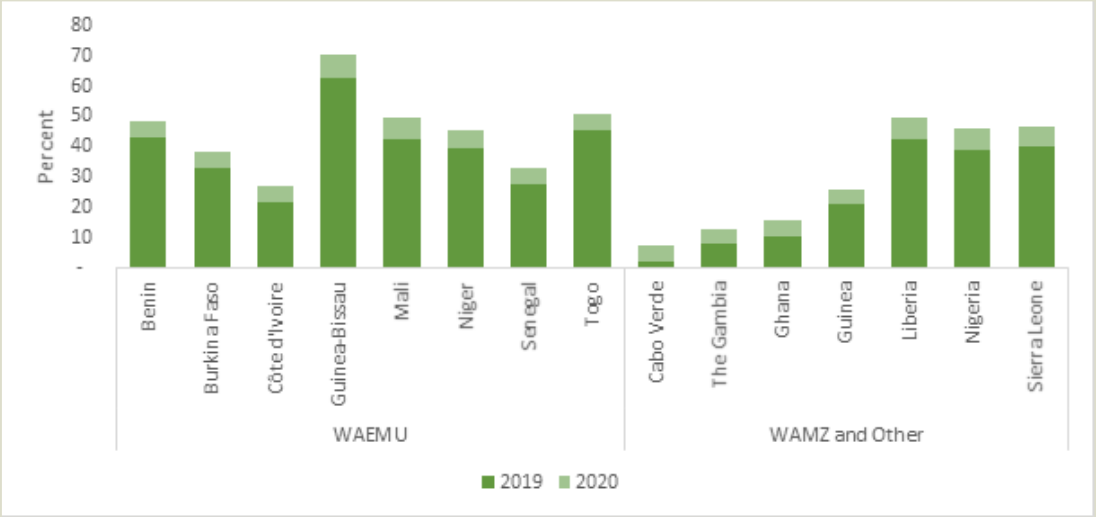


Source: ILO Monitor: COVID-19 and the World of Work, Seventh edition

The working hour losses resulted in a general decline in per capita income across the sub-region. This further put a spanner in the works in the sub-region's poverty alleviation efforts. The World Bank posits that the total number of ECOWAS citizens living in extreme poverty (i.e. those living on less than US$1.90/day) at end-2019 was 138 million.

This number is expected to increase by approximately 18 percent (or 25 million persons) to 163 million. This pushes the sub-regional poverty headcount to 41.1 percent, up from 34.8 percent in 2019, with varying country statistics (Figure 4). In effect, Member States will have to redouble their efforts towards the provision of social safety nets for their citizenry in order to get back on track. A lot of effort will be required to reach pre-pandemic poverty alleviation levels before they can make further gains.

Figure 4: Below US$1.90/day Poverty Estimates

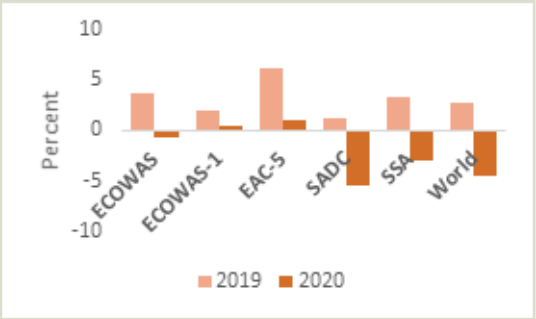


Sources: World Bank's PovcalNet Database, United Nations Population Division and EBID staff estimates
Note: 2019 poverty data are from PovcalNet, population data from the UN and 2020 poverty estimates by EBID staff

A year of deep contraction and uneven growth

While global growth declined, in response to the lost working hours and relatively low aggregate demand, by 4.4 percent in 2020, down from a growth of 2.8 percent in 2019, economic activity in Sub-Saharan Africa (SSA) declined by 3.0 percent, down from 3.2 percent in 2019 (Figure 5).

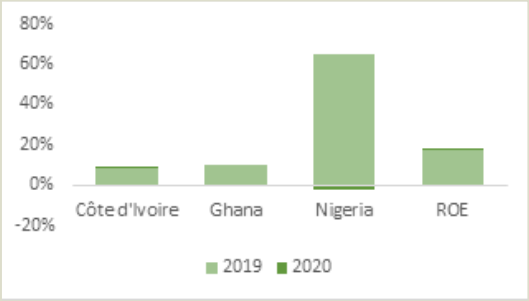
Figure 5: Comparative GDP Growth



Sources: World Economic Outlook, World Development Indicators databases and EBID staff calculations
Note: ECOWAS-1 is ECOWAS excluding Nigeria

In the Southern African Development Community (SADC) region, growth declined by 5.5 percent in 2020, down South Sudan, ending 2020 with a growth of 1.0 percent.

Figure 6: Distribution of ECOWAS GDP



Source: EBID staff calculations based on IMF's World Economic Outlook database
Note: ROE is Rest of ECOWAS

The ECOWAS region recorded a 0.7 percent contraction in economic activity in 2020, down from a 3.6 percent growth in 2019. Excluding Nigeria, the ECOWAS economy expanded by 0.4 percent in 2020, compared to 2.0 percent in 2019, a testament to the fact that the overall sub-regional performance is largely driven by the Nigerian economy, which accounted for approximately 63 percent of regional GDP at end-2020 (Figure 6), compared to 65 percent in 2019.

In 2020, growth in ECOWAS economic activity was uneven, with a general underperformance across countries, relative to 2019. Most economies in the region had positive growth, with Guinea's 2020 growth (5.2%) surprisingly being only marginally lower than its 2019 growth (5.6%). Cabo Verde, on the other hand, experienced the most dramatic decline in economic activity (-14%) after having grown by 5.7 percent in 2019.

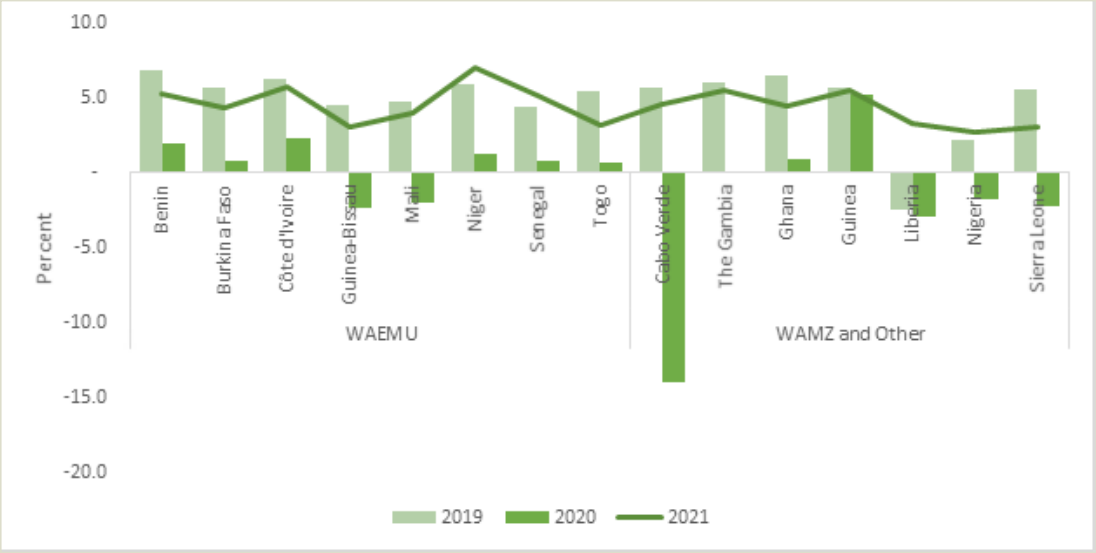
With tourism as the mainstay of the economy, Cabo Verde's economy was adversely impacted by the border closures and widespread tourist apprehension that characterised the year 2020. This had adverse ramifications for the air and ground transportation sectors of economies in the sub-region, with a projected minimum of 50 percent reduction in air passenger traffic.

In-between these two extremes lie growth performances that range from approximately 2.3 percent and -3.0 percent, with 9 Member States recording positive growth (Figure 7).

The slow-down in GDP growth is accentuated by a decline in the growth of ECOWAS exports, which shrank by 25 percent in 2020.

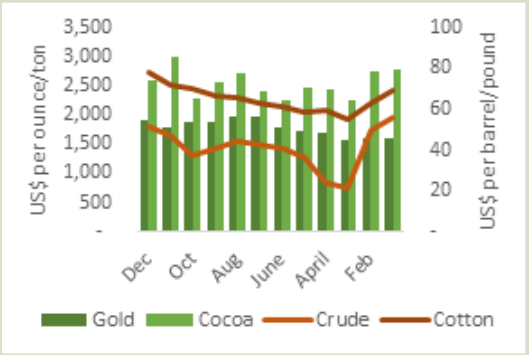
The low GDP growth rates, notwithstanding, the end-year performances were much better than initially anticipated. This was partly due to a rebound in commodity prices after the easing of the rather stringent COVID-19 containment measures, with their attendant adverse impacts on aggregate demand (Figure 8).

Figure 7: ECOWAS GDP Growth



Source: IMF's World Economic Outlook database

Figure 8: Commodity Price Trends, 2020



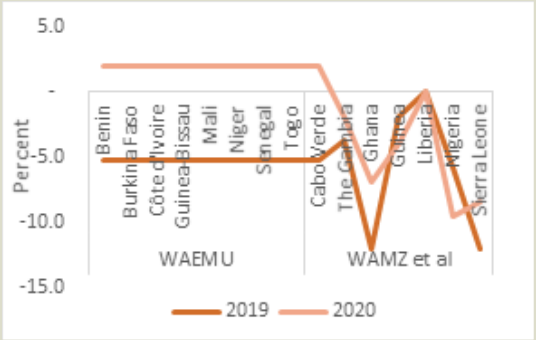
Source: Bloomberg

Uneven exchange rate movements

The COVID-19 pandemic had varying exchange rate impacts on the sub-region, especially depending on the zone in which a country finds itself. The eight (8) West African Economic and Monetary Union (WAEMU) countries experienced a currency appreciation in 2020 in relation to the United States dollar (1.9%), contrary to what happened in 2019. This was in keeping with movements in the euro, to which the CFA franc is pegged, against the United States dollar. The same goes for Cabo Verde (a 2% appreciation), whose currency is also pegged to the euro.

Members of the West African Monetary Zone (WAMZ), excluding Liberia, on the other hand, experienced a depreciation of their currencies between a range of 1.8 percent and 9.5 percent, with Nigeria experiencing the highest depreciation, as merchandise exports declined, on account of low crude oil prices. The Gambia, on the other hand, with a currency depreciation of 1.8 percent against the United States dollar, experienced the least currency depreciation in the WAMZ (Figure 9).

Figure 9: Exchange Rate Trends



Sources: EBID staff calculations based on the IMF's World Economic Outlook
Note: Change in quantity of local currency per US$1

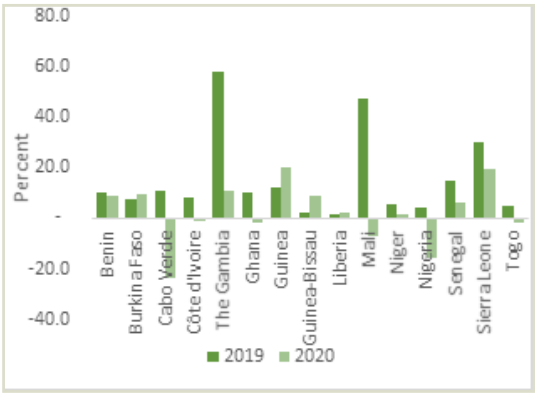
Fiscal policy responses to COVID-19

As already alluded to, one of the reasons for the stronger-than-projected end-2020 GDP growth was a rebound in commodity prices in the second half of the year. This jolted natural resource exporting countries to partly overcome the general malaise in the first half of the year. The other reason was the decisive policy responses by governments, through fiscal and monetary policies, to protect lives and livelihoods.

The partial lockdowns, border closures and general freeze on economic activity in the first half of the year led to massive revenue losses for quite a number of countries, even though others experienced an uptick in revenue collections. This was because corporate taxes were not forthcoming, commodity revenues suffered from the effects of commodity price declines, revenues from the harbours were at best squeezed (on account of the low maritime traffic) and petroleum-based taxes floundered (owing to travel restrictions).

The resultant jobs losses also led to a reduction in income taxes, with almost all the revenue types underperforming. In effect, overall government revenues declined markedly in many Member States, compared to the 2019 levels. Figure 10 shows that for most Member States, revenue growth was below that of 2019, with notable declines in some (Cabo Verde, Côte d'Ivoire, Ghana, Mali, Nigeria and Togo).

Figure 10: Revenue Trends



Source: EBID staff calculations based on IMF's Regional Economic Outlook for SSA database

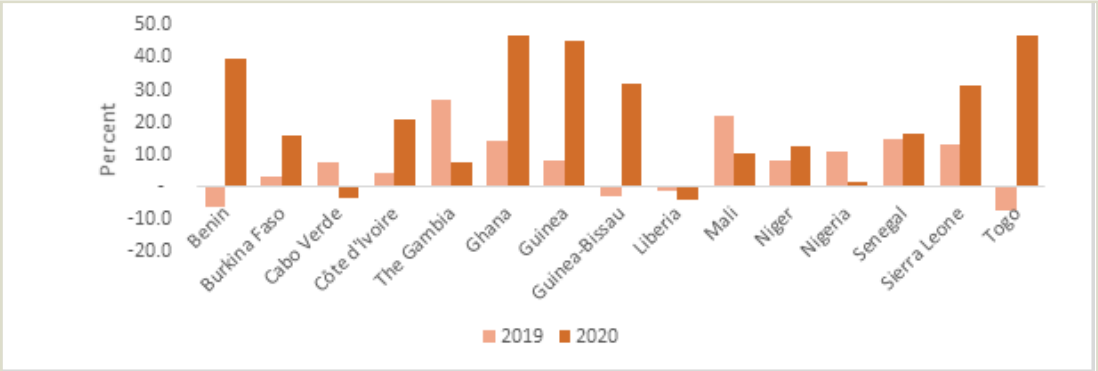
At the same time that revenues were declining, there were increasing calls on governments to provide social safety nets for the needy. With the lockdowns came the realisation that a teeming majority of street kids could scarcely stay off the streets, given that they had no shelter. Street hawkers, some of whom are homeless, also

practically survived on their daily sales. In effect, the stay-at-home order meant that they risked dying of starvation, rather than of the pandemic.

To this end, some governments began food distribution programmes for the vulnerable, while fiscal transfer programmes to the vulnerable were intensified. Other governments went the extra mile of providing electricity and water subsidies to ease the cost of the stay-at-home directive at extra costs to the budget.

Moreover, the need to increase health expenditure was all too glaring, with governments working overtime to procure personal protective equipment for health workers and other frontline staff, engaging in last-minute but necessary expansion of health infrastructure as well as the construction of isolation centres to facilitate effective management of cases. Also, some governments instituted incentive packages for frontline staff to motivate them to give off their best, especially when some of them started contracting the virus and others lost their lives in the process.

