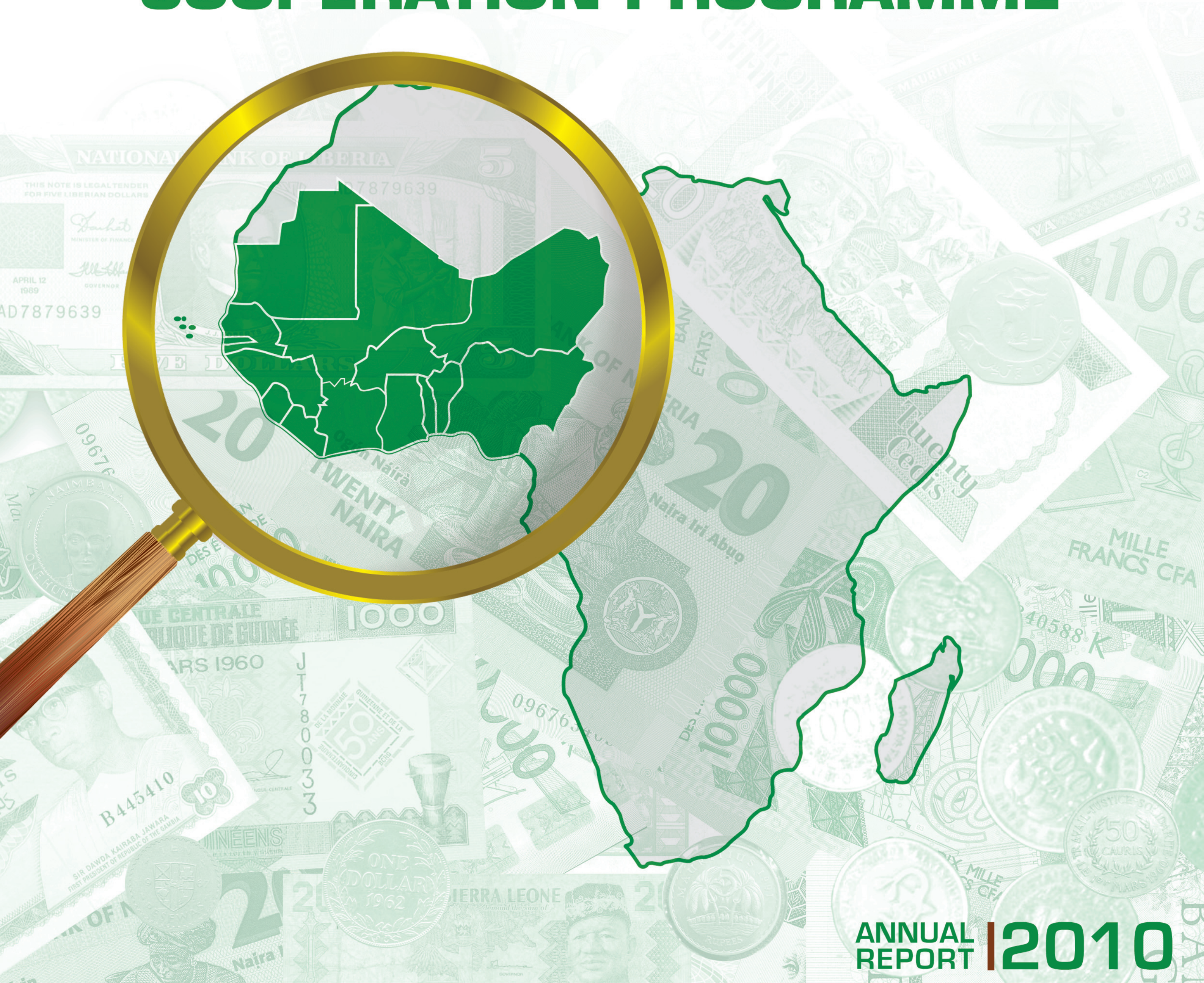
WAMA

WEST AFRICAN MONETARY AGENCY

ECOWAS MONETARY COOPERATION PROGRAMME



ANNUAL REPORT 2010

FOREWORD

The West African Monetary Agency (WAMA) conducts every year two multilateral surveillance missions in the following ECOWAS countries: Burkina Faso, Cape Verde, The Gambia, Ghana, Guinea, Liberia, Nigeria, Sierra Leone, Senegal (host country of BCEAO which is the Central Bank of UEMOA covering eight (8) ECOWAS countries namely: Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo). These surveillance missions enable on the one hand, to evaluate the macroeconomic performance of ECOWAS countries and make relevant recommendations to member states, and on the other, to interact directly with the Authorities and Executives of Central Banks, relevant Ministries and regional Institutions (the ECOWAS Commission, and the UEMOA Commission), involved in the Economic and Monetary Integration Programme, on issues relating to the status of the Macroeconomic Convergence and Policy harmonization programmes such as: statistical harmonization, harmonization of banking legislations and regulations, capital and financial account liberalization, the development and interconnection of payment systems, etc. Information collected through the multilateral surveillance missions are used to produce the annual ECOWAS Monetary Cooperation Programme (EMCP) Report.

The 2010 report shows that ECOWAS countries have experienced accelerated real economic growth rate, which rose from 5.6% to 6.8% between 2009 and 2010, despite the persistence of the global financial crisis and the socio-political crises which affected some countries. The dynamism of economic activities in the region was driven by the good performance of all sectors, in particular enhanced agricultural production due to the good rainfall and increased global demand for commodities, the vibrancy of the mining industry and the improvement of the Building and Construction sectors, particularly in relation to major infrastructure projects, the recovery of tourism, the development of telecommunications and financial services.

This acceleration in growth during the period under review was marked by an intensification of inflationary pressures due to mainly the rise in food and energy prices on the international market as well as higher prices in housing and transport. The annual average inflation rate of the Community stood at 9.9% in June 2010 against 9.3% in 2009, despite the interventions of various Central Banks in the region.

In terms of public finance, the main fiscal balances experienced a slight deterioration. The increase in the overall deficit (including grants) of ECOWAS which rose from 3.2% in 2009 to 3.9% in 2010 was attributed to the commitment of many countries in the implementation of major public infrastructure and the decrease in donations, because of the difficulties faced by major donor countries as a result of the international financial crisis. The current account balance of the Community deteriorated significantly, moving from a surplus of 11.7% of GDP in 2008 to a deficit of 0.1% of GDP in 2010. Moreover, the monetary policy in ECOWAS was characterized by an easing of monetary conditions in most Central Banks, because of difficulties engendered by the global financial crisis. As a result, policy rates declined significantly between 2008 and 2010. However, some countries in the WAMZ adopted a more restrictive monetary policy stance. Trends in the exchange rates of ECOWAS currencies were strongly influenced by the orientation of the international foreign exchange market and the macroeconomic situation of some countries. But we must recognize that the interventions of Central Banks often mitigated the fluctuations. In relation to the requirements of the ECOWAS Monetary Cooperation Programme, the macroeconomic convergence profile deteriorated slightly in 2010 as a result of rising inflation and higher budget constraints.

However, the analysis of the macroeconomic situation of the countries indicates better prospects for 2011. In fact, the regional growth rate is expected to remain above 6% and inflation trends would be contained. Similarly, the main fiscal indicators are expected to improve, or at least be maintained. In relation to macroeconomic convergence, improvements are also expected particularly from countries coming out of crisis such as Guinea and Côte d'Ivoire. Moreover, significant efforts have been made in the areas of policy harmonization and institutional arrangements. However, despite the promising outlook, member countries face a number of challenges that need immediate attention. These challenges include, among others, controlling budget deficits and consolidating fiscal performance over time, which most often, suffer the vagaries of the international economic environment. Also, there are still some challenges within the framework of preparing the conditions for payment systems interconnectivity, capital account liberalization, the adoption of Common External Tariff for ECOWAS, statistical harmonization as well as the elimination of all barriers to free movement of persons, capital and goods within the community.

Prof. Mohamed Ben Omar NDIAYE
Director General
West African Monetary Agency (WAMA)

ACKNOWLEDGEMENTS

The 2010 ECOWAS Monetary Cooperation Programme Report was developed by the team of Economists at the West African Monetary Agency (WAMA) in collaboration with the Central Banks of ECOWAS Member States, Ministries and Departments in charge of Economic Integration issues, and Specialized Institutions in the Community (the ECOWAS Commission, the UEMOA Commission, the West African Monetary Institute).

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Banque centrale du Cap vert

Central Bank of The Gambia

Bank of Ghana

Banque Centrale de la République de Guinée

Central Bank of Liberia

Central Bank of Nigeria

Bank of Sierra Leone

Institutions

ECOWAS Commission

UEMOA Commission

West African Monetary Institute (WAMI)

Countries

Cape Verde

La Bourse du Cap Vert

Direction Générale des Impôts et Domaines

Direction Générale des Douanes

L'Institut National de Statistique

Direction du Commerce Extérieur

Ministère des Affaires Etrangères (Cellule CEDEAO, Direction de l'Intégration)

La Direction Générale de l'Industrie et du Commerce.

The Gambia

Ministry of Finance and Economic Affairs

The Gambia Revenue Authority

Ministry of Trade, Regional Integration and Employment,

The Gambia Bureau of Statistics

The Bankers Association

The Gambia Chamber of Commerce and Industry

The IMF Country Office

Ghana

International Monetary Fund, Ghana Country Office

World Bank, Ghana Country Office

Ministry of Finance and economic Planning

Ghana Statistical Service

Securities and Exchange Commission

Ghana Stock Exchange

Ministry of Trade and Industry

Ghana Association of Bankers

Association of Ghana Industries

Guinea
Ministère de l'Economie et des Finances
Ministère du Plan et de la Coopération Internationale
Ministère du Commerce, de l'Industrie et des PME
Comité National de Coordination
Direction Nationale de la Douane
Direction Nationale de l'Intégration

Liberia
Ministry of Finance
Ministry of Commerce and Industry
Liberia Institute of Statistics and Geo-Information Services
The International Monetary Fund, Country Office
The Chamber of Commerce
Customs Department

Nigeria
Ministries of Finance and other fiscal authorities
Federal Ministry of Trade and Commerce
Federal Ministry of Foreign Affairs and Regional Integration
Nigeria Immigration Service
Bureau of Public Enterprises
National Insurance Commission
Nigerian Stock Exchange
Nigerian Securities and Exchange Commission
National Bureau of Statistics
Federal Inland Revenue Service (FIRS)
Representatives of organized private sector (including selected commercial banks with regional outreach)
Association of Nigerian Exporters
Manufacturers Association of Nigeria

Senegal
Bourse Régionale des Valeurs Mobilières
Ministère du Commerce
Ministère des Affaires Etrangères
Ministère de l'Economie et des Finances
Direction Générale des Finances
Direction du Budget
Direction de la Prévision et des Etudes Economiques
Direction Générale des Douanes
Direction Générale des impôts et domaines
Agence National de la Démographie et des Statistiques
Comité National de Politique Economique
Direction du Commerce extérieur
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Sierra Leone
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Statistics Sierra Leone
Ministry of Trade and Industry
National Revenue Authority

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EXECUTIVE SUMMARY

After a stagnation in 2009, the world economy recorded a significant recovery in 2010. World growth stood at 5.0% in 2010 as against -6.0% in 2009.This recovery was observed both in advanced and developing countries. In advanced countries, real GDP growth rate rose from -3.4% in 2009 to 3.0% in 2010. Emerging and developing countries witnessed accelerated growth from 2.7% in 2009 to 7.3% in 2010. This buoyant growth in 2010 was mainly attributed to the vibrancy in industrial output and international trade which was boosted by a rebound in investments and household consumption. In Africa, most countries recorded accelerated growth thanks to the upturn in demand for commodities and a rise in the prices of major exports. Sub Saharan Africa recorded a real GDP growth rate of 5.0% as against a mere 2.6% in 2009. Despite this positive trend, the world economic situation remained fragile in many emerging countries; demand was robust and overheating was a source of concern. Besides, the hike in commodity and food prices led to new inflationary pressures.

Taking advantage of this more favourable international context, ECOWAS economies achieved a real GDP growth rate of 6.8% compared to 5.6% in 2009. Nigeria (7.9%), Niger (7.5%) and Ghana (6.6%) recorded the highest growth rates in 2010. On the other hand, Guinea (1.9%), Benin (2.8%) and Côte d'Ivoire (3%) had the lowest growth rates. However, all ECOWAS countries with the exception of Cote d'Ivoire witnessed accelerated growth in 2010. This accelerated growth was generally driven by performance in the primary and tertiary sectors. Performance in the primary sector was due to heavy rainfalls and a growing demand for commodities. The buoyancy in the tertiary sector stemmed from the recovery in tourism as well as the development of telecommunications and financial services.

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In 2010, economic activity within the ECOWAS region was conducted against the backdrop of a slight increase in inflation. Average annual inflation rate stood at 9.9% as against 9.3% in 2009. As was the case in the past, the highest inflation rate was recorded in the WAMZ countries, especially Guinea (15.5%), Ghana 14.7% and Nigeria 12.4%. As a result, annual average inflation rate of WAMZ stood at 12.6% as against 1.3% for UEMOA. Cape Verde, whose currency has a fixed parity with the Euro, recorded an average annual inflation rate of 3.1% in 2010. The main elements that accounted for the upward trend in prices within ECOWAS in 2010 were food, accommodation and transportation. Transport prices went up in line with the readjustment of ex-pump fuel prices as crude oil prices started escalating again on the international market.

With regards to public finance, ECOWAS countries, on the whole, recorded an overall budget deficit of 3.9% in 2010 as against 3.2% in 2009. Guinea (14.0%) Burkina Faso (7.5%) and Sierra Leone (6.1%) recorded the highest deficits. The worsening overall deficit of the ECOWAS region was attributed to a significant growth in capital investments and wage bill within a context of a moderate increase in revenues and grants.

Concerning the external sector, the current account surplus which had already been affected by the international financial crisis in 2009 recorded a drastic fall in 2010. As a percentage of GDP, the current account surplus of ECOWAS dropped from 11.7% in 2008 to 7.0% in 2009 then to 0.1% in 2010. This situation stemmed mainly from Nigeria's surplus which dropped from 22.0% of GDP in 2008 to 13.1% in 2009 before dwindling to 3.8% in 2010. The deterioration of Nigeria's current account balance was attributed to the expansion in the import bill as well as the decline in net services and current transfers despite the positive trend in the goods trade account.

In terms of the requirements of the ECOWAS monetary cooperation programme, the macroeconomic profile within ECOWAS deteriorated marginally in 2010 with the resurgence of rising inflation and substantial budgetary imbalances. This deterioration was observed in respect of criteria on inflation, wage bill, domestically funded investments and real interest rates. However, there was a slight improvement in the budget deficit and accumulation of domestic arrears. Performance in terms of tax revenue performance and budget deficit financing by the Central Bank was maintained.

On the whole, the best performance at the end of 2010 was achieved by Niger which met eight (8) criteria out of ten. This country was followed by Mali, Burkina Faso, Senegal and Togo which complied with seven (7) convergence criteria. Benin then followed with six (6) criteria observed. The worst performance was recorded by Ghana, Guinea and Sierra Leone which were able to meet only one secondary criterion each.

With regards to policy harmonization and institutional arrangements, there was a significant progress. All the NCCs have been set up and are operational in member countries, with the exception of Cape Verde and Ghana. In the case of Ghana, progress has been made to ensure the functioning of the NCC while in Cape Verde; the Authorities are against the multiplicity of structures and are proposing a regrouping of institutions under one ECOWAS unit.

As regards policy harmonisation, significant progress has been registered but there is need expand the level of development and interconnection of payments systems, capital account liberalization, and total adoption of the ECOWAS common external tariff, the harmonization of statistics as well as the removal of all barriers to the free movement of persons, capital and goods within the community.

The detailed analysis of the macroeconomic situation in the various countries shows that prospects for 2010 are good. In fact the regional growth rate would be maintained above 6%. Inflationary pressures would be contained. Similarly, major budget indicators would improve. As regards macroeconomic convergence, improvements are expected especially in countries coming out of crisis like Guinea and Cote d'Ivoire.