Figure 11: Expenditure Trends



Source: EBID staff calculations based on IMF's Regional Economic Outlook for SSA database

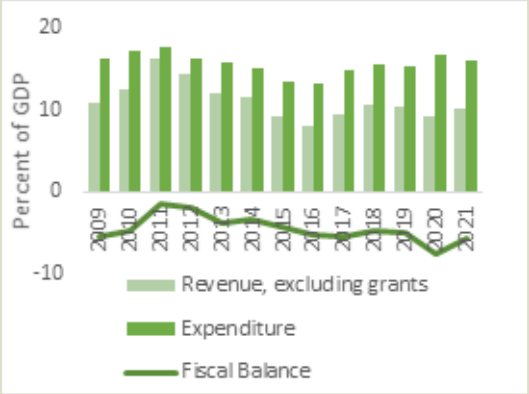
However, there were notable exceptions to the general trend, with Nigeria (1.6%), Cabo Verde (-3.6%) and Liberia (-3.8%) not exerting as much pressure on the expenditure budget (Figure 11).

The increased health and social spending led to significant increases in expenditure in most countries, with many sacrificing infrastructure expenditure to stem the tide. Benin, Ghana, Guinea, Guinea-Bissau, Sierra Leone and Togo saw spikes in overall expenditure (between 31% and 47%) mainly as a result of the factors enumerated above.

The relatively low revenues and increasing expenditure levels resulted in the highest fiscal deficit-to-GDP ratio in more than a decade (-7.5 percent) in the ECOWAS region (Figure 12).

Given the need for governments to procure COVID-19 vaccines and re-start their economies, it is anticipated that growth in expenditure will continue deep into 2021, albeit not to the levels experienced in 2020, with revenue growth struggling to catch up. In effect, the overall financing gap is expected to be lower than experienced in 2020.

Figure 12: Fiscal Deficit Trends in ECOWAS

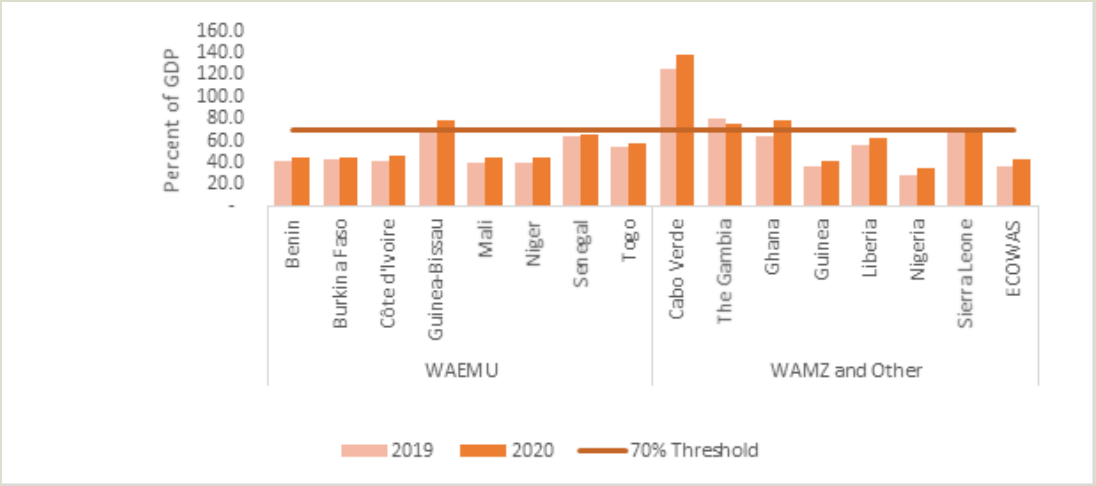


Source: IMF's Regional Economic Outlook for SSA database

Rising debt levels

The persistent fiscal deficits over the years have led to rising debt levels across countries. With the exception of The Gambia, all Member States witnessed an increase in their debt-to-GDP ratios. As at the end of 2020, five (5) Member States – Cabo Verde, The Gambia, Ghana, Guinea-Bissau and Sierra Leone – had breached the 70 percent ECOWAS debt-to-GDP threshold, with Senegal and Liberia inching closer (Figure 13).

Figure 13: Debt-to-GDP Ratios

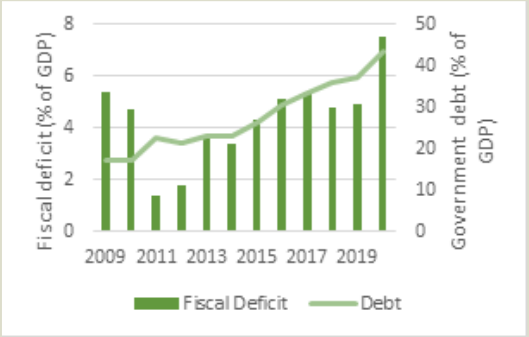


Source: IMF's Regional Economic Outlook for SSA database

The persistent increase in government debt in Member States, occasioned by the increasing need to close financing gaps, has led to a rise in the overall ECOWAS debt levels. Even though debt levels and as a percentage of GDP had seen a consistent increase over the years, the increase in 2020 was rather steep (Figure 14).

The situation will lead to elevated debt service costs in the medium-to-long term, thus, contributing to further narrowing the fiscal space across countries.

Figure 14: Fiscal Deficits and Debt in ECOWAS



Source: IMF's Regional Economic Outlook for SSA database

Box 1

Country in focus

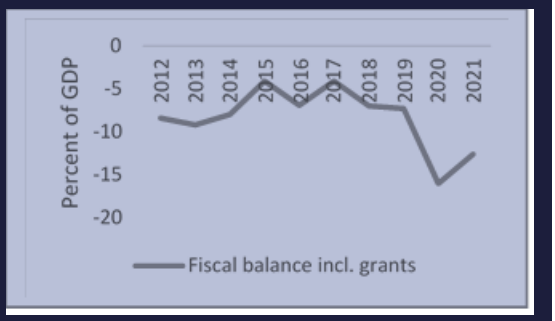
Ghana: Rising debt and debt sustainability

Ghana has struggled to keep its fiscal deficit within desirable limits for quite some time now. In effect, the country passed the Public Financial Management Act, 2016 (Act 921), its accompanying Regulations, 2019 (L. I. 2378) and the Fiscal Responsibility Act, 2018 (Act 982), with the aim of containing fiscal pressures and ensuring a stable and predictable fiscal path in Ghana. While revenues have increased consistently over time, expenditure growth has outstripped the former, leaving gaping deficits for financing. Fiscal deficits are usually elevated in election years, as can be seen in 2012, 2016 and 2020 (Figure 1.1). Furthermore, fiscal deficits get elevated in periods when the country is not on an IMF programme: compare 2012-2014 as well as 2018-2020 to 2015-2017, when the country was on the Fund's programme.

The elevated fiscal deficits have engendered increased borrowing from the domestic and international capital markets to finance the deficit. Since Ghana's maiden Eurobond issuance of US$750 million in 2007, the country has issued Eurobonds annually since 2013 to date, with the notable exception of 2017. Even though part of the amount raised has been used for liability management, the fact that the borrowed amounts were denominated in United States dollars has presented challenges to the fiscal authority, especially when the local currency depreciates against the dollar, as has mostly been the case. Currency depreciation has increased debt levels, even when no borrowing has taken place.

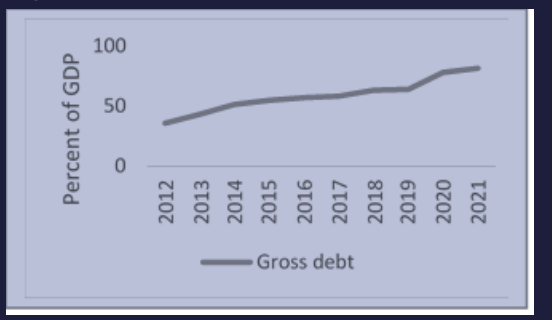
The debt-to-GDP ratio increased consistently from 35.6 percent in 2012 to 43.2 percent in 2013 and further to 58.3 percent in 2017. The ratio jumped to 63.2 percent in 2018 and 78.0 percent in 2020 (Figure 1.2). The dramatic change in the 2012-2013 ratios (i.e. 35.6% and 43.2%) is attributable to the Eurobond issuance just as the subtle change between 2016 and 2017 (57.1% and 58.3%) was primarily due to the non-issuance of Eurobonds and partly due to the liquidation of the outstanding 2007 Eurobond in 2017.

Figure 1.1: Fiscal Balance



Source: IMF's World Economic Outlook database

Figure 1.2: Gross Debt



Source: IMF's World Economic Outlook database

Such has been the increase in the debt levels that the government announced in its 2021 Budget that interest payments had outstripped compensation as the single largest cost item in the budget estimates, even after a reported 750,000 new public sector recruitments had been made between 2017 and 2020. With debt levels projected to surpass 80 percent of GDP in 2020, the situation may not abate anytime soon. This raises questions about how the government can continue to service its debt and the general sustainability of its debt portfolio going forward.

Box 2

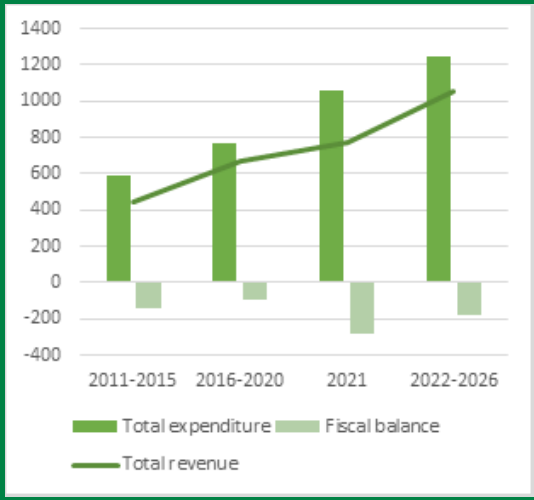
Country in focus

Togo: From a modest fiscal surplus to a wide deficit

Since 2009, Togo has undertaken financial and institutional reforms, with the view to ensuring sound and efficient public financial management. This has culminated in a shift to program-based budgeting and increased decentralisation in 2021. That notwithstanding, public revenues over the past decade grew at an annual average rate of 8.4 percent, while expenditure grew at an annual average rate of 10.1 percent, resulting in an average deficit of FCFA 120.5 billion or 3.7 percent of GDP. From 2017, however, fiscal deficit started narrowing, leading to a surplus of 1.6 percent of GDP in 2019, until a wide deficit of 6.1 percent of GDP was recorded in 2020, on account of the COVID-19 pandemic.

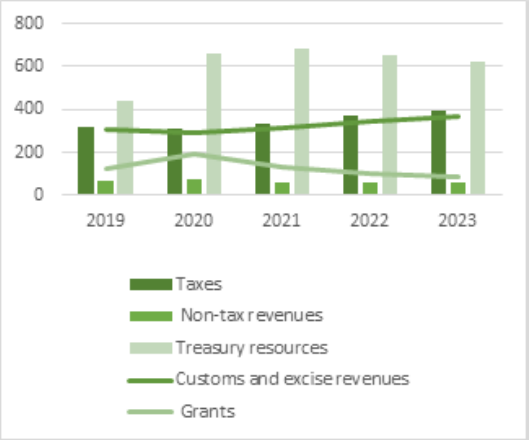
The government projects that the country will continue to experience fiscal deficits for the 2021-2026 period, as it intervenes in various sectors to facilitate a rebound in economic activity. Public expenditure is expected to remain higher than revenue, resulting in an average budget deficit of FCFA 199.7 billion or 3.7 percent of GDP over the period 2021-2026. Figure 2.1 shows the evolution of the budget components.

Figure 2.1: Trends in Fiscal Balance



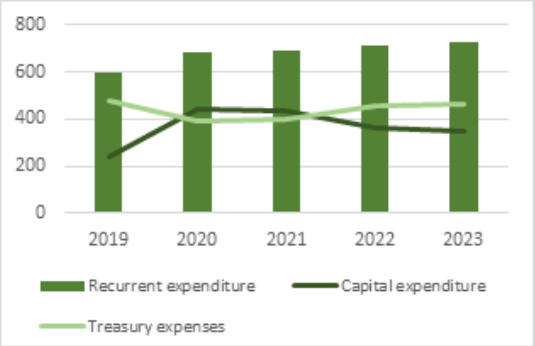
Source: IMF's World Economic Outlook database

Figure 2.2: Trends in government revenue



Source: Ministry of Economy and Finance

Figure 2.3: Trends in Public Expenditure



Source: Ministry of Economy and Finance

The 2021-2023 Budget shows that in terms of public revenue (Figure 2.2), Togo will mobilise more treasury resources (43%), followed by taxes (24%), customs and excise revenue (22 percent), grants (7%) and non-tax revenue (4%). In terms of expenditure (Figure 2.3), the 2021-2023 programme budget shows that the resources mobilised will be more oriented towards recurrent expenditure (46%), followed by treasury expenses (29%) and capital expenditure (25%).

Box 3

Country in focus

Cabo Verde: Riding the tourism storm

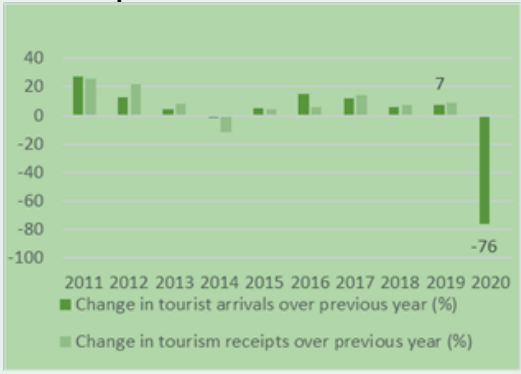
In the decade before 2020, the tourism sector generated an average of US$433.3 million per year in Cabo Verde, accounting for an average of 68.7 percent of the country's total exports.

In 2019, the tourism sector contributed 10.3 percent to Cabo Verde's GDP, leading to a 5.7 percent GDP growth rate. However, the lockdowns and border closures induced by the COVID-19 pandemic have extremely destabilized the Cabo Verdean tourism sector. From 0.8 million tourists that visited the country in 2019, only a total of 0.2 million tourists arrived in 2020 (Figure 3.1), representing a 76 percent decline in tourist arrivals (Figure 3.2).

Figure 3.1: Tourist arrivals and receipts generated

Source: UNWTO database

Figure 3.2: Annual change in tourist arrivals and receipts



Source: UNWTO database

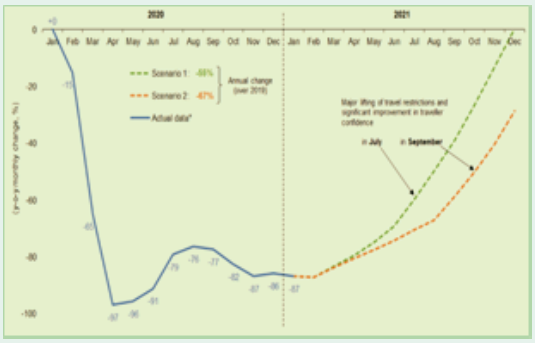
The shock to the tourism sector from April 2020 was transmitted to the entire Cabo Verdean economy, resulting in a 14 percent contraction in real GDP, representing the worst economic performance ever recorded by the country in decades.

This contraction in economic activity occurred despite the fiscal and monetary interventions by the government to support tourism and the general economy. The government instituted a raft of policies to enable commercial banks to avert a meltdown, including reducing the benchmark interest rate by 125 basis points to 0.25 percent and lending €400 million to them to facilitate their business.