GENERAL INTRODUCTION

This report forms part of activities of the West African Monetary Agency (WAMA) under the implementation of the ECOWAS Monetary Cooperation Programme. It provides an analysis of the economic and financial situation at the international level and within the Economic Community of West African States (ECOWAS) region in 2010. Following the adoption of the road map for the ECOWAS Monetary Cooperation Programme by the Convergence Council in May 2009, macroeconomic convergence and harmonization of structural policies remained at the centre of activities aimed at establishing a single currency in ECOWAS. This convergence is focused on price stability, maintenance of low budget deficit, restrictions on budget deficit financing and adequate levels of foreign reserves. In this regard, Member States are expected to harmonize their structural policies in order to ensure a stable macroeconomic framework.

The multilateral surveillance mechanism set up for this purpose is based on ten criteria, four primary ones and six secondary ones. These criteria are as follows:

Primary criteria

1. Budget deficit excluding grants (commitment basis)/GDP must be below or equal to 4%;
2. End of period inflation rate should be below 5% ;
3. Budget deficit financing by the Central Bank must be below or equal to 10% of tax revenues of the previous year ;
4. Gross external reserves must be above or equal to six months imports.

Secondary criteria

1. Prohibition of new arrears and settlement of outstanding arrears ;
2. Tax revenue/GDP ratio must be above or equal to 20% ;
3. Wage bill/tax revenue ratio must be below or equal to 35%
4. Internally funded investment/tax revenue ratio must be above or equal to 20% ;
5. Real exchange rate must be stable;
6. Real interest rates must be positive.

The report reviews, first of all, the international economic situation which is expected to have an impact on economies within the region and analyses trends in economic activities within ECOWAS, the situation of macroeconomic convergence and harmonisation of policies within ECOWAS. Finally it also provides a status of macroeconomic performance and policy harmonization status of individual countries.

1. WORLD AND ECOWAS ECONOMIC SITUATION

1.1. WORLD ECONOMIC ENVIRONMENT

1.1.1. Recent economic and financial trends

The financial situation continued to improve though it remained fragile. In many emerging countries, demand was robust and the overheating was a source of growing concern. Developing countries in sub-Saharan Africa in particular returned to fast and sustainable growth. The upward trend in food and commodities prices still posed a threat to poor households and worsened social and economic tensions, especially in the Middle East and North Africa. Oil prices have been rising since end of 2010 and data on supply seem to indicate that disruptions have so far had only moderate effects on economic activity. The earthquake in Japan made a shocking number of victims. Its macroeconomic effects should be limited though the uncertainty remains high.

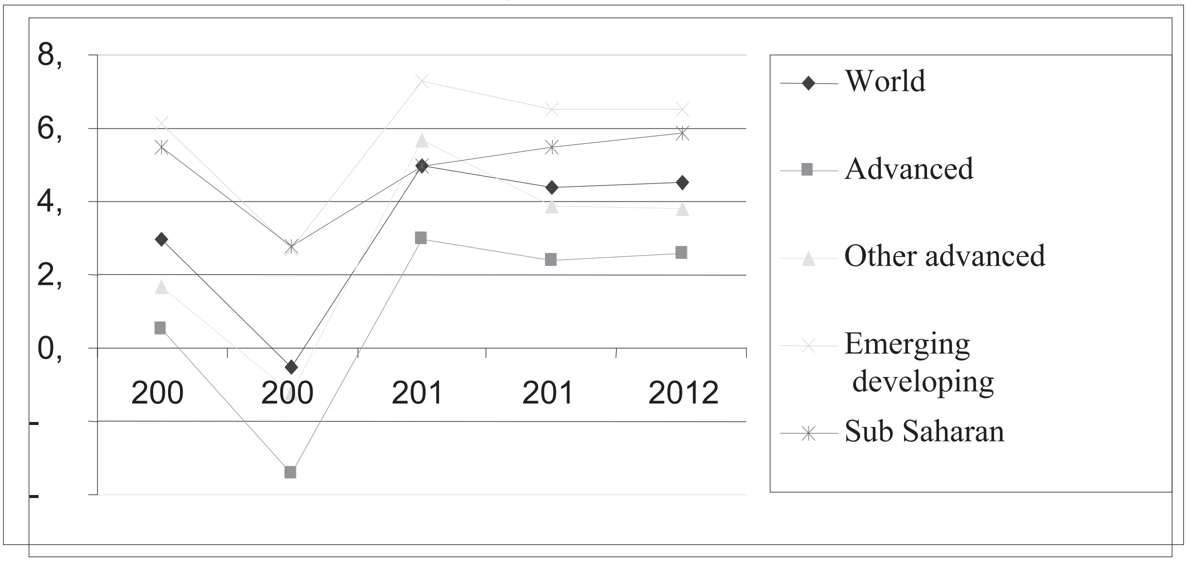
3.2.4.2World economic growth

World growth slowed down to settle at 3.75% in the second half of 2010 against nearly 5.25% in the first half. In 2010 economic growth rate was 5.0% against -0.5% in 2009. As fears for a world recession abated and confidence began gaining grounds, companies started replenishing their stocks. Industrial production and trade recovered strongly until the end of the first half of 2010. The replenishment of stocks and for that matter industrial production slackened in the second half. Meanwhile, the decline in excess production capacity, relaxed economic policies, a rebound in confidence and an improvement in the financial situation encouraged investments and slowed down the pace of destruction of jobs. Consumption was also reinvigorated. Consequently, the risks of double recession in advanced countries reduced and world activity began to grow at a faster pace. Nevertheless, the rate of activity remained uneven from one region to the other.

- ► In the major advanced countries, economic growth was moderate, reaching only 3% in 2010. In the United State and Euro zone, followed a trajectory as weak as the trends observed after the recessions of the early 90s though the recession was deeper.
- ► On the other hand, many emerging and developing countries recorded a robust growth (over 7% in 2010). In a growing number of those countries, constraints relating to production capacity seemed to be deepening and quite a number of them was facing escalating food prices, leading to other social problems.

Thus, the recovery was occurring more or less at two speeds: production gaps were high in advanced countries and were shrinking or nil in emerging and developing countries but there were notable differences within each group. Countries lagging behind in the world recovery experienced serious financial shocks during the crisis, often due to a strong expansion in real estate and high levels of external debt. Advanced countries in Asia experienced a vigorous rebound. The recovery in countries of the Euro zone which witnessed a collapse of the real estate sector or tensions on financial market is slower than in Germany and other countries of the zone. Among emerging and developing countries, Asian countries were the most dynamic followed by Sub Saharan Africa while Eastern European countries had just began recording noticeable growth.

Graph 1.1: Economic growth and world economic outlook



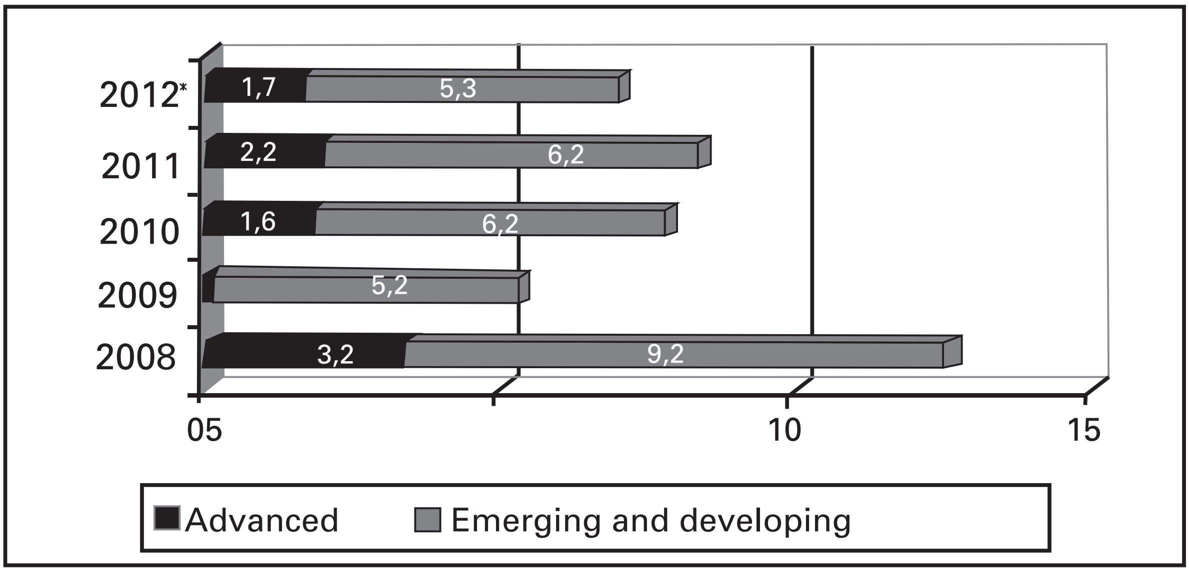
Sources: World Economic Outlook, April 2011

3.2.4.3Inflation and commodity prices

At the global level, inflation was rising everywhere. Headline inflation jumped to 4% in February, exceeding 2% in advanced countries and 6% in emerging and developing countries. This was mainly attributed to trends in food and fuel price and to the fact that these components weigh more heavily in the consumer price index in low income countries. .

Inflation rate excluding food and energy was well below headline inflation, even if it went up rapidly in emerging and developing countries by 2.25% in March 2010 and 3.75% in February 2011. Headline inflation slowed down even though commodity prices stabilized more or less as projected.

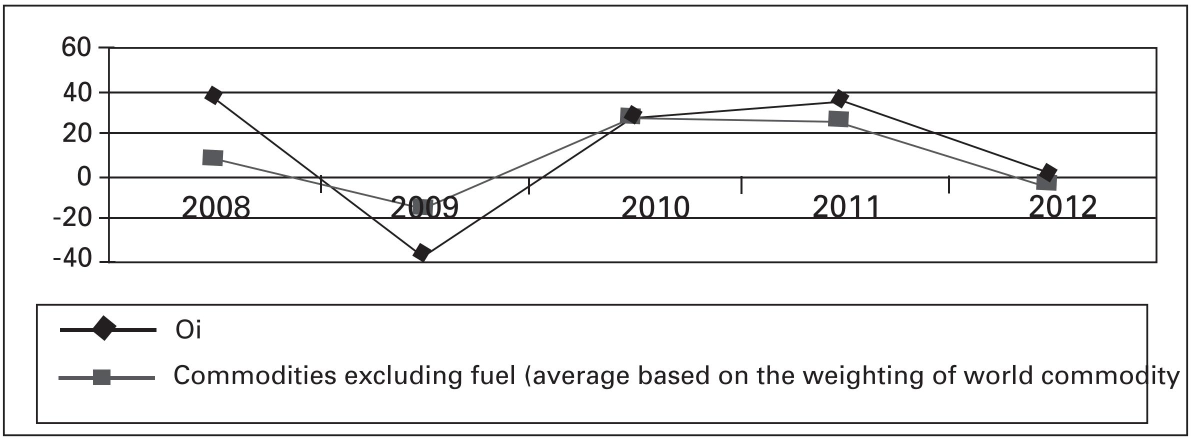
Graph 1.2: InflaBon trends (consumer price)



Sources: World Economic Outlook, April 2011 EdiBon

With regard to commodity prices, they quickly regained their levels as a result of structural, cyclical as well as special factors and pressures remained high on the markets. The main structural change was the rapid growth in emerging and developing countries which raised commodity consumption and changed its structure. World commodity demand which was higher than projected led to a reduction in stocks and a generalized and sustained sharp increase in prices. The IMF commodity price index rose by 32% between mid-2010 and February 2011. Food prices were near record levels of 2008. Fortunately, good harvests in Sub Saharan Africa offered some protection to a section of the most deprived populations. However, social upheavals in the Middle East and North Africa could contribute a renewed upsurge in food prices if governments of major cereal importers within and outside the region increase their purchases to guarantee adequate supply on these subsidized local food markets.

Graph 1.3 – Commodity prices (in US$)



Sources: World Economic Outlook, April 2011 EdiQon

Oil

Oil prices rose by 12% in 2010 and reached an average level of about $80 per barrel. This can be attributed, among others, to the fact that in China, oil consumption shot up by 12.6% in the second half of the year due to the closure of many coal power plants and a massive use of fuel oil power plants.

Gold

Since the beginning of 2010, the price of the yellow metal had surged by 29% to set a new unprecedented record of $1422.35 per once on 9th November. This upsurge may stem from the fact that the financial crisis caused worries among investors who still consider gold and money as more interesting alternative investments within the context of rising inflation risks and "currency war".

Cotton

In 2010, cotton prices did not cease to record a steady increase, in spite of slight decline in the second half of November. The Cotlook "A" index more than doubled during this period and set an unprecedented record on 22nd December to reach 186.25 cents per pound against 86.3 cents a pound on 2nd August.

Rice

In 2010, world prices firmed up, especially in October and November. This was attributed to a downward review of production targets in major exporting countries as a result of poor climatic conditions which seriously affected rice production. However, world trade in 2010 went up marginally by 30.8 Mt against 30.5 Mt in 2009. This recovery is essentially due to improvement in production in India.

Coffee

The price of coffee continued its upward trend, except in October when there was a slight « drop ». The ICO indicative price recorded a monthly average of 161.56 cents in October, 173.90 cents in November and 184.26 in December. This rise was as a result of late harvesting in Vietnam in view of unfavourable weather conditions.

Cocoa

A lot of uncertainty surrounded the cocoa market due to the political crisis in Cote d'Ivoire. After a slight drop in September compared to the previous twelve month, where the bean was quoted US$ 2874.93 a ton, prices returned to their upward trend with a monthly average of US $2 917.46 in October, US$ 2910.31 in November and US$ 3 060.02 per ton in December.

Sugar

In the last quarter of 2010, the rise in sugar prices continued and intensified. The price of brown sugar rose from 23.74 cts/pound at end-October 2010 to 29.15 cts/pound and end- December, representing a 20% increase while white sugar price increased from $ 608 to 734 /t over the same period (+21%).

3.2.4.4 Public finance

Budget deficits and public debt were very high in many advanced countries. Though fiscal recovery was less vibrant in 2010, there was acceleration in GDP growth, indicating a shift from public demand to private demand. The budget rebalancing was modest in advanced countries. The adjustment required to achieve a prudent level of indebtedness by 2030 therefore remains considerable. It would be more pronounced in countries with high external surplus than those with deficits, in line with the worsening world equilibrium.

3.2.4.5 Monetary sector

In many advanced countries, short term real interest rates were low. They were also low in many emerging countries. On the whole, significant increases were not expected in key rates during the year.

Given the generally positive results of companies, which generated a favourable trend, profits were high leading to a rise in prices of shares and drop in those of bonds. In emerging countries in Asia, Latin America and in the United States, share prices were close to their peaks of the pre-crisis period. However, prices of financial shares in the Euro zone were subdued in view of the persistent vulnerability of countries at the periphery. The gaps in public bonds and exchange contract on bank default risk in countries at the periphery of the Euro zone remained high, indicating a serious vulnerability. In Japan share prices were lagging behind as a result of the appreciation of the yen and effects of the recent earthquake. Credit expansion remained moderate in advanced countries. Conditions for granting bank loans in the major developed countries, including those in the Euro zone, were slowly relaxed after being gradually restricted over a long period. For small and medium size enterprises, these conditions were only moderately relaxed or restricted. Besides, credit growth was once again high in many emerging countries especially in Asia and Latin America.

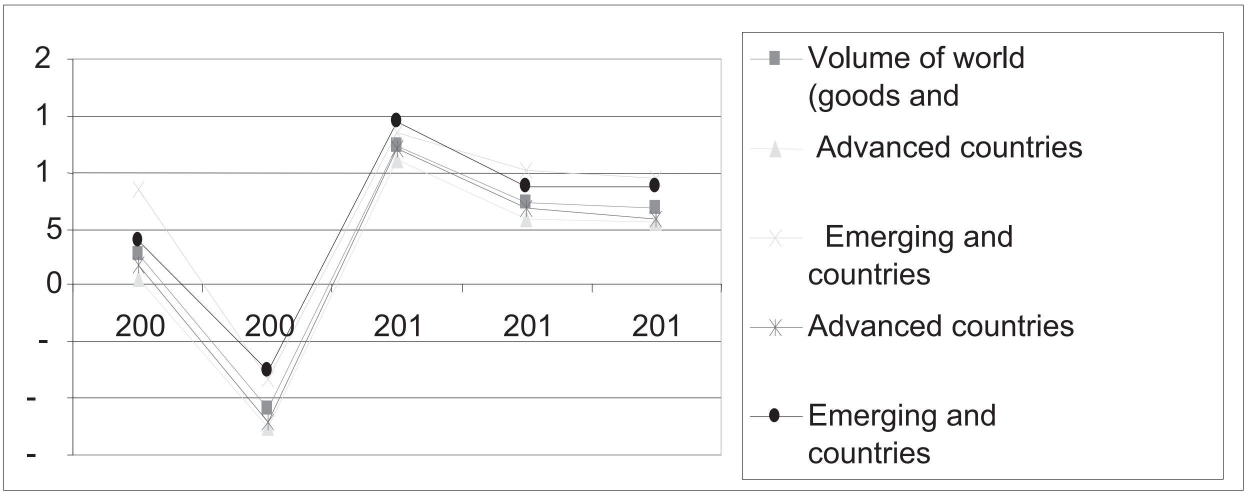
In all, share prices drew closer to their peaks during the pre-crisis in the US, particularly in Asia and Latin America while they were lagging behind in Europe and Japan due to doubts about the financial and export sectors respectively. Volatility abated and gaps in remuneration were once again low. Returns on long term government bonds firmed up thanks to a rebound in activity but remained below their levels at the beginning of 2010.

3.2.4.6 External sector

Generally, international trade grew in line with world activity. The volume of world trade went up by 7.0% in 2010. The increase in the volume of imports was more noticeable in emerging and developing countries with growth rates of 9.7% and 5.4% respectively. Similarly, the rise in the volume of exports was more appreciable in emerging and developing countries (8.3% and 6.6% respectively).

However, in the second half of 2010, world trade and production slowed down due to the effects of a stock cycle. Imports of emerging and developing countries regained the trend prevailing prior to the crisis, but those of developed countries lagged behind. Capital flows from advanced countries to emerging countries went up. Meanwhile, according to some indicators, they slowed down during autumn 2010. The flows between advanced countries remained low.

Graph 1.4: Trends in the variaBon of internaBonal trade



Sources: World Economic Outlook, April 2011

As regards exchange rates, after a steep depreciation, the Euro strengthened recently, while the American dollar weakened moderately. The yen continued to appreciate while the yuani stagnated more or less in real effective terms. Generally, currencies of most of the emerging countries appreciated. Exchange reserves were higher than those prevailing prior to the crisis in all the emerging regions.

3.2.5 Prospects

World real GDP growth rate would be around 4.5%, representing a slight drop compared to the 5% recorded in 2010. In advanced countries as well as emerging and developing countries, real GDP would grow by 2.5% and 6.5% respectively. In advanced countries, weaknesses in sovereign balance sheets and persistent doldrums on the real estate markets continue to breed serious fears, especially in some countries in the Euro zone; the financial sector also constitutes a risk in view of high financing needs of banks and sovereign states. Two new risks may appear especially with the upsurge in commodity prices, oil especially, and geopolitical uncertainty as well as the overheating and boom on the assets markets in emerging countries. However, growth could be more vigorous than anticipated in 2011 thanks to the good health of companies' balance sheets in advanced countries and buoyancy of demand in emerging and developing countries.

According to projections, macroeconomic policies would continue to support economic activity. For the major advanced countries, financial markets would be expecting limited restrictive monetary policies in 2011. The tightening of budgetary policies would be modest in 2011 after a relaxation in 2010. Markets are expecting only a limited withdrawal of relaxed monetary policies in emerging and developing countries. It seems irrelevant to fear that the world recovery will be slowed down by a tightening of budget policy in advanced countries. Firstly, the withdrawal of budgetary incentives planned for 2011 seems to be limited, reaching only 0.75 % of GDP. Secondly, the engine of growth would shift from public to private demand even in advanced countries, as shown, for example by the sustainable recovery in the Euro zone, even though the budget policy was neutral throughout 2010.

In all, to consolidate recovery in advanced countries, there is the need to maintain a relaxed monetary policy for as long as the pressure of salaries remain moderate and inflationary expectations are well anchored and bank credit limited. Besides, there is the need to place public finances on a trajectory that is viable in the medium term through a budgetary rebalancing programme. This measure is particularly urgent in the United States in order to avoid destabilising bond markets at the global level. In Japan, the immediate priority on the budget front is to finance reconstruction. In the Euro one, confidence must be restored in banks by conducting ambitious resistance tests and implementing restructuring and recapitalisation programmes. Many emerging countries and some developing countries must take measures to ensure that what seems as a strong expansion does not degenerate into overheating in the coming year. Inflationary pressures would probably worsen as expansion in production is constrained by inadequate capacity in view of steep increases in food and fuel prices, which are major components of consumption baskets. Interest rates would remain low and budget policies more relaxed than those of the pre-crisis period. Actions to be taken may vary from one country to the other depending on the domestic economic and external situations. However, a tightening of macroeconomic policy is necessary in a number of emerging countries.

3.3 ECONOMIC, FINANCIAL AND MONETARY SITUATION IN ECOWAS

The sub-region recorded an annual average growth rate of over 5% in the decade preceding the world recession in 2009. The achievement was due to the increasing commodity prices, a rapid expansion in the volume of exports, prudence in the implementation of macroeconomic policies, debt relief and sustained flow of Foreign Direct Investments (FDI). Economic performance would have been better but for constraints such as lack of infrastructure (particularly in the transport and energy sectors) and political instability in some countries. In 2010, ECOWAS Member States benefitted from the improvement in the international economic situation thanks to a rebound in world trade and commodity prices.

3.3.4 Real Sector

3.3.4.2 Output

ECOWAS countries recovered well from the world financial crisis with output expanding above the African average growth rate in 2010 (Table 1.6). Gaps between actual production and potential production began to close up in almost all Member States. With the exception of Cote d'Ivoire which recorded less than 3.0% against 3.8% in 2009, all other countries in the region recorded higher growth rates in 2010. Niger and Guinea which had obtained negative growth rates of 0.9% and 0.3% respectively returned to the path of economic growth with 7.5% and 1.9% respectively in 2010. Niger (7.5% growth), Nigeria and Ghana recorded the highest growth with 7.9% and 6.6% respectively. The economic growth observed within the community is largely attributed to the performance of all the sectors. Most countries, mainly commodity producers, benefited from rising prices of most of the commodities they exported in 2010: Coffee (+40%), groundnut oils (+1.29%) and palm oil (+23.7%), Cotton (+ 51%), phosphates (+43.6%), oil (+7.2%), uranium (+6.62%) and gold (20.3%). However, cocoa was an exception with (-17%). The buoyancy in the tertiary sector reflected mainly the good performance in sub sectors such as post and telecommunication, tourism and financial services. Though it was fraught with difficulties due to power supply in many countries, the secondary sector improved with increased activities observed in the building and public works sub sector.

At the zonal level, UEMOA recorded an economic growth rate of 3.9% against 3.1% in 2009, indicating a 0.8 percentage point increase. This is attributed mainly to favourable developments in Burkina Faso, Niger and Senegal. At the WAMZ level, economic growth was 7.6 % in 2010 against 6.4% in 2009, representing a 1.2 percentage point increase. All the countries in the zone contributed to this growth. In Cape Verde, economic growth rate went up from 4.0% in 2009 to 5.6% in 2010.

TABLE 1.1: REAL GDP GROWTH RATE OF ECOWAS MEMBER STATES

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
AFRIQUE	5.7	5.2	5.6	5.9	6.2	6.4	5.6	2.5	4.5	5.2
ECOWAS	3.9	7.7	5.6	5.9	5.3	5.7	5.6	5.6	6.8	6.5
UEMOA	1.3	3.4	2.7	4.2	2.9	3.2	3.9	3.1	3.9	4.4
• Bénin	4.4	3.9	3.1	2.9	3.8	4.6	5.0	2.7	2.8	3.5
• Burkina Faso	4.6	8.0	4.6	8.6	5.5	3.6	5.2	3.2	5.2	5.5
• Côte d'Ivoire	-1.7	-1.4	1.2	1.7	0.7	1.6	2.3	3.8	3.0	4.0
• Guinée Bissau	-7.2	0.3	2.8	4.3	2.1	3.2	3.2	3.0	3.5	4.3
• Mali	4.3	7.6	2.3	6.1	5.3	4.3	5.0	4.5	4.5	6.0
• Niger	5.8	3.8	-0.8	7.4	5.8	3.4	9.6	-0.9	7.5	3.2
• Sénégal	1.2	6.7	5.8	5.7	2.5	4.9	3.2	2.2	4.0	4.4
• Togo	-1.3	4.8	2.5	1.2	3.9	2.1	2.4	3.2	3.4	3.9
WAMZ	4.6	9.1	6.4	6.4	5.9	6.4	6.1	6.4	7.6	7.1
• Gambie	1.3	7.4	6.6	0.3	3.4	6.0	6.1	4.6	5.5	5.1
• Ghana	4.5	5.2	5.6	5.9	6.4	6.5	8.4	4.7	6.6	6.5
• Guinée	4.2	1.2	2.3	3	2.4	1.8	4.9	-0.3	1.9	4.0
• Liberia*	7.8	-1.9	-2.8	1.4	3.1	3.2	3.5	3.6	3.7	3.9
• Nigeria	4.6	9.6	6.6	6.5	6	6.5	6.0	6.7	7.9	7.3
• Sierra Leone	6.5	10.7	9.6	7.6	6	6	4.0	3.2	5.0	4.9
Other (Cape Verde)	5.3	4.7	4.3	5.6	10.1	8.6	6.1	4.0	5.6	4.5

Sources: BCEAO, WAMZ, IMF and WAMA

Thus, on the supply side, economic activity was sustained thanks to the good performance in agricultural production, vibrancy in mining as well as the boom in the building and public works sub sector in many countries within the community. In 2011, the projections were based regional economic growth of 6.5. However, risks of low economic recovery in industrialised countries and by extension low demand, declining inflows and instability in part of the Euro zone remain critical to this positive perspective.

As regards demand, the expansion was mainly driven by investments (10.2%). Besides investments planned within the framework of poverty reduction programmes, other investments were directed to the energy and agricultural sectors to increase power supply and boost activity in agriculture. Consequently, both public and private investments went up in 2010. Final consumption inched up 2.9%, indicating trends in its two components. The low increase in private consumption in most Member States was due to the slow recovery in employment and remittances from migrant workers.

With regard to foreign trade, exports rose by 2.0% following the recovery in the production of industrial agricultural products. Imports also went up by 2.8%. The contributions to GDP growth of final consumption, investment and foreign trade were 2.7 points, 4.6 points and 0.8 points respectively.

At the zonal level, expansion in capital expenditure was higher than other components of demand with a rate of 10.1% for UEMOA and 10.2% for WAMZ. At the UEMOA level, this growth is attributable to Burkina Faso, Mali, Senegal, Benin and Togo. In the WAMZ zone, the expansion in investments was more noticeable in Ghana, with new investments and/or new productions in the oil and gas sectors as well as Nigeria and Sierra Leone. In both zones, growth in final consumption was dominant, followed by that of investment. External demand practically had a negative effect on economic growth in the UEMOA zone in 2010 and almost zero effect on the WAMZ.

TABLE 1.2 : GROWTH RATE OF OVERALL DEMAND COMPONENTS 2009-10

	2009				2010			
YEAR/ZONES OR COUNTRIES	FC	GCF	Export°	Import°	CF	GCF	Export°	Import°
	Real GDP Growth Rate				Real Growth Rate			
CEDEAO/ECOWAS	0.2	5.6	1.4	-1.4	2.9	10.2	2.0	2.8
UEMOA	4.0	9.6	-1.5	3.6	4.1	10.1	3.4	6.7
Bénin	5.7	6.2	-6.6	3.8	4.7	5.9	4.2	8.9
Burkina Faso	3.3	-5.8	7.4	-1.7	3.2	9.2	11.5	7.1
Côte d'Ivoire	4.7	21.8	-1.3	6.7	4.3	5.4	2.3	7.5
Guinée Bissau	-3.1	16.8	13.7	10.3	2.7	3.7	8.5	6.5
Mali	7.6	3.4	-5.6	4.4	5.6	7.6	2.4	6.9
Niger	-2.3	2.7	-2.6	-1.6	5.0	5.2	0.9	7.5
Sénégal	2.0	2.9	-1.8	1.0	3.6	6.0	1.1	3.8
Togo	5.6	10.4	-4.0	6.3	2.0	13.0	2.5	5.2
ZMAO/WAMZ	-1.0	4.4	2.3	-3.0	2.5	10.2	1.6	1.6
Gambie	-7.3	25.9	-0.2	-8.2	4.4	12.8	2.6	6.1
Ghana	8.3	-15.8	-8.5	-6.5	3.6	26.8	7.0	11.6
Guinée	3.6	-9.2	-3.7	-7.2	2.6	6.7	5.0	3.0
Liberia	6.2	6.1	-6.2	2.5	7.2	13.5	1.4	8.8
Nigeria	-2.0	6.4	3.6	-2.7	2.4	8.8	1.0	0.5
Sierra Leone	6.4	0.8	-12.6	7.5	5.2	7.5	-1.6	9.6
Other (Cape Verde)	7.0	5.3	-12.9	4.6	3.4	10.5	7.6	7.3

Sources: IMF World Economic Outlook

3.3.4.3 Inflation

Economic activity occurred within a context of slight inflationary pressures arising from rising oil prices. The community's annual average inflation rate stood at 9.9% in 2010 against 9.3% in 2009. For most Member States, the rise in prices was mainly due to increases in food, non alcoholic beverages, energy and transport prices. With regard to transportation, prices went up in 2010 as a result of the upward trend in oil prices on the international market.

In 2010, inflation trends varied from one zone to the other. At UEMOA level, average inflation rate rose from 1.1% to 1.3% in 2010. In the WAMZ, inflation rate rose from 11.8% in 2009 to 12.6% in 2010. This rise in inflation in 2010 in the WAMZ is attributable to developments in Guinea and Nigeria. In Cape Verde, average inflation rate fell from 5.8% in 2009 to 3.1% in 2010, representing a drop of 2.7 percentage points.

TABLE 1.3: INFLATION RATE (AVERAGE) – ECOWAS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*
AFRIQUE	9.1	8.6	6.3	7.1	6.4	6.3	7.5	7.7	7.5	7.8
ECOWAS	3.7	6.8	5.1	10.0	7.6	6.2	13.4	9.3	9.9	10.3
UEMOA	2.9	-0.7	3.8	3.2	2.4	2.9	7.6	1.1	1.3	3.3
• BENIN	1.2	0.7	1.0	5.4	3.8	1.3	7.9	2.2	2.1	2.1
• BURKINA FASO	2.4	1.5	0.9	4.5	2.4	2.0	10.7	0.9	-0.6	2.9
• COTE D'IVOIRE	3.1	3.3	1.4	2.6	2.5	2.5	6.3	0.5	1.7	3.7
• GUINEE BISSAU	3.9	-3.5	0.9	0.3	2.0	3.0	7.9	-2.8	2.2	4.0
• MALI	5.0	-1.3	-3.1	3.4	0.1	0.0	9.2	2.4	1.2	3.2
• NIGER	2.6	-1.6	0.2	4.2	0.3	4.7	13.6	7.1	0.9	3.3
• SENEGAL	2.3	0.0	0.5	1.4	4.0	6.1	4.3	-1.2	1.2	3.4
• TOGO	3.1	-0.9	0.4	5.5	1.5	3.4	10.2	2.4	1.4	3.6
WAMZ	4.6	8.8	6.3	12.1	9.2	7.3	15.2	11.8	12.6	12.4
• GAMBIE	13.0	17.6	8.0	1.8	1.4	6.0	6.8	4.6	5.0	5.0
• GHANA	15.2	23.6	11.8	13.9	10.9	12.8	18.1	20.7	14.7	16.0
• GUINEE	6.1	12.9	27.6	29.7	39.1	12.8	13.5	4.7	15.5	18.7
• LIBERIA	11.1	5.0	16.1	7.0	8.9	11.7	9.4	7.4	7.3	7.3
• NIGERIA	12.1	23.8	10.0	11.6	8.5	6.6	15.1	11.2	12.4	12.0
• SIERRA LEONE	-1.3	11.3	14.4	13.1	7.3	13.8	13.2	12.5	9.9	17.1
OTHER (CAPE VERDE)	3.0	-2.3	-0.3	1.7	4.7	4.4	6.8	5.8	3.1	1.0

Sources: Central Banks, IMF and WAMA

3.3.5 Public finance and public debt

3.3.5.2Public finance

In 2010, community budget (deficit excluding grants) widened from 3.2% of GDP in 2009 to 3.8 % of GDP. Expenditures and net lending accounted for 23.9% in 2010. The expansion in expenditures stemmed mainly from capital outlays which increased in most of the countries as a result of infrastructure development and implementation of poverty reduction strategies. The upward trend in recurrent expenditure was largely linked to the wage bill. Revenues and grants accounted for 20% of GDP in 2010.