The country was forced to take on new debt from the IMF (US$32 million), World Bank (US$5 million) and African Development Bank (€30 million), among others. This raises debt sustainability questions going forward.

After a year in which the tourism sector was severely battered worldwide, UNWTO projections (Figure 3.3) show that there will be a recovery in 2021, including in Cabo Verde. However, as has been said time and again, the recovery will be dependent on the evolution of new variants of the coronavirus, the effectiveness of vaccines, the ability of developing countries such as Cabo Verde to acquire vaccines and the willingness of the people to accept the vaccination.

Figure 3.3: International tourist arrivals in 2020 and scenarios for 2021

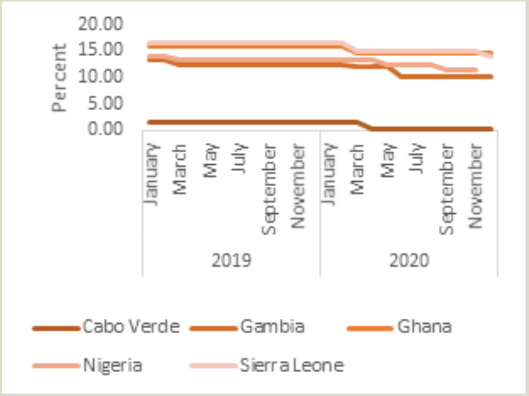


Source: UNWTO database

Monetary policy responses to COVID-19

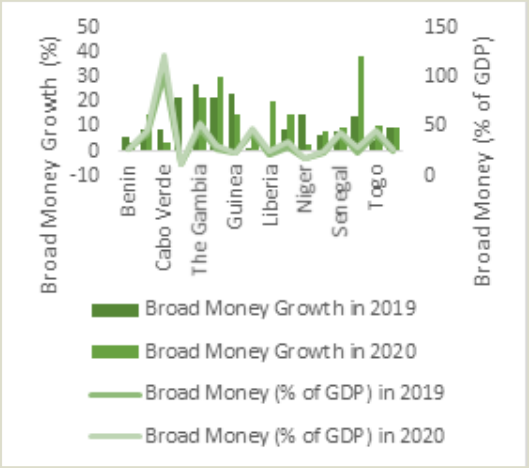
In addition to the expansionary fiscal policies to deal with the pandemic, the monetary authorities across the sub-region broadly implemented accommodative monetary policies to complement the fiscal policy efforts. There was a general reduction in the monetary policy rate across countries (Figure 15) to elicit a growth in money supply, with broad money generally increasing in many countries year-on-year and as a percent of GDP (Figure 16).

Figure 15: Monetary Policy Rate Movements



Source: IMF's International Financial Statistics database

Figure 16: Developments in Broad Money



Source: IMF's World Economic Outlook database

The thrust of the monetary policy stance was to ensure that the financial sector remained liquid to financial intermediation.

As part of the loose monetary policy, the monetary authorities made enough cash available for commercial banks to continue to conduct their business, through the raising of COVID-19 T-bills to make this possible. These T-bills could be refinanced within reasonable periods.

Furthermore, central banks across the sub-region granted a special dispensation to companies in relation to debt servicing, with deferrals for varied periods at no extra cost to them. For this to happen, commercial banks were asked to classify these rescheduled commitments differently from pre-COVID-19 treatments.

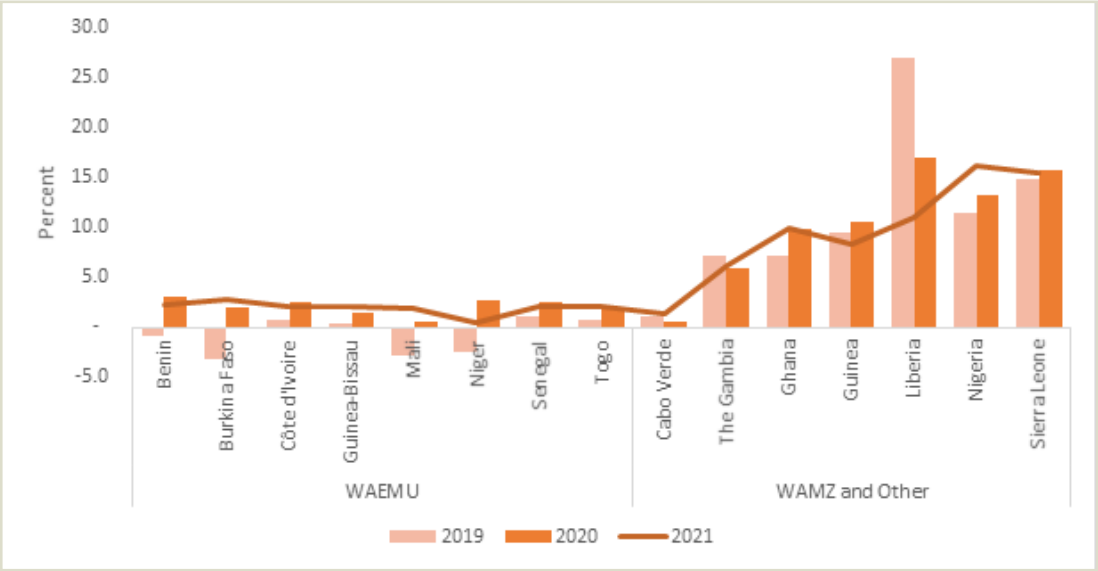
A year of elevated prices

Loose monetary policies, like the type witnessed in 2020, have implications. There was a general increase in prices across the sub-region. Out of the 15 ECOWAS Member States, the inflation rates of 10 of them moved in the same direction as their monetary policy growth in 2020, relative to 2019.

However, it must be said that the elevated prices did not result solely from the loose monetary policies. It was also supply-side driven. The panic buying associated with the partial lockdowns and border closures, in the presence of supply chains disruptions, led to astronomical increases in food prices in the first half of the year in many countries. With the partial lockdowns also came a decline in commodity prices, especially crude oil prices, as aggregate demand declined. The initial decline in crude oil prices was welcome news for net importers of the commodity, given that it helped to partly offset the rising food prices.

The initial drop in aggregate demand resulted in production declines such that when the partial lockdowns were relaxed, supply chains were ill-ready to meet demand. The seeming shortages led to arbitrary non-food inflation in the second and third quarters of the year. This, coupled with the food inflation, partly led to price increases above those witnessed in 2019 in Member States (Figure 17).

Figure 17: Average Inflation



Sources: IMF's World Economic Outlook database and EBID staff projections
Note: 2019 and 2020 data are from the IMF, with 2021 projections from EBID

Monetary Convergence Criteria: lost grounds

Even though Member States have broadly failed to consistently meet ECOWAS convergence criteria, the year 2020 was particularly challenging. While some Member States held steady on some of the criteria, they struggled to achieve some of the others.

Only two (2) Member States were able to meet the criterion on budget deficit, with four (4) meeting the target on average inflation. Thirteen (13) countries had gross reserves that could last at least 3 months of import cover at the end of 2020, with 2 failing the criterion to limit central bank financing to not more than 10 percent of the previous year's tax revenue.

At the end of the period, five countries had their debt-to-GDP ratio being more than 70 percent, while all countries had their nominal exchange rate movements within a band of ±10 percent, as shown in Table 1.

Table 1: ECOWAS Convergence Criteria

No.	Criterion	Target	No. of countries that met criterion in:
			2020
Primary Criteria			
1	Budget deficit (including grants on commitment basis)/GDP	≤ 3%	2
2	Average annual inflation	≤ 10%; long-term goal of 5% by 2019	4
3	Gross reserves	≥ 3 months of import cover	13
4	Central Bank financing of the budget deficit	≤ 10% of previous year's tax revenue	13
Secondary Criteria			
5	Public debt/GDP	≤ 70%	10
6	Nominal exchange rate variation	± 10%	15

Source: EBID staff construct

Recovery in uncertain times

Uncertainty surrounds economic performance in 2021 and 2022, even though there are initial signs of a multi-speed V-shaped recovery in 2021 in the sub-region. To begin with, the second and third waves of the pandemic as well as the slow pace of the vaccine roll out seem to have slackened the projected pace of economic activity across regions, raising doubts about a dramatic turnaround. Tourism-dependent Member States like Cabo Verde and The Gambia are likely to struggle to attain the optimistic growth projections for 2021, given that tourist arrivals have not reached expected levels, with travel bans still in place in most of Western Europe, the primary source of patrons.

That notwithstanding, first quarter data in most countries show an uptick in economic activity, compared to the same period in 2020, albeit lower than expected.

Apart from tourism, commodity prices, remittances, exchange rate stability, among others, are key to a successful economic turnaround. It goes without saying that the speed with which the COVID-19 vaccines are rolled out, the efficacy of the vaccines and the extent to which vaccine apprehension is dealt with are very critical for economic recovery.

The vaccine deployment: a reality check

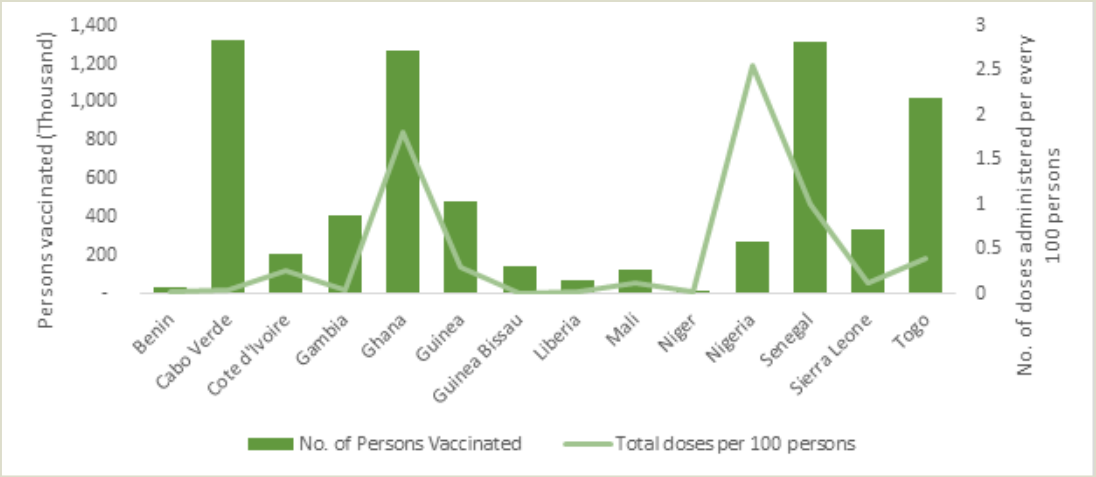
As already indicated, Member States reeled under huge expenditure requirements and low revenue collections, leaving gaping fiscal deficits in 2020. This increased financing requirements and, by extension, the addition of new debt to finance the deficits. Governments and the citizenry cannot wait any longer to get their lives back to normal.

For this to happen, the sub-region and the entire world, must win the war against the pandemic. Apart from the strict adherence to the pandemic protocols, one way of doing this is how quickly and effectively we are able to roll out the vaccine. Thus far, the roll out of the vaccine has been slow and uneven, to say the least. The World Health Organisation (WHO) Coronavirus Dashboard reveals a stark difference between rich and poor countries through the vaccine tracker. While countries like the United Kingdom (47 million) and United States (223 million) had vaccinated millions of their populations, most countries in the ECOWAS region could only count hundreds of vaccinations, as at May 2, 2021.

Most of the vaccines in the sub-region as at April 2021, if not all, were made available to Member States through the COVID-19 Vaccines Global Access (COVAX) initiative. Even though Member States had vaccine procurement plans and had gone ahead to place orders, the supply constraints militated against the rapid deployment of same. That is why the COVAX initiative was very critical for the sub-region. The African Union's laudable vaccine distribution initiative, just like Member States' procurement plans, is also yet to materialise.

To this end, Nigeria, which has a population of over 205 million, had vaccinated only 1.2 million of its population, as at April 28, 2021. For every 100 persons, Nigeria had vaccinated 0.58 persons. Ghana, the second most populous country in the sub-region, had administered a little over 0.84 million vaccine doses to its population. Apart from Cabo Verde (2.84), Ghana (2.71), Senegal (2.81) and Togo (2.19), which had vaccinated more than two (2) out of every 100 persons, most of the rest of the countries had vaccinated less than one (1) in every 100 persons (Figure 18).

Figure 18: The Vaccine Coverage



Source: EBID staff construct based on WHO Coronavirus (COVID-19) Dashboard, May 2, 2021

To make matters worse, it does not look like the slow pace of vaccine procurement, delivery and administration will abate any time soon, with Europe and India having erected bans on vaccine exports, in order to cater for their respective populations. As India, the main source of vaccines for the sub-region so far, struggles to contain the recent surge in infections and deaths, chances of an early containment of the virus in 2021 look rather remote. With vaccine orders firmly placed in the third to fourth quarters of 2021, it may not be until 2023 that half of the ECOWAS population will be vaccinated.

Given that Member States focused the first batch of doses on first-time vaccine recipients, new vaccine deliveries may not necessarily lead to an increase in coverage, given that they will be targeted at second round vaccinations[1]. The time given to some first-time recipients for the second dose has elapsed, creating panic in some Member States. In effect, it is not likely that vaccine coverage in West Africa will increase to catch up to the other regions of the world any time soon.

The talk of a probable need for an annual vaccination will most likely reset the clock for the sub-region, even though the world would have figured out a way to increase production capacity, if that was required. However, the reality is that until and unless the rich nations get their fair share of the vaccine, an annual vaccination programme would follow a similar trend.

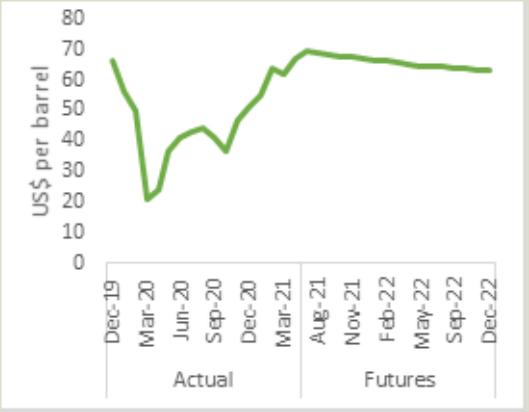
This could have severe adverse implications for economic recovery in West Africa, given that the second wave has proven to be more infectious and deadly than the first.

Yet, a sure recovery

Regardless of the slow-paced vaccine deployment, a broad-based economic recovery is expected in 2021, even for tourism and transportation, given the level to which the global economy sunk in 2020. With the easing of restrictions and projected uptick in commodity prices, there are enough incentives for natural resource producers to increase production to take advantage of the relatively favourable prices, particularly so for crude oil producers. Nigeria and, to some extent, Ghana, are likely to benefit from the relatively higher crude oil prices in 2021, compared with 2020 (Figure 19).

1 The AstraZeneca vaccines, the predominant vaccines in use in West Africa, requires recipients to take two doses.

Figure 19: Brent Oil Futures Price



Source: Bloomberg

On another positive note, even though remittances did not decline to projected levels in 2020, there is reason to believe that there will be a strong rebound in remittances in 2021. With remittances occupying third and fourth positions on the foreign exchange earning ladder in many Member States, it is critical for currency stability, especially in the WAMZ.