On zonal basis, the overall budget deficit (including grants) for UEMOA widened from 2.5% in 2009 to 3.2% of GDP in 2010, representing a deterioration of 0,7 percentage point. Burkina Faso, Cote d'Ivoire, Guinea Bissau and Mali contributed to this deterioration. In the case of WAMZ, the overall deficit worsened from 3.5% of GDP in 2009 to 4.0% in 2010, recording a deterioration of 0.5 percentage points. This widening of the deficit was also observed in Guinea, Nigeria and Sierra Leone. Cape Verde also recorded an increase in the overall deficit, expanding from 6.8% of GDP in 2009 to 12.0% in 2010. This deterioration is linked to the government desire to take advantage of low interest rates on the international market to mobilise funds for priority public investments.

TABLE 1.4- BUDGET DEFICIT – INCLUDING GRANTS - ECOWAS (PERCENTAGE OF GDP)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*
AFRIQUE	-	-	-	-	-	-	2.2	4.4	3.3	1.9
ECOWAS	5.4	3.8	3.2	3.0	2.8	2.9	2.4	3.2	3.9	3.6
UEMOA	3.8	4.4	4.8	5.1	4.8	5.0	4.5	2.5	3.2	3.2
• BENIN	3.1	4.4	3.6	3.6	2.5	1.8	3.5	4.9	2.5	2.6
• BURKINA FASO	9.1	8.2	8.6	8.6	10.5	12.1	8.3	6.2	7.5	3.5
• COTE D'IVOIRE	2.0	3.2	2.6	3.1	1.5	1.4	2.2	-0.9	1.6	2.2
• GUINEE BISSAU	13.6	23.0	30.1	30.1	18.7	13.7	12.2	-1.8	1.1	1.1
• MALI	6.9	5.3	7.0	7.0	7.1	7.9	5.6	2.8	4.4	3.8
• NIGER	8.5	7.8	8.4	8.4	6.4	6.7	4.2	5.7	2.8	0.7
• SENEGAL	1.8	3.2	5.5	5.5	6.8	7.1	7.2	4.9	4.6	5.8
• TOGO	1.0	1.8	-0.6	0.6	4.0	2.3	2.3	0.6	-0.6	2.7
WAMZ	6.2	3.4	2.4	1.8	1.7	2.3	1.8	3.5	4.0	3.7
• GAMBIE	9.1	5.2	9.9	8.4	2.7	1.0	2.7	4.0	2.9	8.6
• GHANA	8.3	7.5	8.1	6.9	12.9	14.5	19.5	4.3	4.1	3.9
• GUINEE	6.2	8.8	5.9	1.6	2.0	0.9	1.7	7.5	14.0	6.6
• LIBERIA	1.0	3.7	4.4	0.9	-3.0	3.4	2.0	-1.1	-6.6	2.0
• NIGERIA	5.9	2.8	1.7	1.3	0.6	1.2	0.2	3.3	3.8	3.5
• SIERRA LEONE	16.5	19.4	14.3	9.5	8.5	5.0	7.1	2.7	6.1	8.4
CAPE - VERDE	10.5	9.1	8.4	11.4	10.4	3.6	6.5	6.8	12.0	13.6

Sources: Central Banks, IMF and WAMA

3.3.5.3Public debt

The public debt position has been improving in recent years. This improvement was largely due debt relief under HIPC obtained by most countries. In all, the overall level of outstanding debt declined from 19.3 percent to 17.6 percent in 2010. This decline was imputed to the effect of the cancellation of Liberia's debt. Debt servicing as a ratio of goods and services exports also rose from 3.2% to 5.5%. For UEMOA, the outstanding external debt remained stable at 31.0% between 2009 and 2010 whereas in the WAMZ, the outstanding external debt over GDP ratio was relatively low as a result of Nigeria's low external debt. In 2011, the outstanding external debt of the zone is expected to settle at 17.5% of GDP against 18.5% in 2009.

TABLE 1.5 – EXTERNAL DEBT INDICATORS										
	2002	2003	2004	2005	2006	2007	2008	2009	2010**	2011*
CEDEAO	69.9	58.4	54.3	37.8	17.0	11.9	21.6	22.2	21.0	13.5
UEMOA	70.4	61.3	55.5	52.5	33.5	30.3	32.7	31.0	31.0	31.0
BENIN	48.1	40.3	38.6	40.3	21.1	11.3	14.0	14.9	16.0	16.9
BURKINA FASO	42.3	37.2	37	40.9	20.0	20.0	21.8	25.6	25.6	25.6
COTE D'IVOIRE	76.9	68.7	60.8	54.1	47.1	43.2	37.6	52.6	52.6	52.6
GUINEE BISSAU	344.4	371	332.5	291.5	287.9	270.3	198.1	201.1	201.1	201.1
MALI	79.3	67.1	61.4	62.3	19.6	19.4	17.9	18.2	18.2	18.2
NIGER	78.5	66.7	58	54.5	15.1	16.4	16.9	9.5	9.5	9.5
SENEGAL	66.2	51.3	41.1	42.6	17.8	18.1	19.5	13.0	13.0	13.0
TOGO	87.1	80.6	76.5	73.7	72.4	70.9	46.8	42.7	42.7	42.7
ZMAO	69.5	55.9	52.8	29.8	8.1	8.4	17.6	18.5	17.5	76
GAMBIE	175.0	186.7	158.4	146.5	144.2	106.5	56.6	32.6	33.5	33.0
GHANA	117.7	72.2	72.2	64.7	17.2	24.9	28.5	33.6	33.5	33.9
GUINEE	94.9	97.7	91.1	109.4	109.6	74.7	68.6	67.6	67.0	64.8
LIBERIA	100.4	188.4	163.5	126.1	97.3	84.2	84	208.7	27.0	79.8
NIGERIA	60.5	53.1	41.85	18.13	2.42	2.9	15.3	15.9	14.9	4.0
SIERRA LEONE	183.8	150.2	138.6	129.7	8.3	7.1	28.3	31.9	35.8	51.1
CAP-VERT	103.9	80.2	72.3	77.3	68.8	74.2	76.7	74.2	73.4	74.6

Sources: BCEAO, WAMZ Central Banks and IMF

3.3.6 Monetary Sector

3.3.6.2Monetary Policy Measures

In view of the slowdown in credits to the economies, most monetary authorities decided to relax monetary policies by reducing interest rates (policy rates) and required reserves.

TABLE 1.6 – TRENDS IN SOME INTEREST RATES – ECOWAS						
ZONES	INTEREST RATE	2006	2007	2008	2009	2010*
CFA	Savings	3,5	3,5	3,5	3,5	3,5
	Lending	Libre	Libre	Libre	Libre	Libre
	Treasury bills	4,5	4,5	4,5	4,5	4,5
	Policy rate	4,6	4,8	5,5	6,75	4,25
Escudo	Savings	3,05	3,05	3,05	3,05	3,05
	lending	13.5	13.5	13.5	13,5	13,5
	Treasury bills	6,3	6,3	6,3	6,3	6,3
	policy rate	5,45	5,45	5,45	5,45	4,25
Dalasi	Savings	5,0	5,0	5,0	4,0	4,0
	lending	14,0	13,3	13,3	18,0	18,0
	Treasury bills	12,8	12,8	12,8	12,4	12,4
	Policy rate	14,0	14,8	15,3	15,5	14,5
Cedi	Savings	1,5	1,0	2,2	2,0	2,0
	lending	24	23,8	27,3	32,9	30,5
	Treasury bills	9,9	10,6	24,7	23,7	12,9
	Policy rate	12,5	13,5	17,0	18,0	14,7
GNF	Savings	14.7	14.7	14	16	16
	lending	Libre	Libre	Libre	Libre	Libre
	Treasury bills	22.3	21.4	20,81	19,025	4,82
	policy rate	22,25	22,25	20,625	10,17	13,43
Dollars Lib	Savings	2,7	2,6	2,25	2,1	2.72
	lending	15,92	15,25	14,88	14,2	15.5
	Treasury bills	9,8	6,8	9,8	9,8	9,8
	Key rate	3,0	3,0	3,0	3,0	3,0
Naira	Savings	2,0	2,0	2,0	2,0	0,5
	Lending	17,3	17,3	19,35	23,06	22,96
	Treasury bills	7,5	7,8	7,94	4,51	2,04
	Policy rate	9,1	9,1	9,9	7,5	6,1
Leone	Savings	5,5	5,5	4,0	3,5	3,5
	Lending	27	28	27	25,5	25,0
	Treasury bills	14,2	21,2	9,1	14,0	15,01
				20,01	21,0	23,0

Sources: Central Banks

3.3.6.3Trends in monetary aggregates

Trends in monetary aggregates reflected an increase of 11.5% in money supply against 17.0% as at the end of 2009. This increase in overall liquidity induced by money supply counterparts reflected changes at level of its components, especially deposits and money in circulation, with the situation varying from one zone to the other. In the case of UEMOA expansion in money supply was attributed to net credit to governments, credits to the private sector as well as net external assets which account for 7.1%, 6.1% and 3.3% respectively of this expansion. At the WAMZ level, money supply was generally on a downward trend, dwindling from 51.5% in 2008 to 14.1% in 2009 and to 11.2% in 2010. This increase mainly originated from increased credit to the government.

TABLE 1.7 – TRENDS IN MONETARY AGGREGATES – ECOWAS

COUNTRY	HEADING	2008	2009	2010	COUNTRY	HEADING	2008	2009	2010
Benin	Money supply (M2)	27.3	7.4	7.3	Gambia	Money supply (M2)	18.4	19.4	13.7
	Credits to Government	12.2	7.5	-5.5		Net credits to governments ernement	17.8	3.8	16.4
	Credit to the private sector	12.0	6.7	5.0		Credits to the private sector	6.8	5.4	4.7
	Net external assets	4.0	-4.1	7.0		Net external assets	-6.0	3.8	1.0
Burkina	Money supply (M2)	12.0	21.6	19.1	Ghana	Money supply (M2)	31.2	21.2	45.7
	Net credits to governments ernement	4.2	3.3	4.1		Net credits to governments ernement	26.9	0.9	21.5
	Credits to the private sector	14.5	1.0	8.9		Credits to the private sector	38.6	16.6	13.3
	Net external assets	-4.9	21.3	7.6		Net external assets	-11.4	21.4	26.8
Côte d'Ivoire	Money supply (M2)	5.7	17.2	19.6	Guinea	Money supply (M2)	39.1	25.8	74.4
	Net credit to government	-1.1	7.4	9.5		Net credits to governments ernement	25.0	25.7	71.0
	Credit to the private sector	6.1	6.0	3.4		Credits to the private sector	1.1	3.2	8.4
	Net external assets	-0.5	4.3	7.1		Net external assets	14.8	4.1	-5.4
Guinea	Money supply (M2)	29.5	6.8	24.3	Nigeria	Money supply (M2)	54.5	13.1	7.1
	Net credits to governments ernement	-1.6	-13.2	9.4		Net credits to governments ernement	-13.9	9.8	16.7
	Credits to the private sector	11.8	3.9	3.9		Credits to the private sector	56.3	26.0	-5.4
	Net external assets	21.9	15.7	13.3		Net external assets	24.1	-11.6	-13.8
Mali	Money supply (M2)	0.6	14.4	10.3	Sierra Leone	Money supply (M2)	22.5	27.5	32.7
	Net credits to governments ernement	-3.1	-12.9	1.5		Net credits to governments ernement	4.3	-2.4	15.2
	Credits to the private sector	5.2	6.8	8.6		Credits to the private sector	15.5	14.7	10.7
	Net external assets	-2.9	23.4	-1.3		Net external assets	-4.7	53.7	6.1
Niger	Money supply (M2)	12.1	18.5	21.8	Liberia	Money supply (M2)	42.8	46.4	34.3
	Net credits to governments ernement	-18.2	28.9	0.8		Net credits to governments ernement	10.8	41.3	-261.3
	Credits to the private sector	19.8	12.1	7.7		Credits to the private sector	17.7	17.9	16.6
	Net external assets	16.8	-22.8	20.9		Net external assets	2.8	-22.2	288.9
Senegal	Money supply (M2)	1.8	11.4	12.6	**ZMAO**	**Money supply (M2)**	**51.5**	**14.1**	**11.2**
	Net credits to governments ernement	-3.3	4.3	4.8		**Net credits to governments ernement**	**-9.1**	**9.0**	**15.9**
	Credits to the private sector	10.6	2.6	7.3		**Credits to the private sector**	**53.6**	**25.0**	**-3.3**
	Net external assets	-4.5	4.8	3.2		**Net external assets**	**19.8**	**-8.2**	**-8.2**
Togo	Money supply (M2)	18.2	16.1	16.3	Cape -Verde	Money supply (M2)	7.9	3.3	6.1
	Net credits to governments ernement	15.7	6.3	4.3		Net credits to governments ernement	-1.6	1.0	-1.1
	Credits to the private sector	-2.6	9.7	10.3		Credits to the private sector	16.0	7.8	6.5
	Net external assets	8.8	0.5	3.0		Net external assets	-4.1	-1.0	2.7
UEMOA	**Money supply (M2)**	**9.6**	**14.2**	**15.7**	**ECOWAS**				
	Net credits to governments ernement	**0.3**	**6.8**	**7.1**		**Money supply (M2)**	**44.6**	**17.3**	**11.5**
	Credits to the private sector	**8.5**	**5.2**	**6.1**					
	Net external assets	**1.1**	**5.8**	**3.3**					

Sources: Central Banks and WAMA

3.3.7 External sector

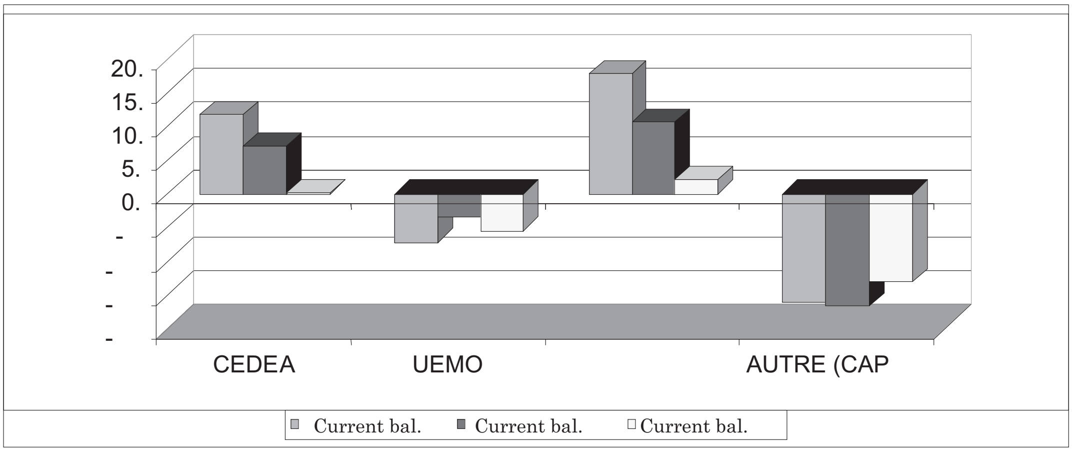
Trends in external accounts were generally affected by the financial crisis in 2009. Even with the world economic recovery in 2010, the balances of external trade and current account of countries within the community did not improve gradually. In almost all member countries, the balance of current transactions deteriorated in 2010. At the community level the balance dropped from +7. 0% of GDP in 2009 to + 0.1% of GDP in 2010 while there was an improvement at the Africa level where the balance was +0.04% of GDP in 2010 against -2.9% in 2009. This trend in the current account stems from a worsening of the balance of trade in goods and services as well as income and a reduction in current transfers. These transfers diminished as a result of a declining trend in budget supports received by most member countries of the community as well as remittances from migrant workers. Besides, the persistent decline of the trade balance could be linked to high imports of petroleum products and capital goods. However, the effect of growing imports on the trade balance was offset by an increase in exports. The surplus of the capital and financial operation account was consolidated in 2010 in line especially with a reduction in payments in respect of external commitments. The balance of payments position improved from -8.2 % of GDP in 2009 to -2.8% in 2010, indicating a negative variance in terms of Community reserves.

All UEMOA countries saw a deterioration of their current balance in 2010. The deficit accounted for 4.8% of GDP against 2.8% in 2009. Only Cote d'Ivoire recorded a surplus of 4.6% of GDP compared to 7.4% in 2009. In WAMZ countries, the current balance was 2.0% of GDP in 2010 against 10.4% in 2009. This decline stems from a drop in the surplus of The Gambia and Nigeria which recorded a surplus of 4.4% and 3.8% of GDP respectively on their current account in 2010 against 6.7% and 13.1% of GDP in 2009.

TABLEAU 1.8: POSITIONS OF CURRENT ACCOUNTS AND BALANCE OF PAYMENTS –ECOWAS

	Current balance				Balance of payments						
AFRIQUE	2006	2007	2008	2009	2010	2011**	2007	2008	2009	2010	2011**
	-	--	3,8	-2,9	0,04	--	--	--	--	--	--
ECOWAS	14.2	8,8	11,7	7,0	0,1	-	10,9	-0,2	-8,2	-2,8	--
UEMOA	-4,1	-6,4	-7,1	-3,5	-5,5	-5,9	2,8	0,3	1,7	0,5	0,5
• BENIN	-4,6	-9,0	-8,1	-7,8	-9,4	-9,6	-9,0	-8,1	-1,5	0,5	0,1
• BURKINA FASO	-9,6	-8,3	-11,7	-4,6	-7,5	-6,9	-8,3	-1,1	7,4	0,6	0,6
• COTE D'IVOIRE	2,6	-0,7	1,9	7,4	4,6	3,0	2,3	-0,1	1,2	0,4	0,7
• GUINEE BISSAU	-12,8	-4,4	-3,4	-4,5	-7,8	-4,6	3,7	3,9	3,6	1,2	2,8
• MALI	-3,6	-8,1	-12,2	-7,3	-10,1	-8,7	-0,3	-0,9	5,8	0,6	0,3
• NIGER	-8,6	-8,2	-13,0	-23,5	-24,4	-22,7	3,3	3,0	-3,7	1,1	0,2
• SENEGAL	-9,3	-11,6	-14,2	-8,4	-8,2	-9,2	1,3	-1,5	1,6	0,2	0,5
• TOGO	7,9	-8,5	-7,0	-7,0	-8,4	-8,2	0,0	2,6	0,3	0,2	0,7
WAMZ	19.6	13,6	17,7	10,5	2,1	--	13,6	-0,3	-11,3	-4,0	--
• GAMBIE	-14,2	-7,0	1,2	6,7	4,4	nd	-9,9	-10,1	-0,7	8,0	nd
• GHANA	-6,5	-12,9	-21,8	-10,4	-14,2	nd	-12,9	-11,9	7,5	11,3	nd
• GUINEE	-7,7	-10,1	-6,1	-8,8	-7,3	nd	-10,1	-0,6	1,3	-1,6	0,3
• LIBERIA	-36,9	-22,5	-18,4	-33,3	-38,8	-54,7	-22,5	-9,9	9,8	68,2	1,2
• NIGERIA	26,5	16,7	22,0	13,1	3,8	nd	16,7	0,8	-13,4	-5,4	nd
• SIERRA LEONE	-6,2	-9,3	-12,6	-20,2	-12,3	nd	-9,8	-8,7	6,6	-5,4	nd
CAP-VERT	-6,9	-14,6	-16,0	-16,7	-13,1	nd	-14,6	1,7	-1,1	-1,3	nd

Sources: Central Banks and IMF



Sources: BCEAO, WAMZ and IMF

Concerning exchange rates, nominal exchange rate against the dollars depreciated in all ECOWAS countries except the CFA and the escudo. At the community level foreign reserves were below the end- 2009 levels. They dropped from 10.1 months of imports in 2009 to 6.9 months of imports in 2010. At the zonal level, UEMOA recorded 6.4 months of imports against 6.6 in 2009 while WAMZ had 7.3 against 11.9 in 2009. This significant decline in WAMZ reserves is linked to those of Nigeria. It is worth noting that contrary to UEMOA countries, some WAMZ countries included IMF SDR in their reserves, leading to a spectacular increase in recent years.

4 MACROECONOMIC CONVERGENCE SITUATION

This section highlights the performance of ECOWAS member countries in terms of macroeconomic convergence at the end of 2010 and prospects for 2011. After a slight improvement in 2009, macroeconomic convergence within ECOWAS worsened in 2010 with rising inflation and high budgetary imbalances.

4.2 Overview of Macroeconomic Convergence

As indicated above, the macroeconomic situation worsened somehow in 2010. For most of the criteria, the number of countries that complied with the standards declined as shown in Table 2.1 below.

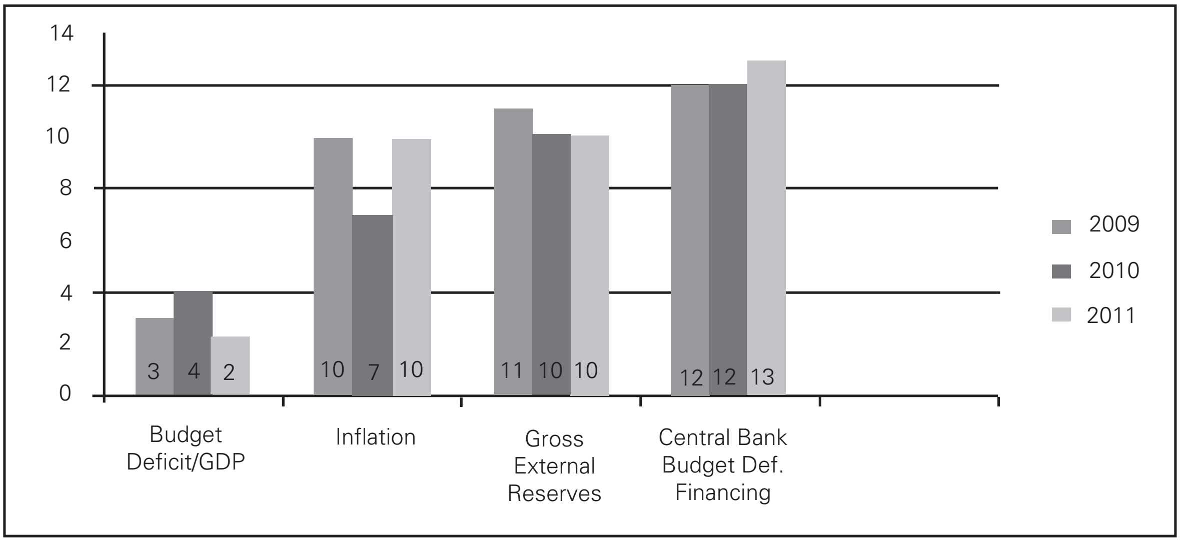
TABLE 2.1: NUMBER OF COUNTRIES THAT MET THE CONVERGENCE CRITERIA IN ECOWAS

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

Source: WAMA, Central Banks

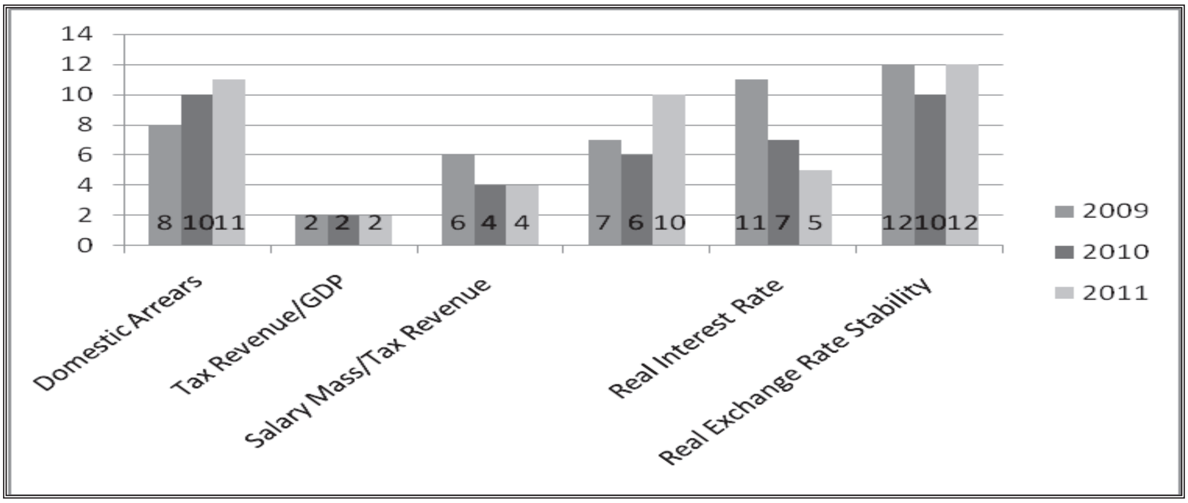
With regards to primary criteria, budgetary imbalances could not be curbed in 2010. Only four (4) countries, with one additional country when compared to 2009 met the Community criterion on budget deficit excluding grants. Concerning prices, 2010 witnessed a rise in inflation which was in some cases very significant. The number of countries which met this criterion fell from ten (10) to seven (7). Performance in respect of gross external reserves declined with one additional country missing the target. On the other hand, budget deficit financing by the Central Bank was maintained with twelve (12) countries continuing to comply with the target.

Graph 2.1: Number of countries that met the primary criteria (2009-2011)



Source: Central Banks and WAMA

Considering the secondary criteria, the situation worsened significantly compared to the previous year. The number of countries which met the criteria on salary mass and real interest rates fell considerably from six (6) and eleven (11) to four (4) and seven (7) in 2010 respectively. The convergence situation also deteriorated as far as domestically funded investments and real exchange rate stability were concerned. However, there was a slight improvement in respect of the non accumulation of domestic arrears, with nine (9) countries meeting the target in 2010 as against eight (8) in the previous year. In terms of tax revenue/GDP, only two countries, as was the case in the past, met the criterion.



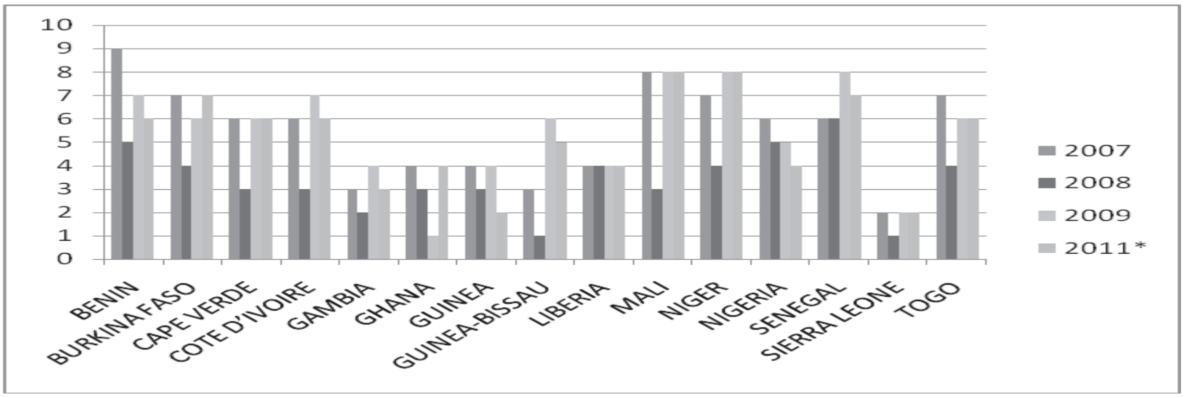
Source: WAMA, Central Banks.

On the whole, performance under macroeconomic convergence was adversely affected by inflationary pressures due to external shocks, low revenue mobilisation, rising wage burden and interest payments. Table 2.2 shows that, so far, none of the countries has been able to meet all the convergence criteria. The best performance was recorded by Niger which with eight out of ten criteria. This country is followed by Mali, Burkina Faso, Senegal and Togo which observed each seven (7) convergence criteria. Benin and Cape Verde followed with six (6) criteria each. The worst performance was recorded by Guinea which met only one secondary criterion.

TABLE 2.2: TOTAL NUMBER OF CRITERIA MET

	2005	2006	2007	2008	2009	2010	2011
BENIN	5	4	9	5	7	6	6
BURKINA FASO	6	6	7	4	6	7	7
CAPE VERDE	6	5	6	3	6	6	6
COTE D'IVOIRE	5	5	6	3	7	4	6
GAMBIA	4	6	3	2	4	3	3
GHANA	2	3	4	3	1	2	4
GUINEA	3	2	4	3	4	1	2
GUINEA-BISSAU	4	4	3	1	6	4	5
LIBERIA	3	4	4	4	4	4	4
MALI	7	6	8	3	8	7	8
NIGER	5	7	7	4	8	8	8
NIGERIA	5	4	6	5	5	4	4
SENEGAL	7	6	6	6	8	7	7
SIERRA LEONE	2	1	2	1	2	2	2
TOGO	3	5	7	4	6	7	6
UEMOA	5	7	6	3	6	6	6
WAMZ	4	4	6	5	6	4	5
WAMZ EXCL. NIGERIA	1	1	1	2	2	2	3
ECOWAS	7	6	6	5	5	4	4

Graph 2.3: Performance of ECOWAS countries in terms of convergence 2007-2011



Source: WAMA, ADB, Central Banks. * Estimates ** Projections

4.3 Analysis of Performance by Criteria

4.3.4 Primary Criteria

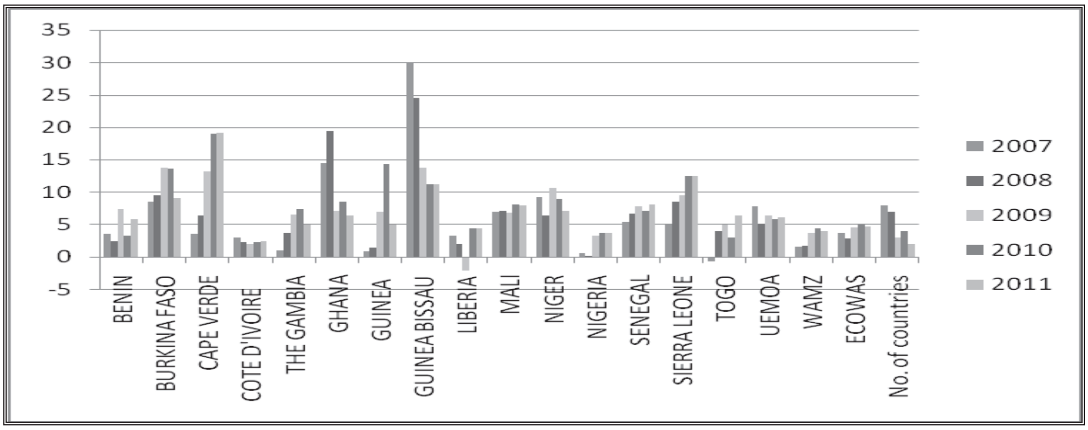
4.3.4.2 Budget deficit (excluding grants)/GDP ≤ 4%

Budget deficits (excluding grants) which widened as a result of successive crises between 2007 and 2008 continued to be significant. In 2010, four (4) countries observed this criterion against (3) in 2009. In 2011, a decline in performance is expected, with only two (2) countries being able to achieve the target. At the zonal level, WAMZ, UEMOA and ECOWAS did not meet this criterion. The table below provides more details.