The real GDP growth in the ECOWAS region is projected at 3.9 percent and 4.4 percent in 2021 and 2022, respectively. Undergirding this overall growth are divergent recovery paths for Member States. This is due to a combination of factors: an above 2 percent projected growth for Nigeria, on account of high crude oil prices and a somewhat weaker growth for Ghana, due, among other factors, to a projected decline in gold exports. The expected decline in gold exports in Ghana is on the back of a crackdown on illegal mining activities, which could inadvertently impact production by licensed small-scale miners adversely.

The overall growth is also influenced by stepped down growth projections for Cabo Verde and The Gambia, on account of the low-key recovery of the tourism sector in the first quarter. By the same token, the reopening of the border with Nigeria will boost Beninese exports and lead to a buoyant growth of 5.2 percent in 2021 (Figure 7). Guinea will continue to post a robust growth, mainly on account of increased mining output.

Per capita real GDP is projected to increase generally across countries in 2021 and 2022, with ECOWAS per capita GDP reaching US$1,867 in 2021 and rising further to US$2,122 in 2022.

An eye on inflation

The year 2021 began with increasing crude oil prices, relative to 2020, and high freight charges,

as the demand for shipping services resumed. Given that all countries in the sub-region are net importers of refined petroleum products, there is the likelihood that ex pump prices will be adjusted upwards in many countries to mitigate the impact of this price event on the fiscal.

An upward adjustment in petroleum prices will impact general price levels. With food prices also increasing in several countries, there is likely to be a surge in overall prices until the harvest season arrives.

The food and non-food price increases will hurt price stabilisation efforts, particularly within the WAMZ, with double and near-double digit inflation set to persist (Figure 17). This will have an impact on the GDP deflator, leading to a slightly higher nominal GDP in many countries than initially projected.

A narrowing current account deficit

As the constraints to global trade ease, commodity prices recover and output increases, quite a number of countries in the sub-region are expected to experience narrowing trade deficits. In addition to this, the projected increase in remittance flows will boost overall current account balances across countries, with most projected to experience improved positions, relative to 2020.

In effect, the sub-regional current account balance is projected to narrow from -4.4 percent of GDP in 2020 to -3.8 percent and further to -3.4 percent in 2021 and 2022, respectively. This is testament to expected improved conditions, particularly, in Nigeria and Ghana.

Improving fiscal balance

Many countries in the sub-region experienced wide fiscal deficits in 2020, as revenue floundered and expenditure increased astronomically. While countries will continue to spend to curb COVID-19, particularly to procure vaccines, revenue will generally increase, through the introduction of new taxes and strengthening of tax measures to ensure that fiscal deficit narrows, relative to 2020. However, revenue is not expected to recover to pre-pandemic levels in many countries, given that tax paying entities are still recovering from the loss in 2020 and personal income tax could falter as a result of the job losses in 2020.

Fiscal deficit in the ECOWAS sub-region is projected to improve to 5.3 percent of GDP in 2021, easing further to 5 percent in 2022.

Divergent debt paths

Most West African countries will experience a rise in their debt-to-GDP ratios in 2021, given the expected slow climbdown from the financing gap that was recorded in 2020. Some countries have already made Eurobond issuances, while others have ventured domestic markets to borrow, in a bid to finance critical health, social and infrastructural expenditure.

Sub-regional debt is projected to decline marginally to 43.1 percent of GDP in 2021, from 43.5 percent in 2020. ECOWAS debt is projected to remain at 43.1 percent in 2022.

POLICY OPTIONS FOR A TURNAROUND

Such has been the extent of damage the pandemic has inflicted on lives and livelihoods that there is the need for a swift and decisive response, otherwise, the sub-region could experience a socio-economic crisis. That said, it is important to draw lessons from the experiences in 2020 to guide the roadmap to recovery.

Focusing on the pandemic positives

A lot has been said about the havoc the pandemic wreaked on Member States in 2020 – loss of lives, general and mental health deterioration, unemployment, lost education opportunities for those without appropriate technology, increased fiscal deficit, increased public debt, among others. Painful as these experiences have been, we can draw positive lessons from them to improve lives and livelihoods going forward. To begin with, the pandemic exposed the sub-region's lack of preparedness to handle health crises of this nature, even though some Member States had experienced and successfully navigated the Ebola curve. Health professionals and infrastructure were overly stretched during peak periods, with distress calls to improve conditions of service. There was genuine intent to invest in health infrastructure in 2020. This is a laudable idea that needs to be carried through.

Furthermore, as countries raced to secure personal protective equipment (PPEs) for health professionals, there was a sudden spike in demand, accompanied by supply constraints occasioned by the stay-at-home order by governments. Supplies from China and other large producers were not forthcoming due to increased domestic use and low production. This led to a spike in the prices of PPEs, with nose mask prices quintupling, to say the least. Some Member States were forced to improvise by producing PPEs locally, with large scale medical grade production capacities resulting from such efforts. This is an industry that needs to be sustained to reduce the dependence on imports to supply such basic products. Governments should encourage local production of PPEs by securing manufacturers supply contracts for large state health facilities. This will contribute to reducing the import bill.

Moreover, at the height of the pandemic, it became obvious who the vulnerable in society are. Various studies have identified different vulnerable groups, leading to policy manoeuvrings to address their needs. No single study or event has shown how fragile the lives of various vulnerable groups are like the one COVID-19 exposed. Therefore, it would not be out of place to state that COVID-19 led to a holistic revelation of various vulnerable groups in the sub-region. It is a call on governments to come up with policies that address vulnerability holistically.

Technology helped get people around the tasks they could not carry out physically, due to the movement restrictions. There was increased use of technology for business, including for payments, education and social activities. There was an increased understanding of cashless payment systems by the citizenry in a way that builds momentum towards migration to a cashless society. Business was conducted almost seamlessly online, taking advantage of virtual conference facilities that pre-dated the pandemic but which no one in the region paid attention to. The convenience of being able to carry out one's assignment from home was welcome news to many, who could finally avoid thick and unproductive early morning vehicular traffic to undertake tasks that could easily be done in the comfort of their homes.

Furthermore, the closure of schools meant that schools had to rely on technology to facilitate teaching and learning. Those that had the means continued to study online. However, there was a good number of students that could not catch up because they did not have the means or reliable internet connectivity. These students were left out for as long as schools were closed. There is, thus, an increasing need for Member States to work with the private sector to extend electricity and internet connectivity to areas without access so that no one is left behind.

Last but not least, the pandemic has presented businesses with ideas of how they can further optimise costs. With the reality of virtual meetings, businesses will have to decide whether they need all that rented office space or whether it is necessary to take a flight to attend that meeting or whether there is the need to hire a conference facility to organise that meeting.

Doing the basic things that matter

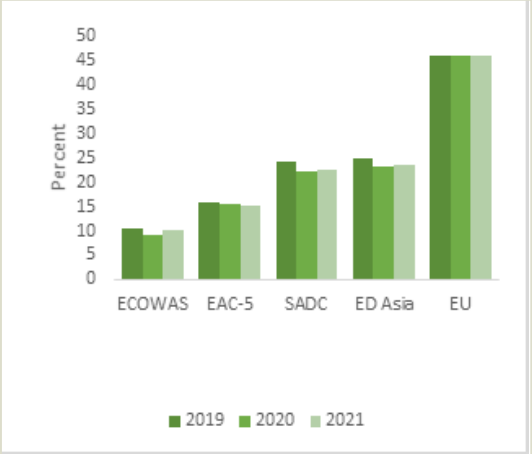
The uncertainty surrounding the length of time the pandemic will last makes it imperative for the monetary and fiscal authorities to adopt a longer

spell pandemic policy stance. Even though that is not to suggest that the massive interventions of 2020 must be repeated, the continuous stay of the virus will mean that aggregate demand will struggle to get to pre-pandemic levels, which also means that over time, supply chains will have to adjust to align with demand. This has implications for employment, income and income tax.

In effect, it is important to assume a conservative revenue stance, while working to rationalise expenditure in 2021 and 2022 to narrow the fiscal deficit. That said, there is a real need to explore innovative ways of increasing revenues, without bringing excessive hardships on the citizenry, for investment in critical areas of the economy.

The sub-regional revenue-to-GDP ratio, which has declined consistently since 2018, is the lowest in the world. ECOWAS revenue was 10.4 percent of GDP in 2019, compared with 15.7 percent in EAC-5, 24.1 percent in SADC, 24.9 percent in Emerging and Developing Asia and 46 percent in the EU (Figure 20). The ratio varied across countries in 2020 within a range of 6.3 percent (for Nigeria) and 29.9 percent (for Liberia).

Figure 20: Revenue-to-GDP Ratio



Source: IMF's World Economic Outlook database
Note: ED Asia is Emerging and Developing Asia

In a bid to increase domestic revenue, particularly tax revenue, the tendency is for governments to adjust value-added, sales and/or petroleum taxes upwards. While this will increase revenue because of the coverage of these taxes, it must be done with circumspection so that it does not lead to excessive inflation, increase input costs unnecessarily and exacerbate the plight of the vulnerable.

There is a general acknowledgement that the fiscal space in many ECOWAS countries had narrowed even before the COVID-19 pandemic reared its ugly head. Low revenues aside, Member States had cut expenditure to such an extent that there was virtually no room for further expenditure rationalisation. Some countries had implemented a net freeze on public sector employment policies, in a bid to contain the mounting wage bill, while others had cut the capital expenditure budget in order to fit within pre-agreed fiscal deficit limits.

The reality is that countries must still look to further cut expenditure in order to avert the creation of excessive financing requirements and debt. The fiscal policy dilemma of cutting expenditure and increasing social spending at the same time must be done in a way that does not hurt overall economic outcomes, given the urgent need to restore growth.

As earlier indicated, fiscal consolidation, notwithstanding, social expenditure should not be unnecessarily squeezed, given that a longer pandemic will push more people into vulnerability. In effect, as countries work to improve their economies, they must be conscious of the fact that the pandemic pushed more people into extreme poverty. Thus, the budget for social safety nets must be commensurate with the realities on the ground.

We have always known about the fact that food is a basic need of our society, but the pandemic could not have highlighted it better. The lockdowns led to an abrupt increase in food prices, as panic buying led to artificial shortages. The reality is that even though the sub-region has the potential to feed itself, there are serious supply gaps. In the near term, it is imperative that Member States invest in food crop production by supplying crop farmers, the poorest in our society, with improved seeds, fertiliser and guaranteed prices.

Another area policy must target is support to businesses. The COVID-19 pandemic affected a lot of small businesses. As a result, the strategy going forward should look to support SMEs/SMIs, given the impact they have on the economies within the sub-region. SMEs/SMIs make up more than 90 percent of all businesses in West Africa and employ the most people. Governments should work with the financial sector to explore ways of providing working capital support and/or tax incentives to these businesses, as they work to restore operations to pre-pandemic levels. The cost of such businesses folding up is a worsening of the unemployment problem and the loss of income tax revenue in the near to medium term.

While working to restore business and consumer confidence, there is a real need for governments to avert their minds to maximising the gains of the

African Continental Free Trade Area (AfCFTA) initiative. The sub-region has had challenges with intra-regional trade before and after the creation of ECOWAS, with increased trade with Western Europe and Asia. Governments must identify competitive industries that can take advantage of the AfCFTA initiative to increase intra-ECOWAS trade and reach out to the rest of the continent. The consequence of inaction is the flooding of the local markets with goods from elsewhere on the continent, leading to the killing of local industries and job losses.

AfCFTA could also become a vehicle to formalising the informal trade in foodstuffs and basic raw materials in the sub-region that are not captured in trade statistics. This could help drive Member States' diversification efforts, given that trade has focused on cash crops and natural resources, to the detriment of the basic needs of the sub-region. That explains why trade is outward, rather than inward-looking. Trade in basic commodities such as salt, onions, rice, among others, has not reached their potential levels because of imports from outside the region, while there is a glut and excessive post-harvest losses in other parts of the region.

Finally, as a medium- to-long-term strategy, it is critical for the ECOWAS region to build vaccine production capacity. This is to ensure that the unfortunate recurrence of the COVID-19 vaccine deployment challenges is mitigated in future, should an epidemic or another pandemic occur.

Downside Risks

Even though there are encouraging signs of recovery, there are strong headwinds that need to be watched. The key risk to a quick turnaround in the near term remains COVID-19-related: new virus variants, challenges with deployment and efficacy of vaccines and vaccine hesitancy. As most countries struggle to contain the virus without a temporary halt in economic activity, global aggregate demand could stall, with adverse implications for the sub-region's exports. Even though there is little doubt that aggregate demand in 2021 will exceed that of 2020, there are lingering concerns about whether it will reach the projected levels any time soon, even though there are early encouraging signs.

A longer pandemic will lead to further revenue underperformance and a widening of the fiscal deficit, resulting in increased debt accumulation. Revenue underperformance could also stem from the risk of commodity price deterioration, which could have widespread implications for the external reserves position and fiscal deficit.

Last but not least is the risk of insecurity. While the incident of military takeovers has abated over the past decade, the risk of insurgency remains a clear and present danger. Religious extremism and kidnappings have intensified over the past couple of decades, raising safety concerns among investors. The persistence of this unfortunate situation could jettison efforts to attract foreign direct investment into some parts of the sub-region.

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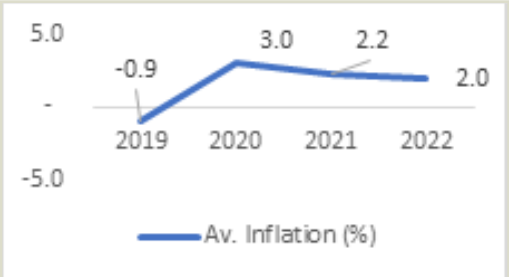
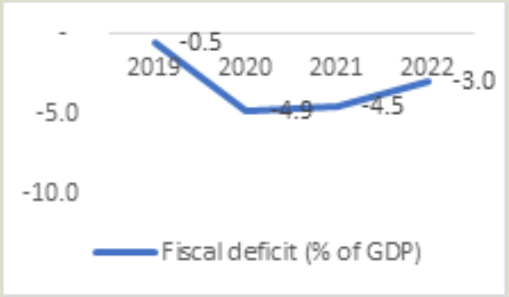
COUNTRY BRIEFS

BENIN

Macroeconomic Performance

The Benin economy is among those in the sub-region that recorded a positive growth in 2020. Economic activity slowed to a growth of 2 percent, from 6.9 percent in 2019, on account of a combination of factors, particularly the COVID-19 pandemic and the effects of Nigeria's decision to close its border with the country. Fiscal deficit increased to 4.9 percent of GDP, up from 0.5 percent of GDP in 2019, as the need for the provision of enhanced social safety nets and health spending became necessary to mitigate the adverse impact of the pandemic. The increased fiscal deficit led to an increase in debt contraction to address the financing gap, with the debt-to-GDP ratio increasing to 45.4 percent, up from 41.2 percent in 2019. The accommodative monetary policy, fiscal dominance and supply chains disruptions elicited a rise in general price levels. This resulted in the economy experiencing a sharp increase in average inflation of 3 percent, up from -0.9 percent in 2019. As the trade balance deteriorated with the COVID-19 pandemic, so did the current account balance. The current account deficit increased to 4.7 percent of GDP in 2020, up from 4 percent of GDP in 2019.