TABLE 2.3: BUDGET DEFICIT/GDP

	2005	2006	2007	2008	2009	2010*	2011**
BENIN	4.6	2.5	3.6	2.5	7.4	3.3	5.9
BURKINA FASO	9.1	11.3	8.6	9.5	13.8	13.6	9.1
CAPE VERDE	11.4	10.4	3.6	6.5	13.3	19.0	19.2
COTE D'IVOIRE	2.7	1.5	3.1	2.4	2.1	2.3	2.5
THE GAMBIA	8.4	2.7	1.1	3.8	6.6	7.4	5.0
GHANA	6.9	12.9	14.5	19.5	7.2	8.6	6.4
GUINEA	1.6	2.0	0.9	1.5	7.0	14.4	5.1
GUINEA BISSAU	24.2	19.9	30.1	24.5	13.8	11.2	11.3
LIBERIA	0.9	-3.0	3.4	2.0	-2.0	4.5	4.5
MALI	7.3	7.6	7.0	7.1	6.9	8.1	8.0
NIGER	9.6	6.8	9.3	6.4	10.7	9.0	7.2
NIGERIA	1.3	0.5	0.6	0.2	3.3	3.8	3.8
SENEGAL	4.7	7.3	5.5	6.8	7.9	7.1	8.1
SIERRA LEONE	9.5	8.5	5.0	8.6	9.6	12.5	12.5
TOGO	4.1	4.2	-0.6	4.0	5.0	3.1	6.5
UEMOA	7.8	5.0	7.9	5.2	6.5	5.9	6.1
WAMZ	1.8	1.6	1.7	1.8	3.7	4.5	4.1
WAMZ excl. Nigeria	5.5	8.8	9.1	12.5	7.3	10.6	6.4
ECOWAS	3.8	2.7	3.7	2.9	4.6	5.0	4.8
ECOWAS excl. Nigeria	7.2	6.0	8.1	7.1	6.7	7.3	6.4
Number of countries	5	6	8	7	3	4	2

Graph. 2.4: Budget Deficit / GDP, 2008-2010



Source: WAMA, Central Banks

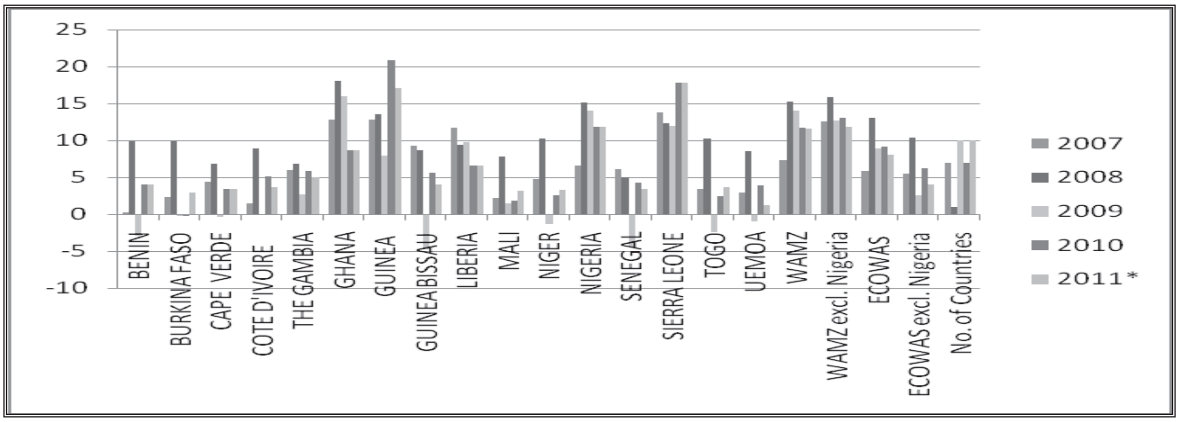
4.3.4.3 Inflation rate ≤ 5 %

Largely contained in 2009, inflationary pressures intensified in some countries in 2010 in view of the rising petroleum prices and sometimes mixed results of the farming season. In all, only seven (7) countries were able to maintain their year- on-year inflation within the 5% limits while in 2009, ten (10) countries achieved the target. Initial projections by countries are somewhat optimistic for 2011. However, it is very likely that the situation would worsen due to the escalation of food and fuel prices on the international market in the first quarter of 2011. In terms of zonal performance, UEMOA remained within the set limits while WAMZ and ECOWAS were above the community standard.

TABLE 2.4: ECOWAS: END OF PERIOD INFLATION RATES

	2005	2006	2007	2008	2009	2010*	2011**
BENIN	3.8	5.2	0.3	9.9	-2.9	4.0	4.0
BURKINA FASO	4.5	1.5	2.3	9.9	-0.3	-0.3	2.9
CAPE VERDE	1.7	4.7	4.4	6.8	-0.4	3.4	3.4
COTE D'IVOIRE	2.6	2.0	1.5	8.9	-0.1	5.1	3.0
THE GAMBIA	1.8	1.4	6.0	6.8	2.7	5.8	5.0
GHANA	13.9	10.9	12.8	18.1	16.0	8.6	8.6
GUINEA	29.7	39.1	12.8	13.5	7.9	20.8	17.1
GUINEA BISSAU	0.3	3.2	9.3	8.7	-4.8	5.6	4.0
LIBERIA	7.0	8.9	11.7	9.4	9.7	6.6	6.6
MALI	3.4	3.6	2.2	7.8	1.5	1.8	3.2
NIGER	4.2	0.3	4.7	10.2	-1.3	2.6	3.3
NIGERIA	11.6	8.5	6.6	15.1	14.0	11.8	11.8
SENEGAL	1.4	4.0	6.1	5.0	-4.5	4.3	3.4
SIERRA LEONE	13.1	7.3	13.8	12.3	12.0	17.8	17.8
TOGO	5.5	1.5	3.4	10.2	-2.4	2.4	3.6
UEMOA	2.9	2.7	2.9	8.5	-1.0	3.9	1.2
WAMZ	12.1	9.2	7.3	15.3	14.0	11.7	11.6
WAMZ excl. Nigeria	18.3	19.0	12.6	15.8	12.7	13.0	11.8
ECOWAS	9.0	7.1	5.8	13.0	8.9	9.1	8.1
ECOWAS excl. Nigeria	6.9	7.0	5.5	10.4	2.6	6.2	4.0
Number of countries	9	8	7	1	10	7	10

Graph. 2.5: End of period inflation rates, 2007-2011



4.3.4.4 Budget deficit financing by the Central Bank/ Tax revenue of the

previous year ≤ 10%.

Performance in budget deficit financing by the Central Bank remained relatively stable in 2010. In fact, twelve (12) countries met this criterion in 2010 as in 2009. In 2011, projections indicate that one additional country could comply with the community target.

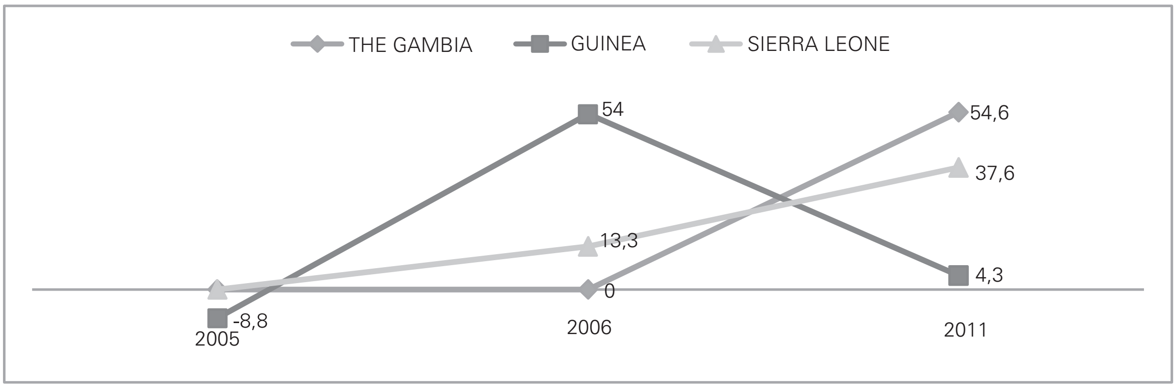
At the zonal level, this criterion was generally observed by UEMOA as well as WAMZ and ECOWAS.

TABLE 2.5: BUDGET DEFICIT FINANCING BY CENTRAL BANKS

	2005	2006	2007	2008	2009	2010*	2011**
BENIN	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BURKINA FASO	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CABO VERDE	0.0	0.0	0.0	0.0	0.0	0.0	0.0
COTE D'IVOIRE	0.0	0.0	0.0	0.0	0.0	0.0	0.0
THE GAMBIA	0.0	0.0	0.0	35.9	13.7	54.6	54.6
GHANA	0.0	0.0	0.0	17.3	0.0	0.0	0.0
GUINEA	-8.8	54.0	0.0	5.8	38.7	91.0	4.3
GUINEA BISSAU	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LIBERIA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MALI	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NIGER	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NIGERIA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SENEGAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SIERRA LEONE	0.0	13.3	0.8	0.3	18.6	37.6	37.6
TOGO	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UEMOA	0.0	0.0	0.0	0.0	0,0	0,0	0.0
ZMAO	-0.2	1.1	0.0	1.6	0.9	2.2	0.6
ZMAO hors Nigeria	-2.7	17.8	0.1	13.1	13.9	33.0	6.2
CEDEAO	-0.1	0.8	0.0	1.0	4.9	2.9	0.4
CEDEAO hors Nigeria	-0.7	4.5	0.0	3.4	12.8	11.6	1.6
Number of countries	15	13	15	13	12	12	13

Source: AMAO, Banques Centrales.

Graph.2.6: Trends in the situation of countries facing difficulties in respect of the criterion on budget deficit financing by Central Bank, 2005-2011



Source: WAMA, ADB, Central Banks. * Estimates ** Projections

4.3.4.5Gross external reserves ≥ 6 months import cover

The allocation of SDR in 2009 by the IMF to some Central Banks as part of measures to mitigate the effects of the crisis enabled some countries to achieve this criterion. However, the effect of these allocations is beginning to wane. Thus, only ten (10) countries, that is one less than the previous year, were able to meet the target. The projections show that in 2011 the same performance will be maintained.

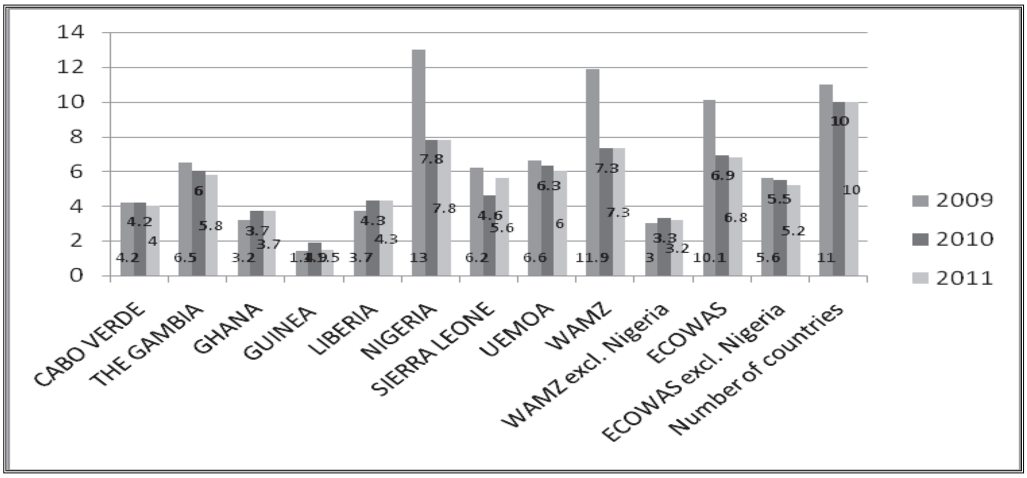
Given the number of countries which complied with this standard, all the zones achieved this criterion.

TABLE 2.6: ECOWAS – GROSS EXTERNAL RESERVES IN TERMS OF MONTHS OF IMPORTS

	2005	2006	2007	2008	2009	2010*	2011**
CABO VERDE	3.4	3.6	4.1	4.0	4.2	4.2	4.0
THE GAMBIA	5.2	4.9	4.4	4.3	6.5	6.0	5.8
GHANA	4.0	3.7	3.9	1.8	3.2	3.7	3.7
GUINEA	1.1	0.8	0.4	1.1	1.4	1.9	1.5
LIBERIA	0.1	0.1	0.7	0.7	3.7	4.3	4.3
NIGERIA	11.8	15.1	17.4	15.3	13.0	7.8	7.8
SIERRA LEONE	4.8	4.9	5.1	4.2	6.2	4.6	5.6
UEMOA	5.7	5.6	6.0	5.7	6.6	6.3	6.0
WAMZ	10.9	13.8	15.9	13.9	11.9	7.3	7.3
WAMZ excl. Nigeria	3.2	2.9	2.9	1.9	3.0	3.3	3.2
ECOWAS	9.1	11.0	12.5	11.1	10.1	6.9	6.8
ECOWAS excl. Nigeria	5.0	4.8	5.1	4.6	5.6	5.5	5.2
Number of countries	1	1	9	1	11	10	10

Source: WAMA, Central Banks

Graph. 2.7 Gross External Reserves in terms of months of imports, 2008-2010



Source: WAMA, Central Banks

4.3.5 Secondary Criteria

4.3.5.2 Domestic arrears (Prohibition of accumulation of new arrears and

settlement of outstanding arrears)

The provision of data for the assessment of this criterion improved during the last surveillance mission in response to the call by the Committee of Governors in July 2010. Eleven (11) countries out of 15 have provided information for the assessment of this criterion. Out of these eleven countries, ten (10) declared that no domestic arrears were accumulated. To ensure an exhaustive evaluation of this criterion, it is essential that the remaining countries make the effort to provide the necessary information.

At the zonal level, UEMOA observed this criterion in 2010. With regard to WAMZ and ECOWAS, the assessment was impossible due to lack of data from some countries.

TABLE2.7: DOMESTIC ARREARS

	2005	2006	2007	2008	2009	2010	2011**
BENIN	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BURKINA FASO	0.0	0.0	0.0	0.0	63.6	0.0	0.0
CAPE VERDE	0.0	0.0	0.0	0.0	0.0	0.0	0.0
COTE D'IVOIRE	17.5	29.7	43.8	107.9	0.0	0.0	0.0
THE GAMBIA	nd	nd	nd	nd	nd	nd	nd
GHANA	nd	nd	nd	nd	yes	yes	0.0
GUINEA	nd	nd	nd	nd	nd	nd	nd
GUINEA BISSAU	4.2	5.5	2.6	4.8	0.0	0.0	0.0
LIBERIA	nd	nd	nd	nd	nd	0.0	0.0
MALI	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NIGER	2.0	0.0	0.0	0.0	0.0	0.0	0.0
NIGERIA	nd	nd	nd	nd	nd	nd	nd
SENEGAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SIERRA LEONE	nd	nd	nd	nd	nd	nd	nd
TOGO	22.0	20.6	0.7	0.0	0.0	0.0	0.0
UEMOA	45.7	55.8	47.1	112.7	63.6	0.0	
Number of countries	5	6	6	7	8	10	11

Source: WAMA, Central Banks

4.3.5.3Tax revenue/GDP ≥ 20 %

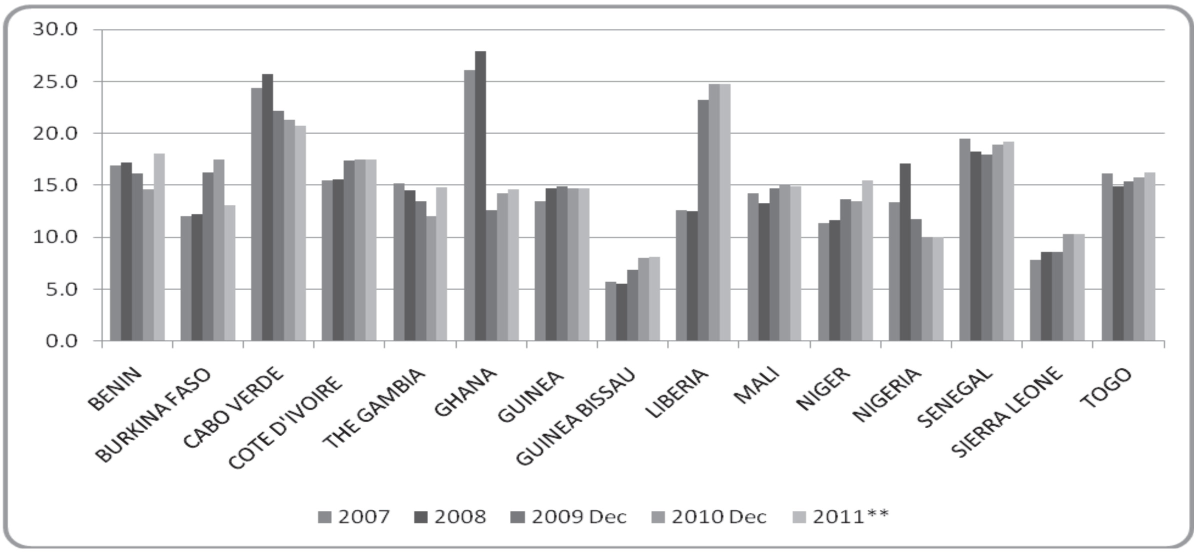
Performance in terms of tax revenue mobilisation remained weak. Only two countries complied with this criterion in 2010 as was the case in previous years. Until 2008, it was Ghana and Cape Verde which were the best performers in respect of this criterion. However, since then it is Liberia which has joined Cape Verde. Ghana has left the group following a change in the base year which led to a large increase in the country's GDP. Ongoing fiscal reforms in Liberia accounted for the increase in tax revenue during the period.