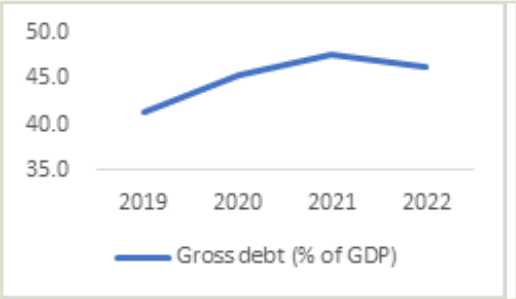


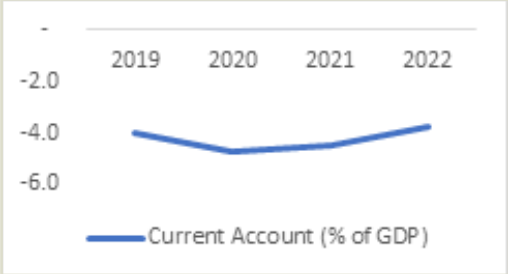
Outlook

The Benin economy is projected to recover by growing at 5.2 percent in 2021 and further to 5.9 percent in 2022, on account of increased exports and relatively improved cotton prices. Inflation is expected to moderate in 2021, with an average inflation of 2.2 percent, decelerating to 2 percent in 2022. This is mainly on account of such factors as increasing food prices, fuel price hikes and increased freight charges. Fiscal deficit is also projected to reduce to 4.5 percent and 4.3 percent of GDP in 2021 and 2022, respectively. Gross debt is projected to rise in 2021 to 47.5 percent of GDP before declining to 46.4 percent in 2022. Current account balance is projected to improve to -4.4 percent of GDP in 2021 and further to -3.8 percent in 2022.

Probable Headwinds

The longevity of the COVID-19 pandemic remains the single biggest threat to a quick turnaround from the challenges of 2020. The longer the virus stays, the more difficult it will be for full-scale economic activity to resume, with the hospitality industry and global aggregate demand still struggling to catch up to 2019 levels. Furthermore, high borrowing costs, as global demand for debt rises, could put pressure on Benin's fiscal balance.





BURKINA FASO

Macroeconomic Performance

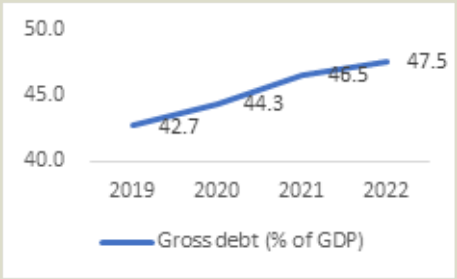
Burkina Faso avoided a recession in 2020, with real GDP growing at 0.8 percent, down from 5.7 percent in 2019. The COVID-19 pandemic and the subsequent restrictions that were placed on movement adversely affected the hospitality industry, with the low commodity demand and low prices affecting mining value addition. Average general price levels increased from -3.2 percent to 1.9 percent in 2020, as food prices generally increased and supplies dwindled. Fiscal deficit increased to 5.2 percent of GDP, up from 3.5 percent of GDP in 2019, highlighting a decline in revenue and an increase in social and health spending that occurred in the year. Gross debt also witnessed a marginal increase, rising to 44.3 percent of GDP, from 42.7 percent in 2019. Current account deficit also increased to 3.7 percent of GDP, from 3.3 percent in 2019, underscored mainly by a deterioration in the trade balance.

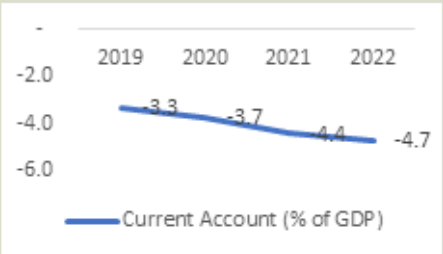
Outlook

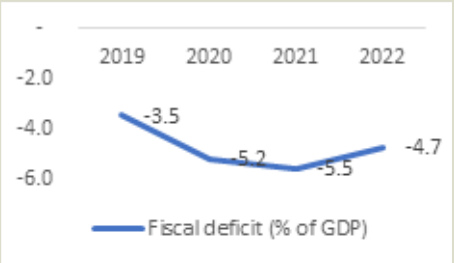
The Burkina Faso economy is projected to expand by 4.3 percent in 2021 and further to 5.5 percent in 2022 as global aggregate demand picks up. Fiscal deficit is projected to increase to 5.5 percent of GDP in 2021 and reduce to 4.7 percent in 2022, given envisaged increase in health and social spending amid revenue challenges. The decline in fiscal deficit as a percent of GDP in 2022 notwithstanding, gross debt is projected to continue on an upward trajectory, rising to 46.5 percent in 2021 and further to 47.5 percent in 2022. Average inflation is expected to rise to 2.8 percent in 2021, moderating to 2.5 percent in 2022, on account of higher fuel prices, high food prices and high freight charges, among others. With the rising petroleum costs and increasing freight charges, the balance of trade is projected to deteriorate further, leading to a current account deficit of 4.4 percent of GDP in 2021, rising further to 4.7 percent of GDP in 2022.

Probable Headwinds

The COVID-19 pandemic represents the single biggest risk to economic recovery in Burkina Faso. However, the rising cost of petroleum products presents a second layer of risks to the economy, given that it is a landlocked economy that incurs additional in-land transportation charges, in addition to the increased freight charges.







CABO VERDE

Macroeconomic Performance

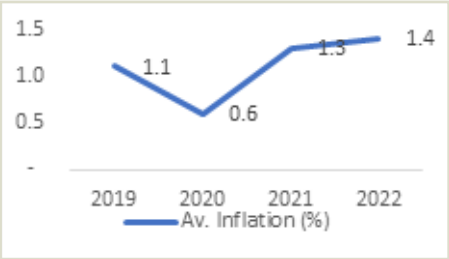
The Cape Verde economy was the worst hit economy in the sub-region, in terms of GDP growth. The low tourist arrivals helped plunge the economy to a growth of -14 percent, down from 5.7 percent in 2019. As expenditure increased and revenues declined, the fiscal deficit widened to 8.9 percent of GDP, up from 1.8 percent of GDP in 2019. Average inflation, however, declined to 0.6 percent, down from 1.1 percent in 2019. Gross debt increased sharply to 139 percent of GDP, from 125 percent, as the financing gap increased, as explained earlier. The current account deficit also plunged to 13.8 percent of GDP in 2020, down from 0.4 percent of GDP in 2019, as the tourism sector ground to a virtual halt.

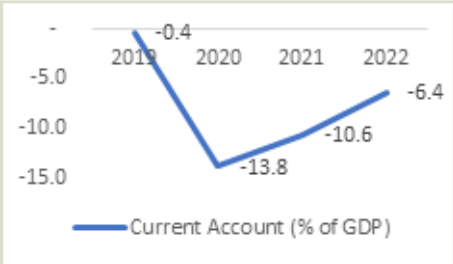
Outlook

Economic activity is projected to expand by 4.5 percent in 2021, much lower than originally projected, due to a slow recovery in the tourism sector. Tourist arrivals in the first quarter of 2021 fell short of 2020, with travel restrictions still in force in most of Europe and the United States. GDP growth is projected to reach 6.2 percent in 2022, with the expectation that full scale tourist activities would have resumed. While revenue collections are expected to rebound, expenditure is expected to continue to dominate in the medium term, leading to fiscal deficits of 8 percent of GDP and 3.6 percent in 2021 and 2022, respectively. Debt-to-GDP ratio is projected to increase marginally to 139.1 percent in 2021 and, thereafter, decline to 132.3 percent in 2022. Inflation is expected to increase to 1.3 percent in 2021, rising marginally to 1.4 percent in 2022, as economic activity rebounds amid rising energy prices and freight charges. Current account balance is expected to remain in negative territory, fuelled primarily by a negative trade balance. Current account deficit is expected to improve to 10.6 percent of GDP in 2021, improving further to 6.4 percent of GDP in 2022.

Probable Headwinds

The Cabo Verde economy will be hurt the more, if the COVID-19 pandemic persists. It will have serious implications for the tourism sector. From the look of things, however, tourism will not recover to pre-pandemic levels in 2021, given the challenges associated with the vaccine roll-out and lingering travel restrictions from the feeder regions.





CÔTE D'IVOIRE

Macroeconomic Performance

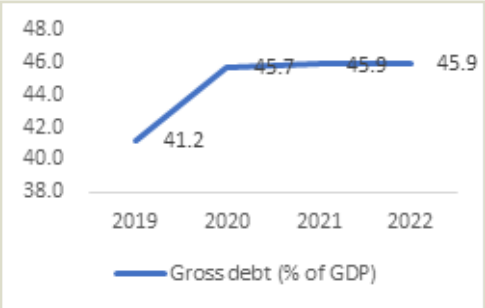
The economy expanded by 2.3 percent in 2020, down from 6.2 percent in 2019, as the COVID-19 pandemic hit. The Ivorian economy, however, was the second most resilient economy in the sub-region with a relatively impressive growth, given the challenges of the times. Fiscal deficit widened to 5.9 percent of GDP, up from 2.3 percent in 2019, as domestic revenue declined to 14.4 percent of GDP, from 15 percent in 2019, and expenditure increased from 17.3 percent of GDP in 2019 to 20.3 percent in 2020, in a bid to mitigate the adverse impact of the pandemic on the citizenry. Average inflation increased to 2.5 percent, from 0.8 percent in 2019, as the accommodative monetary and expansionary fiscal policies as well as supply chain disruptions set in. Gross debt shot up to 45.7 percent of GDP, from 41.2 percent in 2019, with current account deficit also increasing to 3.6 percent of GDP, from 2.7 percent in 2019.

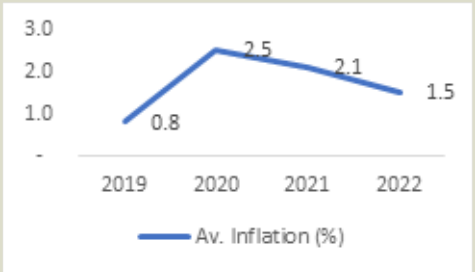
Outlook

The Ivorian economy is projected to grow by 5.7 percent in 2021 and further to 6.5 percent in 2022. Fiscal deficit is projected to decline to 4.6 percent of GDP and 3.5 percent in 2021 and 2022, respectively, as revenue increases and expenditure is contained. Gross debt as a percent of GDP is projected to increase marginally to 45.9 percent and remain around the same figure in 2022, while inflation decelerates to 2.1 percent in 2021 and further to 1.5 percent in 2022.

Probable Headwinds

The performance of the economy depends largely on how long the pandemic persists and how successfully the government deals with it. Given the slow nature of vaccine procurement and deployment, a third wave could be disastrous. Furthermore, crude oil and food prices as well as freight charges could hurt the Ivorian economy, barring any mitigation measures.





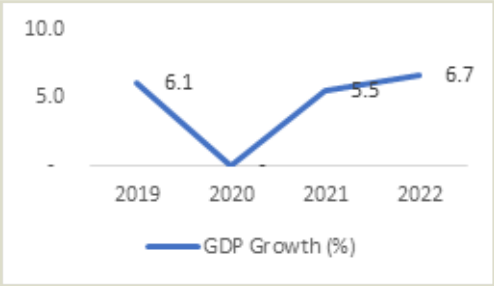
THE GAMBIA

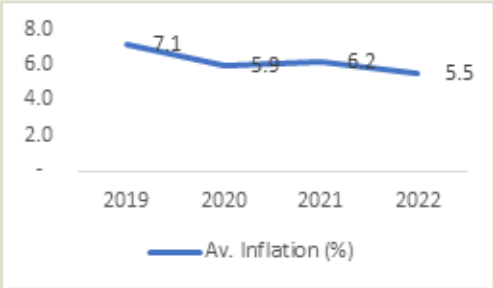
Macroeconomic Performance

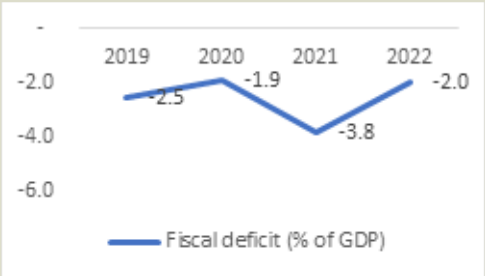
The Gambia's economy was flat in 2020, on account of low tourism and reexports receipts, as the COVID-19 pandemic decimated economies across the world. It was, however, one of a few countries in the sub-region to have experienced a lower inflation, relative to 2019, with inflation decelerating to 5.9 percent, compared to 7.1 percent in 2019. Fiscal deficit as a percent of GDP declined to 1.9 percent of GDP, down from 2.5 percent in 2019. This was mainly because government expenditure as a percent of GDP remained flat at 23.6 percent in 2019 and 2020, with revenue increasing marginally to 21.7 percent of GDP, from 21 percent in 2019. Gross debt as a percent of GDP dropped significantly from 80.1 percent in 2020 to 75.8 percent in 2020, as both domestic and external debts declined. Current account deficit as a percent of GDP increased marginally to 5.5 percent, from 5.3 percent in 2019, as trade balance improved marginally.

Outlook

The economy is projected to rebound to a growth of 5.5 percent in 2021, rising further to 6.7 percent in 2022, as full-scale production resumes. The 2021 growth forecast is lower than earlier forecasts, given that the tourism sector is not expected to rebound as earlier expected. Travel restrictions remain in place in the feeder regions of the world, leading to low tourist arrivals thus far. Fiscal deficit is projected to increase moderately in 2021, as the growth in expenditure outstrips that of revenue in a bid to increase social spending in the country. Fiscal deficit is projected to increase to 3.8 percent of GDP in 2021 and ease to 2 percent in 2022. Gross debt is projected to continue on a downward trajectory, declining to 72.7 percent in 2021 and further to 67.9 percent in 2022, while average inflation increases to 6.2 percent in 2021 and declines to 5.5 percent in 2022. In line with the expected continuous decline in tourist receipts and grants in 2021, the current account deficit as a percent of GDP is projected to worsen to 8.6 percent in 2021 and further to 8.8 percent in 2022.

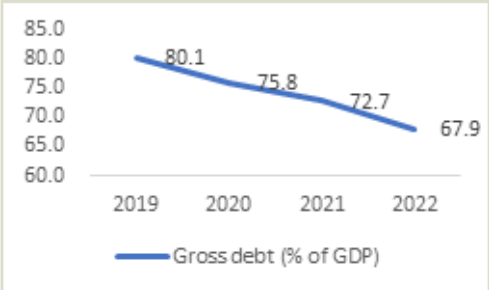


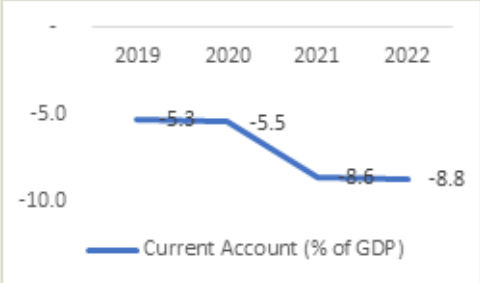




Probable Headwinds

While the COVID-19 pandemic remains the biggest threat to The Gambia, exceptionally low tourist and reexports receipts will have a debilitating impact on the economy. Apart from impacting negatively on economic activity, this could have serious implications for currency stability as well.