On the zonal front, the situation remained similar to that of individual countries. None of the zones met the criterion. UEMOA recorded the best performance with 16.6% as against 10.5% for WAMZ.

TABLE 2.8: ECOWAS– TAX REVENUE/GDP

	2005	2006	2007	2008	2009	2010	2011**
BENIN	14.5	15.4	16.9	17.2	16.1	14.6	18.0
BURKINA FASO	11.8	12.0	12.0	12.2	16.2	17.5	13.1
CAPE VERDE	21.5	23.4	24.4	25.7	22.2	21.3	20.8
COTE D'IVOIRE	13.9	14.4	15.5	15.6	17.4	17.4	17.5
THE GAMBIA	17.2	18.8	15.2	14.5	13.4	12.1	14.8
GHANA	21.9	22.3	26.1	27.9	12.6	14.2	14.6
GUINEA	12.2	14.8	13.5	14.7	14.9	14.7	14.7
GUINEA BISSAU	11.3	11.3	5.7	5.5	6.9	8.0	8.1
LIBERIA	14.7	13.2	12.6	12.5	23.2	24.7	24.7
MALI	15.4	14.9	14.2	13.3	14.7	15.0	14.9
NIGER	10.3	10.7	11.3	11.6	13.7	13.5	15.4
NIGERIA	17.2	15.1	13.3	17.1	11.8	10.0	10.0
SENEGAL	18.6	19.0	19.5	18.3	18.0	18.9	19.2
SIERRA LEONE	8.1	8.5	7.8	8.5	8.5	10.3	10.3
TOGO	14.6	15.4	16.2	14.9	15.4	15.8	16.2
UEMOA	14.7	15.1	17.3	16.7	16.4	16.6	16.6
WAMZ	17.4	15.6	14.3	17.8	11.9	10.5	10.5
ECOWAS	16.5	15.5	15.3	17.4	13.5	12.6	12.6
Number of countries	2	2	2	2	2	2	2

Table 2.8: ECOWAS– Tax revenue/GDP



Source: WAMA, ADB, Central Banks.

4.3.5.4 Salary Mass/ Tax revenue ≤ 35 %

The salary mass continued to absorb a significant proportion of tax revenue. As at end 2010, only four (4) countries (Mali, Niger, Senegal and Togo) were able to meet the Community target as against six (6) in 2009. Salary adjustments and/or recruitments in the civil services in recent years in most of the countries as against moderate tax revenues improvements, led to the deterioration of performance in respect of this criterion.

None of the zones met this criterion in 2010. UEMOA registered 38.1% as against 47.5% for WAMZ. Until 2009, WAMZ‘s performance was relatively very good with regard to this criterion.

TABLE 2.9: ECOWAS – WAGE BILL/TAX REVENUE

	2005	2006	2007	2008	2009	2010*	2011**
BENIN	39.0	35.6	31.0	35.6	45.1	45.7	43.7
BURKINA FASO	42.0	44.1	42.0	44.7	46.2	43.5	42.8
CABO VERDE	47.1	46.0	41.6	38.3	48.8	50.1	53.9
COTE D'IVOIRE	45.0	43.2	43.6	43.8	39.7	41.1	41.8
THE GAMBIA	24.3	24.2	22.3	31.2	33.9	43.7	31.1
GHANA	44.8	55.7	51.5	53.8	53.2	50.6	48.4
GUINEA	23.2	18.4	25.9	28.0	32.7	39.0	39.0
GUINEA BISSAU	116.1	110.8	116.5	96.2	77.1	77.4	62.1
LIBERIA	59.2	34.5	32.9	28.7	39.9	37.0	37.0
MALI	31.0	30.9	33.4	35.8	34.2	33.9	28.6
NIGER	34.7	33.3	31.0	29.8	27.3	28.9	25.2
NIGERIA	17.9	18.8	27.6	22.7	32.7	47.3	47.3
SENEGAL	30.0	31.0	31.0	32.0	33.6	32.7	32.0
SIERRA LEONE	65.5	61.6	60.9	59.8	59.8	60.9	60.9
TOGO	30.4	33.1	32.8	32.7	41.2	33.5	36.2
UEMOA	38.0	37.6	36.5	37.6	38.3	38.1	37.1
WAMZ	20.5	22.0	29.7	25.6	34.6	47.5	47.3
WAMZ excl. Nigeria	39.0	43.5	43.3	45.5	46.7	47.6	45.9
ECOWAS	26.6	27.3	32.0	29.6	35.9	44.3	43.9
ECOWAS excl. Nigeria	38.6	39.2	38.3	39.6	40.7	40.7	39.6
Number of countries	7	8	9	7	6	4	4

Source: WAMA, Central Banks.

4.3.5.5 Public Investments/Tax revenue ≥ 20 %

Performance in respect of this criterion had not improved since 2005 as less than half of ECOWAS countries met this criterion. In 2010, for the first time since 2000 Sierra Leone observed this criterion while Benin recorded a reverse trend. On the whole, the rising wage burden and other administrative expenditures did not allow for the allocation of a significant portion of domestic revenue to investment. Projections show a substantial improvement in performance in respect of this criterion in 2011.

However, at the zonal level, this criterion was generally met as was the case in previous years due to the weight of performing economies.

TABLE 2.10: ECOWAS – PUBLIC INVESTMENTS/TAX REVENUE							
	2005	2006	2007	2008	2009	2010*	2011**
BENIN	22.8	12.8	19.1	20.6	44.3	19.1	22.8
BURKINA FASO	40.8	43.4	40.8	43.4	47.6	56.9	43.4
CABO VERDE	2.9	2.9	2.0	1.9	2.4	1.9	2.0
COTE D'IVOIRE	10.7	15.5	12.8	13.6	12.6	13.4	15.2
THE GAMBIA	4.8	3.1	6.3	16.3	16.7	10.6	10.6
GHANA	18.8	25.0	27.3	35.8	17.2	18.0	20.6
GUINEA	12.6	12.0	11.9	12.9	38.1	55.0	55.0
GUINEA BISSAU	6.0	2.2	6.4	12.4	4.9	1.5	8.2
LIBERIA	18.3	14.9	13.8	12.5	12.5	8.8	8.8
MALI	21.8	23.4	33.1	23.5	24.4	18.3	25.7
NIGER	28.1	25.3	31.6	38.3	44.1	22.2	23.2
NIGERIA	20.6	19.6	27.6	23.2	39.6	30.3	30.3
SENEGAL	33.7	36.6	37.1	28.9	34.0	36.4	39.9
SIERRA LEONE	7.9	10.6	9.1	13.4	13.4	40.4	40.4
TOGO	8.4	3.6	4.1	12.9	16.5	18.6	29.6
UEMOA	23,2	23,9	23,3	22,8	27,1	24,6	26,4
WAMZ	20,1	19,8	27,0	23,8	37,6	29,8	30,0
WAMZ excl. Nigeria	15,5	19,1	20,4	26,3	23,3	31,0	32,4
ECOWAS	21,1	21,0	25,6	23,3	33,8	27,9	28,6
ECOWAS excl. Nigeria	20,9	22,2	22,1	23,2	25,6	25,7	27,4
Number of countries	6	6	7	7	7	6	10

Source: WAMA, Central Banks

4.3.5.6 Positive Real Interest Rates

With the low level of inflation and sometimes deflation observed in some countries, 2009 saw the best performance in respect of this criterion since 2001. In 2010, the situation worsened considerably. In fact, inflation rates returned to their upward trend while yields on savings did not follow suit. Thus, only seven (7) countries met the target against eleven (11) in 2009.

In view of the weight of countries which missed the target, none of the zones (UEMOA, WAMZ and ECOWAS) was able to achieve real positive interest rate in 2010. Given the relatively low level of inflation, UEMOA remained close to the community target.

TABLE 2.11: ECOWAS – REAL INTEREST RATES							
	2005	2006	2007	2008	2009	2010*	2011**
BENIN	-0.3	-1.7	3.2	-6.4	6.4	-0.8	-0.5
BURKINA FASO	2.7	2.0	1.2	-8.1	3.8	3.5	0.4
CAPE VERDE	1.5	-1.5	-1.2	-3.6	2.2	1.0	0.1
COTE D'IVOIRE	0.9	1.5	2.0	-5.4	3.6	-1.6	-0.2
THE GAMBIA	3.2	3.6	-1.0	-1.8	3.0	0.2	0.2
GHANA	-7.5	-9.4	-11.3	-15.9	-6.0	2.9	2.9
GUINEA	-23.0	-20.0	1.8	-0.5	8.1	-7.4	-7.4
GUINEA BISSAU	3.2	0.3	-5.8	-5.2	9.9	-2.1	-0.5
LIBERIA	-3.9	-6.2	-9.1	-7.2	-7.7	-4.6	-4.6
MALI	0.1	-0.1	1.3	-4.3	2.0	1.4	0.0
NIGER	-0.7	3.2	-1.2	-6.7	4.8	0.9	0.2
NIGERIA	-10.1	-6.5	-3.0	-12.0	-10.0	-6.7	-6.7
SENEGAL	2.1	-0.5	-2.6	-1.5	8.0	-1.0	-0.2
SIERRA LEONE	-7.2	-1.8	-8.3	-8.3	-8.5	-5.5	-5.5
TOGO	-2.0	2.0	0.1	-6.7	5.9	0.9	-0.4
UEMOA	0,6	0,8	0,6	-5,0	4,5	-0,4	2,3
WAMZ	-10.1	-6.9	-3.6	-12.1	-9.3	-5.9	-6.1
WAMZ excl. Nigeria	-11,9	-11,6	-6,7	-10,0	-1,5	-1,0	-1,0
ECOWAS	-6.5	-4.3	-2.2	-9.7	-4.7	-4.1	-3.3
ECOWAS excl. Nigeria	-2,6	-2,5	-1,4	-6,3	2,8	-0,6	1,3
Number of countries	7	6	6	0	11	7	5

Source: WAMA, Central Banks

4.3.5.7Real exchange rate stability ± 5%

On the whole, real exchange rate fluctuations were contained. This implies relative stability of nominal exchange rates and inflation trends in line with those of major trading partner countries. In recent years, countries such as the Gambia, Ghana, Guinea, Nigeria had difficulty in achieving real exchange rate stability.

At the zonal level, UEMOA remained within the limits while WAMZ and ECOWAS deviated slightly.

TABLE 2.12: REAL EXCHANGE RATE STABILITY

	2005	2006	2007	2008	2009	2010	2011**
BENIN	2.3	1.1	0.9	4.7	4.3	4.4	4.4
BURKINA FASO	3.4	0.1	-0.6	6.6	0.6	3.5	2.5
CAPE VERDE	-2.8	2.8	2.5	4.3	-2.6	3.9	2.1
COTE D'IVOIRE	-0.6	-0.9	1.9	4.7	0.0	-5.7	2.9
THE GAMBIA	6.2	-0.6	9.0	6.0	-9.0	-2.7	-14.6
GHANA	9.3	5.3	-0.6	-4.8	-7.7	7.2	3.0
GUINEA	-22.4	-7.0	32.6	-6.5	4.5	-7.9	-7.9
GUINEA BISSAU	-1.8	1.0	3.1	9.8	0.5	2.3	1.1
LIBERIA	-3.1	-4.6	2.5	2.7	2.5	2.6	2.6
MALI	3.1	-1.3	0.5	8.0	1.8	2.5	2.1
NIGER	4.4	-3.1	0.9	9.5	1.4	2.5	2.3
NIGERIA	14.2	7.0	-1.9	11.0	-6.0	9.3	9.3
SENEGAL	-2.7	0.7	4.3	3.6	-0.9	-0.9	0.8
SIERRA LEONE	-0.5	-4.7	1.0	6.9	1.7	-4.5	-0.4
TOGO	1.0	-1.6	0.6	5.5	0.5	-6.2	2.6
UEMOA	1.3	-0.4	1.7	5.7	0.2	4.1	5.4
WAMZ	12.9	6.5	-1.1	9.4	-5.9	8.7	8.3
ECOWAS	8.9	4.1	-0.2	8.1	-3.8	7.1	7.3
Number of countries	12	12	12	6	12	10	12

Source: WAMA, Central Banks

4.4 STATUS OF POLICY HARMONIZATION AND INSTITUTIONAL ARRANGEMENTS IN ECOWAS

Policy harmonization and institutional arrangement constitute one of the major components of the economic and monetary integration process of ECOWAS. To that end, member States of ECOWAS have to comply with a number of common principles in areas, of exchange policies, capital account liberalization, financial markets and payment systems operations, banking supervision and regulations, trade liberalization, free movement of persons and harmonization of statistics among others. They must also implement and adopt adequate institutional arrangements for the realization of the objectives recommended by the various legal, technical and administrative instruments of ECOWAS. The status of these programmes at the end of 2010 within ECOWAS is as follows:

4.4.4 Exchange policy

The harmonisation of exchange policies requires ECOWAS Member States to see to the implementation of market-oriented monetary policy instruments. At this level, it must be recognized that no significant progress was made in 2010. Indeed, this delay is still due to the existence of two major exchange regimes within the ECOWAS region, i.e. the fixed regime applied by the West African Economic and Monetary Union (UEMOA) and Cape Verde, and the floating currency regime in force in non-UEMOA countries.

4.4.5 Liberalisation of capital account

Like in previous years, The Gambia and Liberia remain the two countries which have virtually liberalized their capital accounts. Liberalization within UEMOA is only effective among the member countries of the Union. However, there is an obvious willingness to open up to the other ECOWAS countries. Other ECOWAS member States like Cape Verde, Ghana, Guinea, Nigeria and Sierra Leone still opt for a prudent approach and retain a certain level of control. There is therefore the need to speed up the process in order to promote investments and economic development in ECOWAS.

4.4.6 Harmonization of the financial sector and payments systems

It must be noted that considerable progress is being made in the areas of harmonization of the financial sector and development of the payment systems.

Indeed, within the UEMOA zone, apart from the financial market and payment system which have already been integrated and harmonized, progress is still being made especially as for as payment systems were concerned. In this regard, it must be pointed out that the following actions were to be implemented in 2010:

AUTOMATED INTERBANK CLEARING SYSTEM IN UEMOA (SICA-UEMOA):

- ► The migration to Version 2, which makes it easy to deal with dud cheques, improve the structure of the « maturity » file to enable each participant know the detailed composition of his balance, enhance the process of cleared balance settlement and to take into account the establishment of a guarantee fund in the settlement process.
- ► Launch of the Regional System with the establishment of a SICA-UEMOA test environment, thanks to the establishment of test Clearing Access Points at the BCEAO and test server for participants.
- ► Standardization of payment instruments (cheques and other bank drafts) whose impacts on its information system and on those of information systems and applications of participants has been analysed by BCEAO. The new specifications of SICA-UEMOA take into account the new cheque standard.
- ► Migration to version 3 involving particularly the shift from country code to ISO standard, modification of bank codes and new operations formats.
- ► Finally, it is worth noting the admission of new participants, improvements in the BCEAO banking information system and the establishment of the guarantee fund for SICA-UEMOA..
- ► Automated Transfer and Settlement System (STAR-UEMOA):
- ► Establishment of an intra daily advances mechanism to enable the Central Bank grant liquidity to participants who need it;
- ► Migration of the STAR-UEMOA operating system onto Windows 2003 in order to benefit from services linked to this operating system, particularly reinforcement of security;
- ► Integration of a new more secure password exchange technology (RSA) that meets international standards;
- ► Possibility for the banks to consult in a more secure manner their settlement account position via Internet;
- ► Establishment of a backup site to better ensure continuity of exchange.