GHANA

Macroeconomic Performance

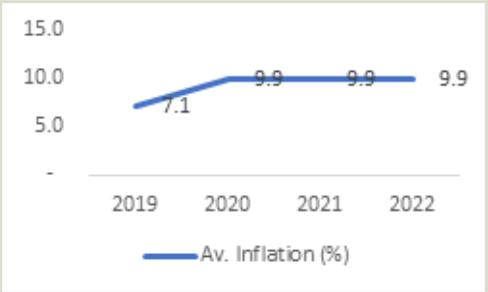
Ghana's economy dipped to a growth of 0.9 percent in 2020, from 6.5 percent in 2019, also on account of the COVID-19 pandemic. Increased health and social spending, coupled with low revenue receipts, led to a wide fiscal deficit of 16 percent of GDP, from 7.3 percent in 2019, as revenue declined by 1.8 percent (compared to a growth of 10% in 2019) and expenditure increased by 47 percent (from 14 percent in 2020). The wide deficit engendered an increase in debt accumulation, with debt increasing to 78 percent of GDP, from 63.9 percent in 2019. Average inflation increased to 9.9 percent, from 7.1 percent in 2019, on account of increasing food and non-food prices. Current account deficit deteriorated to 3.3 percent of GDP, from 2.8 percent in 2019, even though trade balance continued in positive territory for the fourth consecutive year.

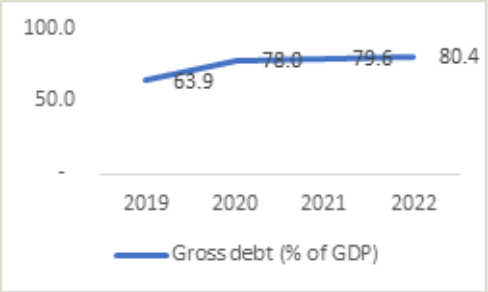
Outlook

The economy is projected to rebound, even though not to the levels originally projected, with tourism proceeds expected to flounder, while gold exports could underperform on account on the crack-down on illegal mining, which could have unintended consequences on some legal small-scale operations. Economic growth is projected at 4.7 percent in 2021, rising to 5.9 percent in 2022. Fiscal deficit is projected to narrow to 12.6 percent of GDP in 2021, after the COVID-19-induced high rate in 2020, narrowing further to 10.4 percent in 2022. Public debt, however, is projected to remain on an upward trajectory in 2021, rising to 79.6 percent of GDP and further to 80.4 percent in 2022. Average inflation is projected to remain in the upper single-digit range of 9.9 percent in 2021 and 2022. Current account deficit is expected to improve to 3 percent of GDP, down from 3.3 percent in 2020, before deteriorating to 4.8 percent in 2022.

Probable Headwinds

The COVID-19 pandemic remains the single biggest threat to economic recovery in Ghana. The other challenge has to do with the country's ability to mobilise projected natural resource rents should prices fall and production challenges (like the one anticipated for gold production) happen.





GUINEA

Macroeconomic Performance

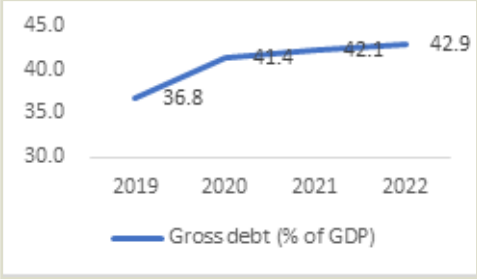
The Guinean economy showed resilience in 2020, growing at 5.2 percent (the highest in the sub-region), down from 5.6 percent in 2019, on the back of increased mining activity. Fiscal deficit increased to 3.6 percent of GDP, up from 0.5 percent in 2019. This was due to increased expenditure and lower revenue as a result of to the COVID-19 pandemic. Debt increased to 41.4 percent, from 36.8 percent in 2019, in line with the increased financing requirement, with inflation inching up to 10.6 percent. However, current account deficit improved narrowly to 12.1 percent of GDP, from 13.7 percent in 2019, as the trade balance also improved to -1.9 percent of GDP, from -5.0 percent of GDP in 2019. Average inflation, on the other hand, increased to 10.6 percent in 2020, from 9.5 percent in 2019.

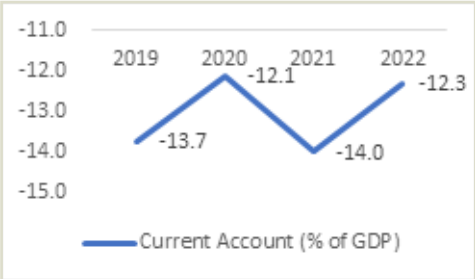
Outlook

The Guinean economy is projected to grow at 5.5 percent and 5.4 percent in 2021 and 2022, respectively, with inflation decelerating to 8.3 percent in 2021 and 8.1 percent in 2022. Fiscal deficit is projected to slow down to 2.2 percent in 2021 and 2022, as revenue increases and expenditure is rationalised, relative to 2020. Gross debt is projected to continue on an upward trajectory, increasing to 42.1 percent of GDP and 42.9 percent in 2021 and 2022, respectively. Current account deficit is projected to increase to 14 percent of GDP in 2021 before improving to 12.3 percent in 2022.

Probable Headwinds

The COVID-19 pandemic represents the biggest threat to Guinea, even though it sailed through the pandemic in 2020. Given that growth was engineered mainly by the mining sector in 2020, the other sectors would have to recover in order to make the forecast a reality.





GUINEA-BISSAU

Macroeconomic Performance

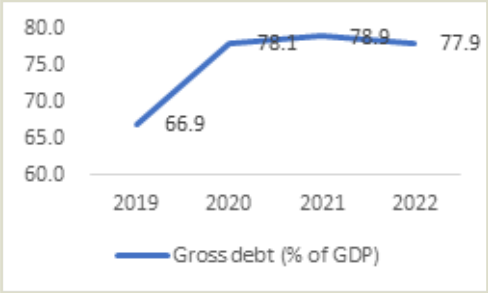
Guinea-Bissau recorded a 2.4 percent decline in economic activity in 2020, down from a 4.5 percent growth in 2019, mainly as a result of the COVID-19 pandemic. Average inflation in the period under review shot up to 1.5 percent in 2020, from 0.3 percent in 2019 as food and non-food prices inched up. Fiscal deficit increased from 3.9 percent of GDP in 2019 to 9 percent in 2020, even though revenue increased to 17.2 percent of GDP (from 15.4% in 2019). Expenditure, however, increased to 23.5 percent of GDP in 2020, up from 12.1 percent in 2019, leading to the kind of financing need experienced in the year. In response, gross debt increased to 78.1 percent of GDP in 2020, up from 66.9 percent in 2019. The current account deficit deteriorated to 10.1 percent of GDP, from 8.6 percent in 2019, as the trade balance moved to -9.1 percent of GDP, from -6 percent of GDP in 2019.

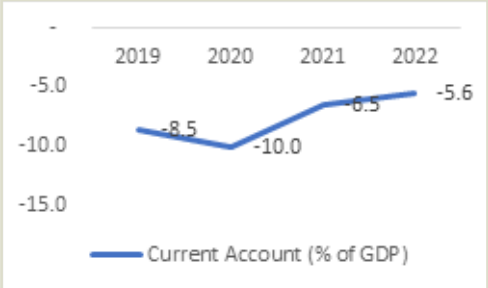
Outlook

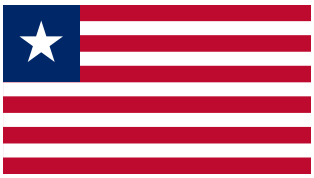
The Guinea-Bissau economy is projected to recover from the recession experienced in 2020 to a growth of 3 percent in 2021, rising further to 4.1 percent in 2022. Average inflation is projected to increase to 2.1 percent, as food and non-food inflation continue on an upward trajectory, before easing to 1.9 percent in 2022. Fiscal deficit is projected to decline to 5.2 percent of GDP, as revenue collections pick up and measures are put in place to contain expenditure in 2021. This is expected to decline further to 3.6 percent of GDP in 2022. Public debt is projected to increase marginally to 78.9 percent of GDP in 2021, before declining to 77.9 percent in 2022. The current account deficit is projected to improve to 6.5 percent of GDP in 2021 and further to 5.6 percent in 2022, as export activity resumes.

Probable Headwinds

The COVID-19 pandemic presents a great risk to the economy internally and externally. A worsening of the pandemic could lead to the imposition of restrictive measures, which could hurt economic activity. Externally, demand for the country's commodities is dependent on how the main export markets are able to contain the pandemic as well.







LIBERIA

Macroeconomic Performance

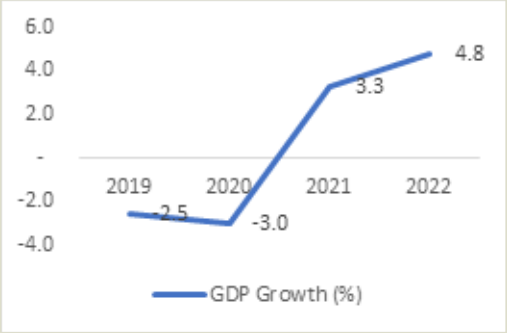
Liberia's economy has struggled with low and sometimes negative GDP growth in the recent past. The COVID-19 pandemic worsened the situation by plunging the country further into a recession, with a growth of -3 percent, from -2.5 percent in 2019. Average inflation declined markedly from 27 percent in 2019 to 17 percent in 2020, with the fiscal deficit also improving to 2.8 percent of GDP, from 4.6 percent in 2019. Gross debt increased to 61.8 percent of GDP, up from 55.4 percent in 2019. The current account deficit improved to 18.1 percent of GDP, from 19.5 percent in 2019, even though the trade balance worsened to 14 percent of GDP, from 12.9 percent in 2019.

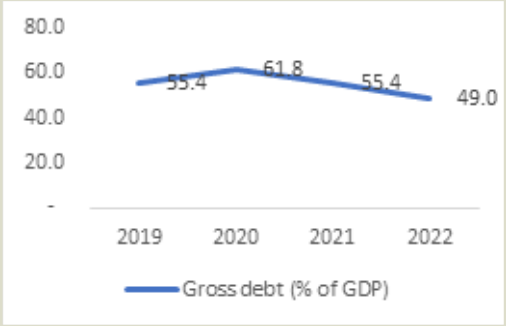
Outlook

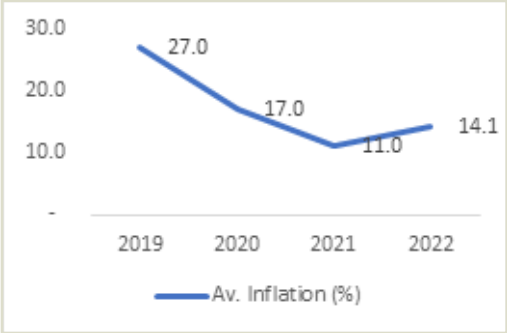
The economy is projected to grow at 3.3 percent in 2021 and further to 4.8 percent in 2022. Average inflation is projected to continue on a downward trajectory in 2021, declining to 11 percent, before inching up to 14.1 percent in 2022. Fiscal deficit is projected to narrow to 2.3 percent of GDP and 1.8 percent of GDP in 2021 and 2022, respectively, as revenue collections improve, and expenditure is contained. The debt-to-GDP ratio is projected to decline to 55.4 percent of GDP and 49 percent of GDP, while the current account deficit worsens to 18.6 percent of GDP and remains same in 2022.

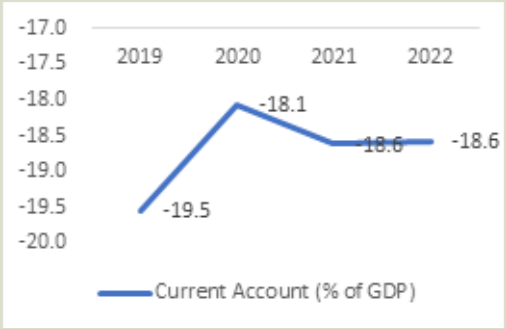
Probable Headwinds

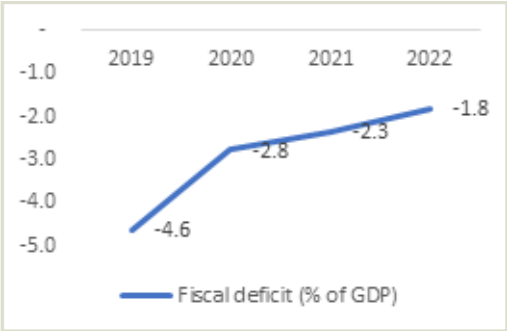
A longer-than-expected coronavirus pandemic could jettison economic recovery efforts by restricting output. A decline in remittances could also affect the provision of social services and investment in critical sectors of the economy.











MALI

Macroeconomic Performance

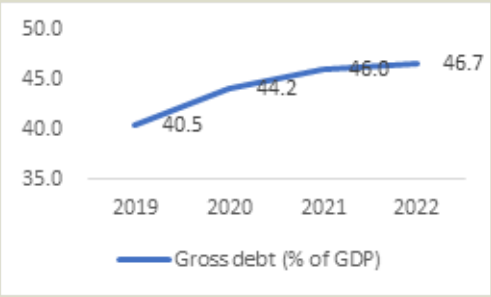
The Malian economy contracted by 2 percent in 2020, from a 4.8 percent growth in 2019. This is mainly as a result of the COVID-19 pandemic and the containment measures that went along with it. Average inflation increased to 0.6 percent, up from -2.9 percent in 2019, as food prices in particular started to increase. Fiscal deficit rose to 5.5 percent of GDP in 2021, from 1.7 percent in 2020, as revenue floundered (declining by 6.8% in nominal terms) and expenditure rose (increasing by 10.2% in nominal terms), in response to the need for increased health and social spending. Gross debt also increased to 44.2 percent in 2020, up from 40.5 percent in 2019. Current account deficit improved to 2 percent of GDP, up from 4.8 percent in 2019, as trade balance on goods fell into positive territory for the first time since 2012. Trade balance was at 2.9 percent of GDP, from -2.4 percent of GDP in 2019.

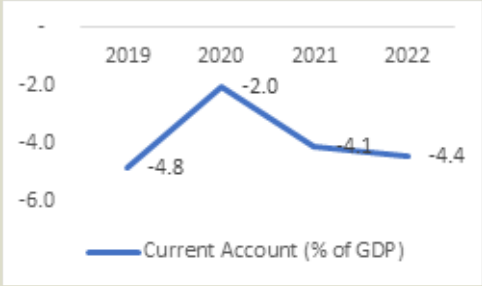
Outlook

The Malian economy is projected to rebound in 2021, growing at 4 percent and further to 6 percent in 2022, on the back of improved gold and cotton prices. Inflation is projected to continue on an upward trajectory, from 1.9 percent in 2021 to 2 percent in 2022. Fiscal deficit is projected to stabilise at the 2020 position of 5.5 percent of GDP in 2021, tapering to 4.5 percent in 2022, as revenue collection recovers and expenditure is contained. Gross debt is projected to increase to 46 percent of GDP in 2021, rising further to 46.7 percent in 2022. Current account deficit is projected to increase to 4.1 percent of GDP in 2021, rising marginally to 4.4 percent in 2022.

Probable Headwinds

The coronavirus pandemic is the biggest threat to the Malian economy in 2021, given the impact it could have on commodity prices. There is the need to redouble vaccination efforts internally to pre-empt a second wave and even a third. Political instability and civil unrest are also risks to the outlook.

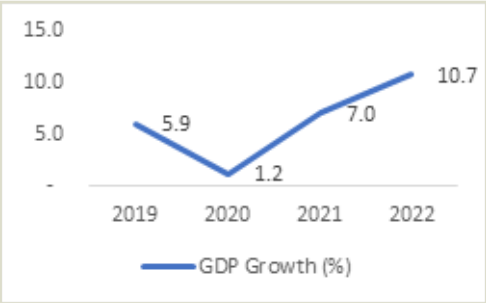


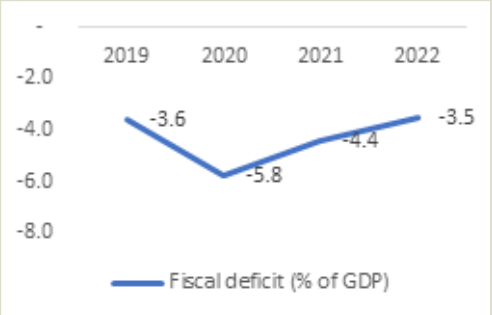


NIGER

Macroeconomic Performance

Niger's economy grew by 1.2 percent in 2020, from 5.9 percent in 2019, mainly as a result of the COVID-19 pandemic. Average inflation inched up to 2.8 percent, from -2.5 percent in 2019, as food prices increased on the back of the pandemic. Fiscal deficit increased to 5.8 percent of GDP in 2020 from 3.6 percent in 2020, as revenue faltered to 17.6 percent of GDP (from 18% in 2019) and expenditure increased to 23.4 percent in 2020 (from 21.6% in 2019). Gross debt increased to 44.2 percent of GDP, from 39.8 percent in 2019. Current account deficit increased to 13.3 percent of GDP in 2020, up from 12.3 percent, as the trade balance increased to 9.5 percent of GDP, from 9.3 percent in 2019.



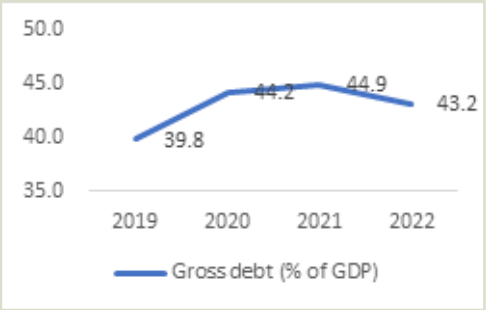


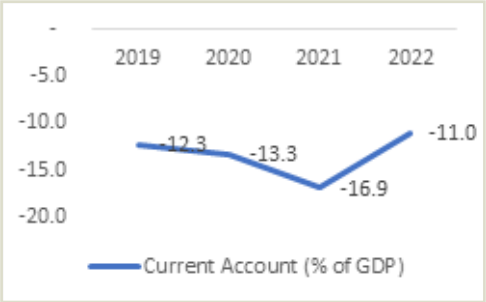
Outlook

Economic activity is projected to rebound to a growth of 7 percent in 2021, rising further to 10.7 percent in 2022. Average inflation is projected to decline to 0.5 percent in 2021, rising to 1.9 percent in 2022. Fiscal deficit is projected to narrow to 4.4 percent of GDP in 2021 and further to 3.5 percent in 2022, as revenue rebounds and expenditure is controlled. Gross debt is projected to increase slightly to 44.9 percent in 2021, declining to 43.2 percent in 2022. Current account deficit is projected to worsen to 16.9 percent in 2021 before improving to 11 percent in 2022, on account of a projected improvement in the trade balance.

Probable Headwinds

Like all other countries in the sub-region, the COVID-19 pandemic poses the biggest threat to a quick turnaround of the economy





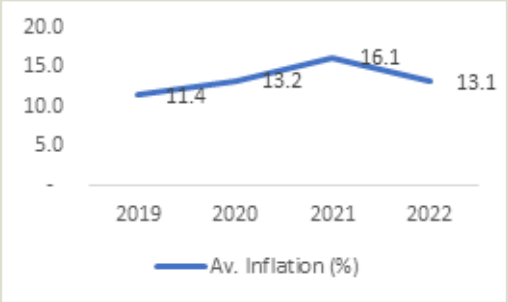
NIGERIA

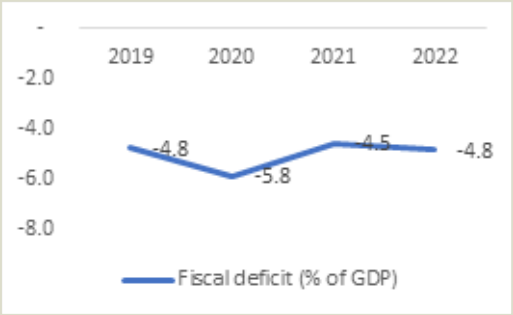
Macroeconomic Performance

The COVID-19 pandemic resulted in the Nigerian economy contracting by 1.8 percent in 2020, from 2.2 percent in 2019. Average inflation increased from 11.4 percent to 13.2 percent over the period, as food prices increased. Fiscal deficit increased to 5.8 percent of GDP, up from 4.8 percent in 2019, as nominal revenue declined by approximately 16 percent and expenditure increased marginally by 1.6 percent. Gross debt increased to 35.1 percent of GDP in 2020, from 29.2 percent in 2019, as the financing gap widened. The current account deficit, however, improved to 3.7 percent of GDP, compared to 3.8 percent in 2017, even though the trade balance on goods deteriorated to -3.5 percent of GDP, from 0.6 percent in 2019.

Outlook

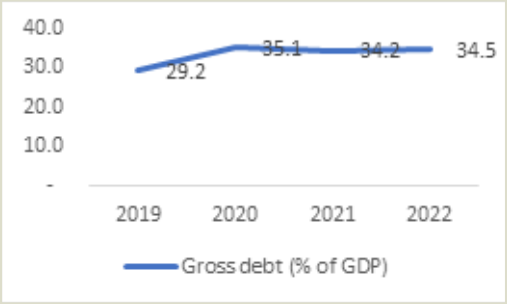
Economic activity is projected to grow by 2.7 percent in 2021 and 2.4 percent the year after, as crude oil prices rebound from their low levels in early 2020. Average inflation is projected to increase in 2021 to 16.1 percent before declining to 13.1 percent in 2022. Fiscal deficit is projected to ease to 4.5 percent of GDP in 2021 and increase to 4.8 percent in 2022, as revenue recovers and expenditure is rationalised. Gross debt is projected to decline marginally to 34.2 percent of GDP in 2021, rising slightly to 34.5 percent in 2022. Current account balance is projected to improve to -2.4 percent of GDP in 2021 and -1.9 percent in 2022, as crude oil production and high prices lead the way.





Probable Headwinds

A persistent COVID-19 could derail recovery efforts. A longer pandemic could lead to further restrictions, which could limit internal production capacities and plunge the economy into another recession. A decline in crude oil prices, independent of the pandemic, will affect revenue flows and expenditure in critical areas of the economy.



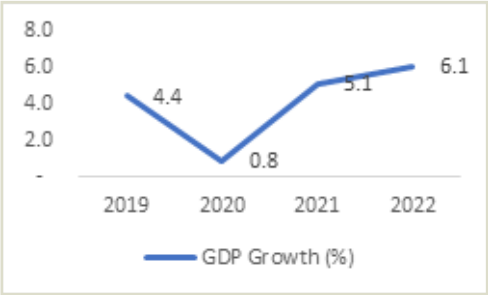
SENEGAL

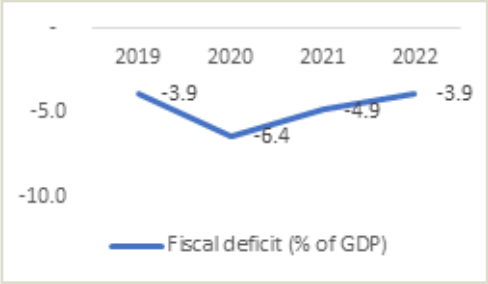
Macroeconomic Performance

Economic activity in Senegal grew by 0.8 percent in 2020, from 4.4 percent in 2019. Average inflation rose to 2.5 percent, from 1 percent, as food and non-food prices increased over the period. Fiscal deficit widened to 6.4 percent of GDP in 2020, from 3.9 percent in 2019. This resulted from the fact that expenditure increased by 16.7 percent, compared to an increase in revenue of 6.3 percent. Gross debt increased to 65.8 percent in 2020, up from 64.8 percent in 2019, consistent with the widening fiscal deficit. Current account deficit stood at 11 percent of GDP in 2020, up from 7.8 percent in 2019.

Outlook

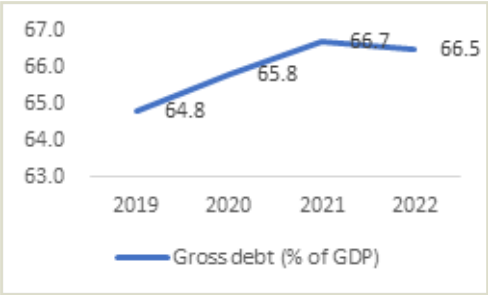
As the global economy gradually reopens for business, the Senegalese economy is projected to return to a path of high GDP growth, growing at 5.1 percent in 2021 and further to 6.1 percent in 2022. Average inflation is projected to decline to 2.1 percent and 1.7 percent in 2021 and 2022, respectively. Fiscal deficit is projected to decline markedly to 4.9 percent of GDP in 2021 and further to 3.9 percent in 2022, with the expected increase in revenue collections and expenditure controls. Gross debt will continue on an upward trajectory in 2021, increasing to 66.7 percent, before reducing to 66.5 percent in 2022. Current account deficit is projected to increase to 12.6 percent in 2021 and improve to 11.7 percent in 2022.





Probable Headwinds

Like all other countries, Senegal will hope for the COVID-19 pandemic to end soon, as a longer pandemic could stifle exports and economic growth.



SIERRA LEONE

Macroeconomic Performance

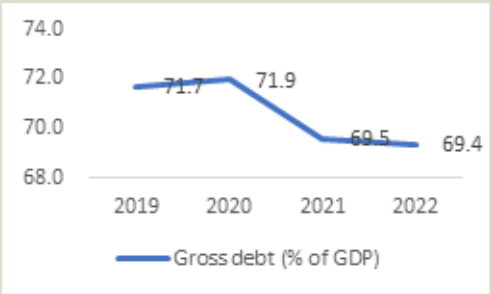
The economy declined by 2.2 percent in 2020, from 5.5 percent in 2019, on account of the COVID-19 pandemic. Average inflation inched up slightly to 15.7 percent, up from 14.8 percent in 2019. Fiscal deficit in 2020 increased to 5.5 percent of GDP, up from 3.1 percent in 2019, as health and social spending increased, in response to the COVID-19 pandemic. This resulted from the fact that the growth in revenue was slower than that of expenditure, with revenue increasing by 19.7 percent and expenditure increasing by 31.2 percent over the period. Gross debt increased to 71.9 percent in 2020, from 71.7 percent in 2019, with the current account deficit narrowing to 15 percent of GDP, from 22.2 percent in 2019.

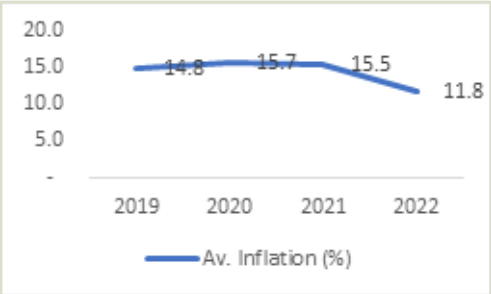
Outlook

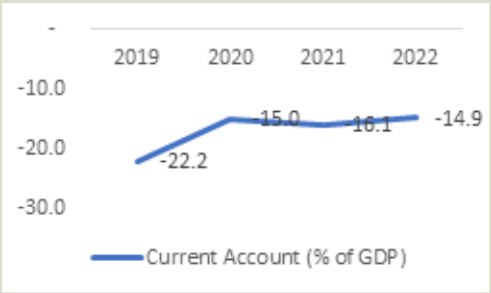
The economy is projected to grow by 3 percent in 2021 and further to 3.6 percent in 2022. Average inflation is projected to decrease slightly to 15.5 percent in 2021 and further to 11.8 percent in 2022. Fiscal deficit is projected at 3.3 percent of GDP in 2021, declining to 2.6 percent in 2022, with an expected uptick in revenue collections and controlled expenditure. Gross debt is projected to decline to 69.5 percent of GDP in 2021 and further to 69.4 percent in 2022. Current account deficit is projected to reach 16.1 percent of GDP, declining to 14.9 percent in 2022.

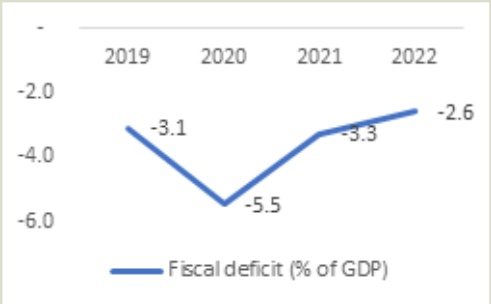
Probable Headwinds

The pandemic looks like it will abate beyond 2021, as infections increase in various regions and the pace of vaccine deployment slows down in less endowed regions. If the situation remains the same, Sierra Leone will suffer low commodity prices and liquidity challenges.





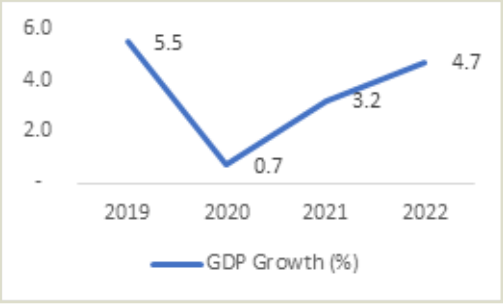


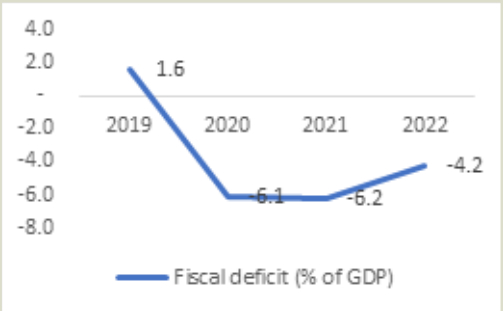


TOGO

Macroeconomic Performance

Economic activity in Togo grew by 0.7 percent in 2020, from 5.5 percent in 2019, on account of the COVID-19 pandemic. Average inflation increased to 1.8 percent in 2020, from 0.7 percent in 2019, with current account deficit increasing to 3.7 percent of GDP, from 2.5 percent. Fiscal balance moved from 1.6 percent of GDP to -6.1 percent in 2020, with nominal revenue declining by 1.5 percent in 2020, while expenditure increased by 47.1 percent. Gross debt increased to 57.6 percent in 2020, from 53.6 percent in 2019, in a bid to close the financing gap, occasioned by the increased health and social spending.



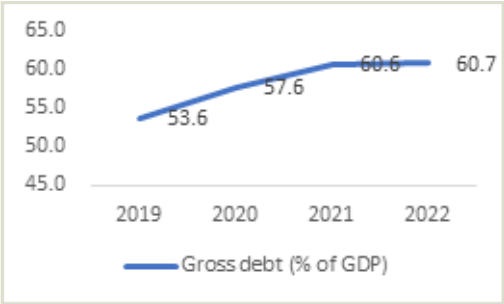


Outlook

The economy is projected to grow by 3.2 percent in 2021 and further to 4.7 percent in 2022, as commodity prices rally and output increases. Average inflation is projected to rise to 2.1 percent in 2021 before declining to 2 percent in 2022. Fiscal deficit is projected to increase slightly to 6.2 percent of GDP in 2021 and decline to 4.2 percent in 2022. Gross debt is projected to increase to 60.6 percent of GDP in 2021 and 60.7 percent in 2022.

Probable Headwinds

Togo, like all the countries in the sub-region would suffer adversely, if the pandemic is not contained in good time. An unlikely plunge in commodity prices in 2021 could also affect the economy adversely.



STATISTICAL APPENDIX

ECOWAS Groupings

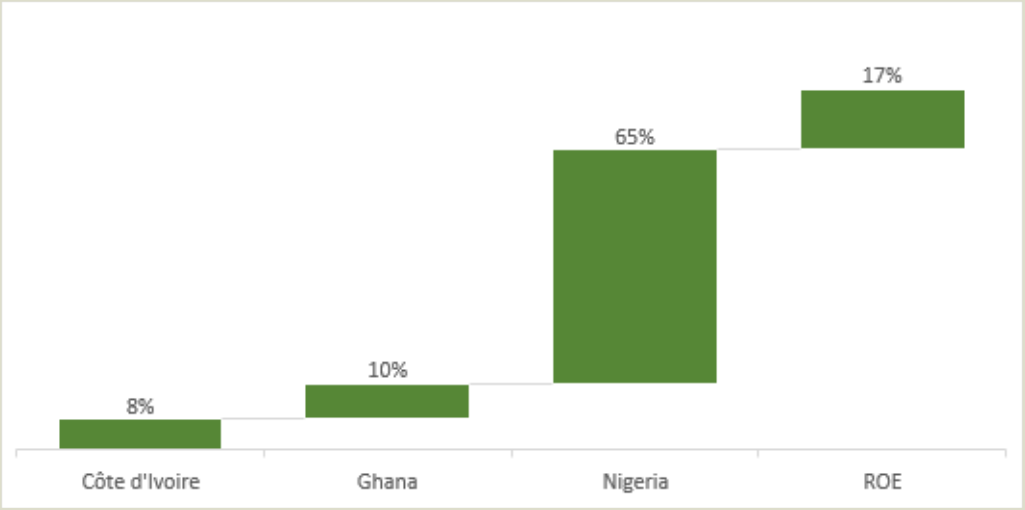
West African Economic and Monetary Union (WAEMU)	West African Monetary Zone (WAMZ)	Other
Benin	The Gambia	Cabo Verde
Burkina Faso	Ghana	
Côte d'Ivoire	Guinea	
Guinea-Bissau	Liberia	
Mali	Nigeria	
Niger	Sierra Leone	
Senegal		
Togo		

Appendix 1: Real GDP Growth (%)

Country	2018	2019	2020	2021	2022
Benin	6.7	6.9	2.0	5.2	5.9
Burkina Faso	6.8	5.7	0.8	4.3	5.5
Cabo Verde	4.5	5.7	-14.0	4.5	6.2
Côte d'Ivoire	6.9	6.2	2.3	5.7	6.5
The Gambia	7.2	6.1	-	5.5	6.7
Ghana	6.3	6.5	0.9	4.7	5.9
Guinea	6.2	5.6	5.2	5.5	5.4
Guinea-Bissau	3.4	4.5	-2.4	3.0	4.1
Liberia	1.2	-2.5	-3.0	3.3	4.8
Mali	4.7	4.8	-2.0	4.0	6.0
Niger	7.2	5.9	1.2	7.0	10.7
Nigeria	1.9	2.2	-1.8	2.7	2.4
Senegal	6.2	4.4	0.8	5.1	6.1
Sierra Leone	3.5	5.5	-2.2	3.0	3.6
Togo	5.0	5.5	0.7	3.2	4.7
ECOWAS	3.5	3.5	-0.7	3.9	4.5

Sources: IMF's World Economic Outlook database and EBID staff projections for 2021-2022

Appendix 2: Distribution of ECOWAS GDP, 2019



Source: EBID staff calculations based on IMF's World Economic Outlook database
Note: ROE is Rest of ECOWAS

Appendix 3: Per Capita GDP

Country	2018	2019	2020	2021	2022
	US$				
Benin	1,241	1,218	1,251	1,417	1,529
Burkina Faso	821	775	791	894	969
Cabo Verde	3,616	3,602	3,148	3,570	3,846
Côte d'Ivoire	2,265	2,228	2,278	2,684	2,899
The Gambia	729	774	791	832	938
Ghana	2,217	2,221	2,223	2,198	2,547
Guinea	916	1,012	1,106	1,141	1,302
Guinea-Bissau	866	811	790	818	866
Liberia	731	669	646	669	793
Mali	923	907	897	970	1,050
Niger	573	554	566	635	717
Nigeria	2,153	2,230	2,083	2,271	2,620
Senegal	1,459	1,430	1,460	1,648	1,776
Sierra Leone	534	527	527	476	545
Togo	902	893	905	1,020	1,088
ECOWAS	1,753	1,785	1,717	1,867	2,122

Sources: IMF's World Economic Outlook database and EBID staff projections for 2021-2022

Appendix 4: GDP Deflator (Annual Percentage Change)

Country	2018	2019	2020	2021	2022
Benin	0.6	-0.3	1.5	2.1	1.9
Burkina Faso	2.4	-3.0	2.2	3.0	2.7
Cabo Verde	1.5	0.6	0.9	1.4	1.5
Côte d'Ivoire	0.6	0.2	0.6	2.0	1.4
The Gambia	7.0	7.1	7.2	6.4	5.7
Ghana	10.2	9.2	8.6	10.0	9.4
Guinea	10.0	9.3	10.9	8.5	8.3
Guinea-Bissau	-5.2	-3.5	0.1	2.0	1.7
Liberia	-3.3	-3.7	2.0	10.6	13.2
Mali	1.5	2.1	2.0	2.0	2.1
Niger	2.4	0.1	2.8	0.7	2.0
Nigeria	10.2	10.4	7.8	15.2	12.7
Senegal	-0.8	1.9	2.1	2.0	1.7
Sierra Leone	14.0	8.6	13.9	15.2	10.5
Togo	1.4	1.5	1.1	2.0	1.9

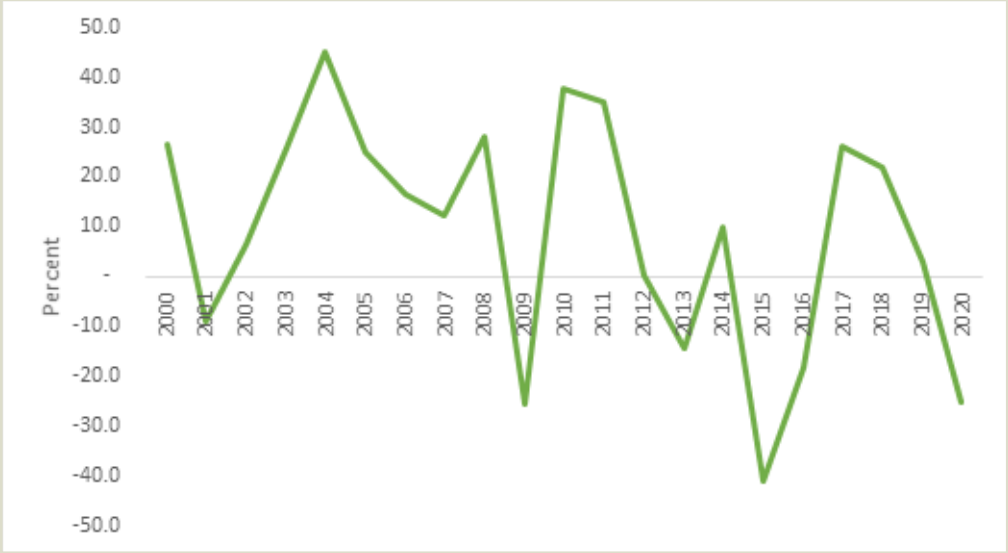
Sources: IMF's World Economic Outlook database and EBID staff projections for 2021-2022

Appendix 5: Consumer Prices Index (Annual Average, Percentage Change)

Country	2018	2019	2020	2021	2022
Benin	0.8	-0.9	3.0	2.2	2.0
Burkina Faso	2.0	-3.2	1.9	2.8	2.5
Cabo Verde	1.3	1.1	0.6	1.3	1.4
Côte d'Ivoire	0.4	0.8	2.5	2.1	1.5
The Gambia	6.5	7.1	5.9	6.2	5.5
Ghana	9.8	7.1	9.9	9.9	9.2
Guinea	9.8	9.5	10.6	8.3	8.1
Guinea-Bissau	0.4	0.3	1.5	2.1	1.9
Liberia	23.5	27.0	17.0	11.0	14.1
Mali	1.7	-2.9	0.6	1.9	2.0
Niger	2.8	-2.5	2.8	0.5	1.9
Nigeria	12.1	11.4	13.2	16.1	13.1
Senegal	0.5	1.0	2.5	2.1	1.7
Sierra Leone	16.0	14.8	15.7	15.5	11.8
Togo	0.9	0.7	1.8	2.1	2.0

Sources: IMF's World Economic Outlook database and EBID staff projections for 2021-2022

Appendix 6: Merchandise ECOWAS Exports



Source: EBID staff calculations based on UNCTAD database

Appendix 7: Current Account Balance

Country	2018	2019	2020	2021	2022
Benin	- 4.6	- 4.0	- 4.7	- 4.4	- 3.8
Burkina Faso	- 4.1	- 3.3	- 3.7	- 4.4	- 4.7
Cabo Verde	- 5.2	- 0.4	- 13.8	- 10.6	- 6.4
Côte d'Ivoire	- 3.6	- 2.7	- 3.6	- 3.6	- 3.3
The Gambia	- 9.5	- 5.3	- 5.5	- 12.0	- 12.2
Ghana	- 3.1	- 2.8	- 3.3	- 3.0	- 4.8
Guinea	- 20.3	- 13.7	- 12.1	- 14.0	- 12.3
Guinea-Bissau	- 3.6	- 8.5	- 10.0	- 6.5	- 5.6
Liberia	- 22.3	- 19.5	- 18.1	- 18.6	- 18.6
Mali	- 4.9	- 4.8	- 2.0	- 4.1	- 4.4
Niger	- 12.6	- 12.3	- 13.3	- 16.9	- 11.0
Nigeria	0.9	- 3.8	- 3.7	- 2.4	- 1.9
Senegal	- 8.8	- 7.8	- 11.0	- 12.6	- 11.7
Sierra Leone	- 18.7	- 22.2	- 15.0	- 16.1	- 14.9
Togo	- 1.9	- 2.5	- 3.7	- 3.4	- 3.4
ECOWAS	- 1.6	- 4.3	- 4.4	- 3.8	- 3.4

Sources: IMF's World Economic Outlook database and EBID staff projections for 2021-2022

Appendix 8: Fiscal Balance (including Grants)

Country	2018	2019	2020	2021	2022
Benin	- 3.0	- 0.5	- 4.9	- 4.5	- 3.0
Burkina Faso	- 4.4	- 3.5	- 5.2	- 5.5	- 4.7
Cabo Verde	- 2.7	- 1.8	- 8.9	- 8.0	- 3.6
Côte d'Ivoire	- 2.9	- 2.3	- 5.9	- 4.6	- 3.5
The Gambia	- 6.1	- 2.5	- 1.9	- 3.8	- 2.0
Ghana	- 7.0	- 7.3	- 16.0	- 12.6	- 10.2
Guinea	- 1.1	- 0.5	- 3.6	- 2.2	- 2.2
Guinea-Bissau	- 4.9	- 3.9	- 9.0	- 5.2	- 3.6
Liberia	- 5.1	- 4.6	- 2.8	- 2.3	- 1.8
Mali	- 4.7	- 1.7	- 5.5	- 5.5	- 4.5
Niger	- 3.0	- 3.6	- 5.8	- 4.4	- 3.5
Nigeria	- 4.3	- 4.8	- 5.8	- 4.5	- 4.8
Senegal	- 3.7	- 3.9	- 6.4	- 4.9	- 3.9
Sierra Leone	- 5.6	- 3.1	- 5.5	- 3.3	- 2.6
Togo	- 0.6	1.6	- 6.1	- 6.2	- 4.2
ECOWAS	- 4.3	- 4.4	- 6.8	- 5.3	- 5.0

Sources: IMF's World Economic Outlook database and EBID staff projections for 2021-2022

Appendix 9: Revenue-to-GDP (%)

Member State	2019	2020	2021
Benin	14.1	14.8	14.2
Burkina Faso	20.4	21.7	20.7
Cabo Verde	29.4	25.8	29.7
Côte d'Ivoire	15.0	14.4	15.3
The Gambia	21.0	21.7	21.5
Ghana	13.7	12.3	13.1
Guinea	14.1	14.6	14.3
Guinea-Bissau	15.4	17.2	18.2
Liberia	29.0	29.9	28.5
Mali	21.4	20.0	21.8
Niger	18.0	17.6	18.4
Nigeria	7.9	6.3	7.5
Senegal	20.4	21.1	20.5
Sierra Leone	18.0	19.3	19.9
Togo	17.7	17.1	16.9
ECOWAS	10.4	9.1	10.1

Source: IMF's World Economic Outlook database

Appendix 10: Gross Debt-to-GDP (%)

Country	2018	2019	2020	2021	2022
Benin	41.1	41.2	45.4	47.5	46.4
Burkina Faso	37.7	42.7	44.3	46.5	47.5
Cabo Verde	125.6	125.0	139.0	139.1	132.3
Côte d'Ivoire	40.1	41.2	45.7	45.9	45.9
The Gambia	84.6	80.1	75.8	72.7	67.9
Ghana	63.2	63.9	78.0	79.6	80.4
Guinea	38.3	36.8	41.4	42.1	42.9
Guinea-Bissau	59.2	66.9	78.1	78.9	77.9
Liberia	39.7	55.4	61.8	55.4	49.0
Mali	36.1	40.5	44.2	46.0	46.7
Niger	36.9	39.8	44.2	44.9	43.2
Nigeria	27.7	29.2	35.1	34.2	34.5
Senegal	63.5	64.8	65.8	66.7	66.5
Sierra Leone	69.1	71.7	71.9	69.5	69.4
Togo	57.3	53.6	57.6	60.6	60.7
ECOWAS	35.8	37.1	43.5	43.1	43.1

Sources: IMF's World Economic Outlook database and EBID staff projections for 2021-2022