The other measures concern the interface of systems with the other applications (SICA-UEMOA with the Centre for Payment Incidents, STAR-UEMOA with automated securities management application), strengthening of BCEAO access networks, use of banking services and promotion of the use of non cash means of payment.

Indeed, it should be noted that reforms led to the harmonization of standards of payment instruments which resulted in a new vision « SICA » in all UEMOA countries to which banks and suppliers are associated. Another on-going project is the reinforcement of the security of the clearing system. Periodic surveys on the understanding of the payment systems are in progress. In terms of the way forward, bank authorities are thinking about mobile payment.

With regard to the West African Monetary Zone (WAMZ), considerable efforts are being made to bring to the same level the financial and payment systems of its member States. Ghana and Nigeria, which already have an operational system for « real time gross settlements - RTGS », continued to develop and modernize their payment system to keep pace with recent developments in the payment system. Thus, the Central Bank of Nigeria has made progress, including a reduction in clearing time limits to a maximum of 2 days throughout the country and finalisation of laws and regulations on payment systems. Ghana, on her part, has introduced the “e-zwich” electronic payment system which enables the holder of this card to undertake electronic transactions at any sales point, i.e. terminal or automatic counter in the country. It enables the holder of the Card to access banking services throughout Ghana, irrespective of the issuing bank of the card. This system is also speeding up banking services in Ghana.

The implementation of the same system is planned for The Gambia, Guinea and Sierra Leone, with funding from the African Development Bank (ADB). In the case of Guinea, the premises for the equipment and the data centre are still under construction, but the ground floor intended for the data centre is already available. The model legal texts prepared by the WAMZ Committee of Experts and approved by the Convergence Council for adoption in member countries have been submitted to the Central Bank of Guinea (BCRG). Also, the latter and the Commercial Banks are taking measures to establish the pre-requisites of the payment instruments, particularly electronic payments and standardization of cheques. In the case of The Gambia, the authorities maintain that the project will take off on schedule, i.e. in the third quarter of 2011. With regard to Sierra Leone, a Committee has been set up to manage the payment systems and an office has been identified within the Central Bank for the project.

WAMZ has also adopted common norms and standards for cheques. Common regulations on payment systems have also been prepared and are being adopted. Once completed, this payment system being finalized within WAMZ should facilitate interconnection with that of UEMOA.

4.4.7 Supervision and regulation of the banking system

On this issue, member countries of WAMZ have taken measures to harmonize their banking laws and to meet the provisions of the Basle I Principles on banking supervision. Member States of UEMOA use an already unified banking regulation and banking supervision is undertaken by the banking Commission.

Besides, as part of coordinating the implementation of the ECOWAS monetary cooperation programme, the West African Monetary Agency (WAMA) is about to commence a study aimed at harmonizing regulations and supervision of banks and other financial institutions. The objective of the study is to have for its banking and financial sector a harmonized banking and financial law that meets international standards, in accordance with the basic principles of Basle I and II. This will help to strengthen the financial sector of the sub-region through particularly a greater institutional stability. Moreover, the reform should encourage the use of appropriate instruments for payment, savings mobilisation, resource allocation, risk management and information systems on the value of assets on financial and stock exchange markets, and risk minimization mechanisms.

4.4.8 Trade liberalization

Concerning trade liberalization, issues regarding the Common External Tariff (CET) and the protocol establishing VAT in member countries have still not been entirely resolved.

Implementation of the ECOWAS CET, whose mechanism is based on that of UEMOA, continues to come up against the harmonization of the regime of exceptions which is of two types. These are exceptions on products whose rates differ from those of the reference CET but for which member States have decided to conform to the said CET by the end of the transition period (type A) and exceptions relating to products for which member States are demanding a change in category in relation to the reference CET (type B). The type B exceptions are being negotiated between the joint ECOWAS/UEMOA CET management Committee. Most of the points under type B exceptions have been settled by consensus. The remaining points concern, among other things, with the definition of products:

- For which the establishment of a 50% fifth band is required;
- Proposed at category 0% (inputs and agricultural capital equipment, fire fighting vehicles and other special utility vehicles, LPG, certain building materials, drugs and certain specific inputs for the manufacture of drugs);
- Sensitive products that require logical tariff protection, like rice for certain countries.

A study has been conducted on the harmonization of legislations of member States on VAT and excise duties for the introduction of VAT in all member States.

In all, the trade liberalization scheme has two components, namely the CET and trade liberalization. The trade liberalization scheme always entails tariff and non-tariff barriers. Operators are often victims of ill-timed checks, especially for products in transit. However, work on the ECOWAS CET is on-going with regard to the 5th band.

Fundamental differences have been noted with regard to EPAs, i.e. their entry into force, the most-favoured nation clause, market access offer, duration of opening up of markets (European Union 80% over 15 years, other countries 70% over 15 years), PAPED (EU proposal 36 billion Euros whereas UEMOA is demanding 39 billion Euros).

Progress has been made in the area of customs instruments in terms of harmonization of customs codes and customs values. An ECOWAS draft customs code is being finalized. A study on agreement texts on value for duty and the preparation of a draft value for duty for ECOWAS goods has also been undertaken.

4.4.9 Free movement of persons and goods

Concerning the free movement of persons and goods, member countries are enjoined to implement (i) Protocol A/P1/5/79 on free movement of persons, right of residence and settlement, (ii) Decision A/DEC.2/7/85 of 6 July 1985, on the institution of a travel document for member States of ECOWAS (cf Zatu n° 85- 014 of 31 December 1985), (iii) Resolution C/RES/4/5/90 on reduction of road check points in member States. It should be noted that most countries do not implement Protocol A/P1/5/79. Thus, within this framework, actions aim at organizing pilot monitoring units to curb harassments at the borders, adoption of the ECOWAS passport, international migration and trans-border cooperation.

4.4.10 Harmonization of statistics

The implementation of the 2006-2010 regional statistics programme is on-going through the updating of member States' data, harmonization of statistical tools and a regional statistical policy. Also being implemented are the harmonized frameworks and national accounts programmes, consumer price indices (CPI), external trade statistics (with EUROTRACE software which has helped to update statistics of this sector) and the 2006-2010 regional programme.

On the status of harmonization of national accounts, ECOWAS has already engaged a consultant in this area and the English version of the National Accounts will be available in 2011. Concerning prices, the methodology of the Prima software has been selected as a common methodology. All member countries have adopted the SCN 93 for National Accounts as regards data on the real sector. The ECOWAS Commission is working on the implementation of SCN 2008. At the regional level, ECOWAS is working on the establishment of a new list of Afristat activities. The quarterly Accounts project has been on-going since 2008. For this purpose, the pilot countries (Senegal, Cote d'Ivoire, Cameroon and Burkina Faso) have received financial support from INSEE and technical support from a consultant. The Development Guide will be made available very soon.

4.4.11 Institutional arrangements

With regard to the institutional framework, it is worth noting that in 2010, all ECOWAS countries set up an operational National Coordinating Committee, with the exception of Ghana and Cape Verde. In the case of Ghana, progress has been made to ensure the functioning of the NCC, while in Cape Verde, they are against the multiplicity of structures and are proposing a regrouping of institutions under the ECOWAS unit to perform such a function.

5 MACROECONOMIC CONVERGENCE AND STATUS OF POLICY HARMONIZATION BY COUNTRY OR ZONE

5.2 UEMOA COUNTRIES

5.2.4 BENIN

Macroeconomic performances in 2010 were below the targets initially set in the State's budget. The growth rate was below the 3.2% target and stood at 2.8% in spite of the world economic recovery and declining prices on the international markets. This situation resulted from the natural disasters which the country experienced (October and September floods) which affected agricultural output and could continue to affect the country's economy in 2011 according to projections. Inflation was still contained below the convergence target. In the public finance sector, the revenue level was also far below the projected figures, thereby leading to a downward review of expenditure particularly capital expenditure during the year. The public deficit level remained within the convergence bands at 2.4 % of GDP.

With regards to the external sector, the current account of the balance of payments presented a higher deficit of 25.7%. It was however observed that the trade balance deficit improved slightly as a result of both the increase in exports and decrease in imports. The overall balance improved to 0.5% of GDP as against a deficit of 1.5% of GDP in 2009.

The stable growth rate of money supply and the impressive improvement in bank liquidity were the key feature of developments in the monetary situation during 2010, whilst the overall situation in the Treasury operations vis-a-vis the Central Bank revealed a less appreciable surplus when compared to the 2009 surplus.

5.2.4.2 Sectoral Analysis

a.a Real sector

The real sector recorded a lower growth rate than in 2009 as a result of the declining activity in the primary and secondary sectors. The primary sector improved by 3.5% in 2010 as against 5% in 2009. In effect, the floods experienced by the country and the impact of which was evaluated at about 3% of GDP, affected agricultural output particularly cotton lint production. The secondary sector improved by 5.6% in 2010 as against 8.5% in 2009; a drop stemming from the declining activity in the manufacturing industries.

With regards to the tertiary sector, activity remained stable with a growth rate of 3.61% in 2010 as against 3.59% in 2009. This stable activity in the sector (key growth engine) was due to the decline in traffic in the ports sector in 2010. The Cotonou which is traditionally a transit point for hinterland countries experienced a period of turbulence due to the new measures which affected the transit trade of goods heading for the hinterland. Consequently, a substantial portion of the traffic was directed towards the neighbouring ports. However, certain goods services recorded some level of dynamism such as the communications branch which particularly stood out in the development of cellular telephones and continues to grow sharply in the telecommunications market.

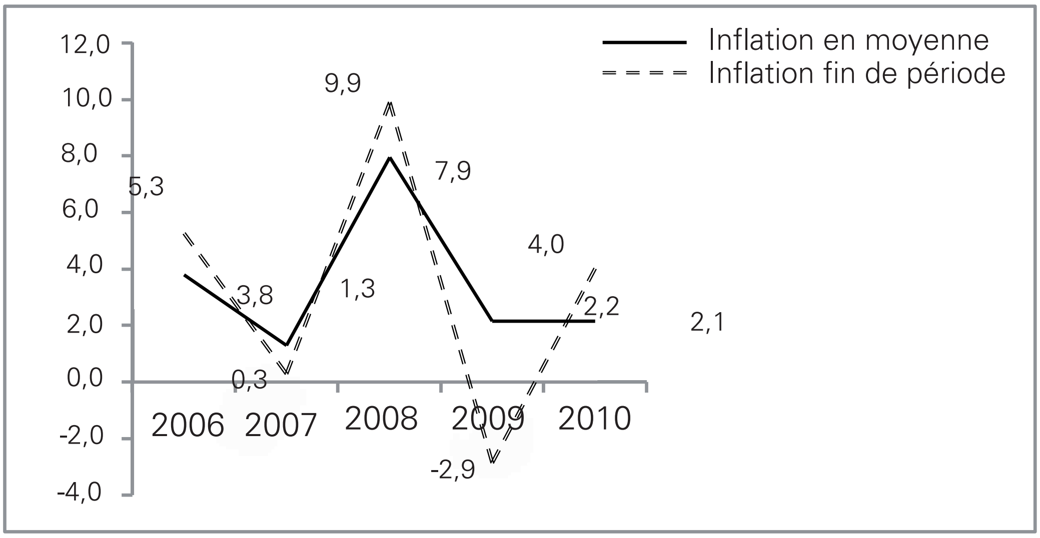
TABLE 3.1: TRENDS IN GDP AND ITS COMPONENTS

	2008	2009	2010*	2011**
GDP in current prices	2970,53	3109,41	3228,10	3427,36
GDP in constant prices (n/n-1)	2770,88	3050,73	3196,47	3341,08
GDP in constant prices (base 1985)	1122,84	1152,60	1184,38	1225,67
GDP real growth rate	5,0	2,7	2,8	3,5
Trends in GDP (as %)				
Supply				
Primary sector	15,91	5,04	3,45	4,76
Secondary sector	9,01	8,51	5,60	6,44
Tertiary sector and non financial services	11,51	3,59	3,61	6,94
Demand				
Public Consumption	8,71	6,42	-3,23	4,86
Private Consumption	10,26	4,25	6,96	4,72
Gross fixed capital formation	14,54	8,15	-7,47	16,72
Change in Stock	-39,54	-38,17	214,81	-47,45
Export of goods and services	12,97	-6,49	10,99	2,39
Import of goods and services	6,64	-1,84	7,89	4,28

Source : BCEAO/WAMA

On the demand front, the delay in the implementation of structural reforms designed to facilitate the mobilization of domestic and external resources (financial support) reduced the level of public investments as well as consumption. Public consumption declined by 3.25 in 2010 as against an improvement of 6.4% in 2009 whilst investments dropped by 7.5%. On the contrary, imports increased by 7.9% when compared to 2009 whilst exports increased by 11% due to the increase in the price of cotton lint on the international market.

Inflation remained within the convergence criterion limit. It weakened by the end of the period to 4%, which was below the 5% target. The consumable functions which helped in containing inflation were transport, communication and sundry goods and services which recorded price decreases of 2.3%, 4.3% and 5.6% respectively when compared to December 2009. Although the inflation criterion was met, a rise was observed when compared to December 2009 when prices declined generally by 2.9%. On annual average, it stood at 2.1% reflecting the low domestic demand, and stood within the limits of the UEMOA criterion.



a.b Public Finance

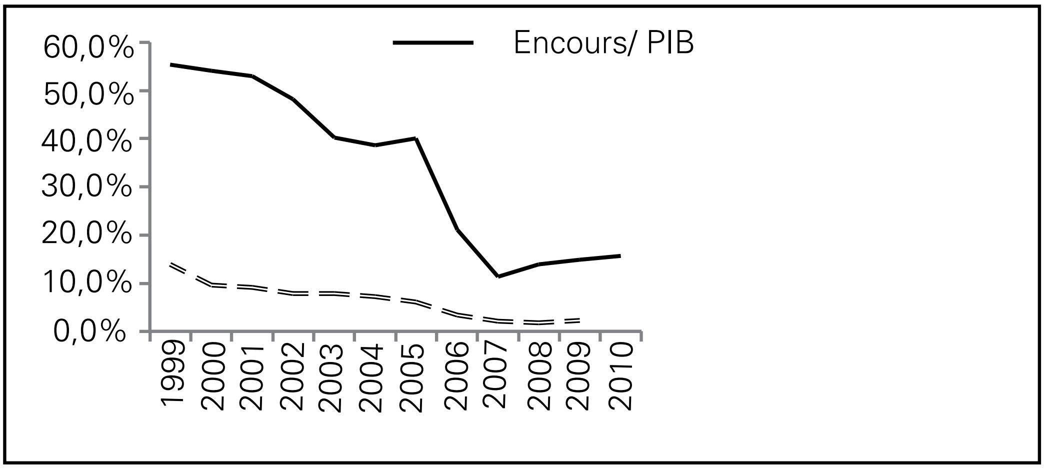
Public finance was characterized by a lesser deficit in 2010 than in 2009, a decline in revenue and expenditure and a debt level slightly higher by 0.7 percentage point of GDP. The unfavourable economic developments in 2010 impacted negatively on public finance in contrast with the initially set targets. Tax revenue declined by 6.6% in 2010 and stood at 14.6% of GDP, below the convergence programme's 20% target of GDP. Non-tax revenue declined from 10% to 2.1% of GDP. On the whole, budget revenue declined by 6.2% in 2010 to 16.7% of GDP. The drop in tax revenue stemmed from the difficulties encountered by the financial departments, especially the problems associated with tax fraud in the transit business, one of the major sources of Government revenue, during the year. The Government therefore took measures to improve on the tax mobilization capacity by strengthening the customs and excise departments to ensure a more rigorous monitoring of the transit business and more effective control in domestic tax collection. Public expenditure, on its part, was streamlined with the revenue decline contrary to the initial projections of the budget programme in order to reduce public deficit. Total expenditure declined by 24.8% in 2010 to 18.5% of GDP in 2020 as against 25.5% in 2009. Current expenditure and capital expenditure declined by 10.8% and 47.6% respectively, rendering public finance sustainable for the Government. They stood at 13.6% and 4.9% of GDP respectively. Expenditure cuts helped in reducing deficit to 2.4% of GDP as against 7.4% in 2009.

TABLE 3.2 : TRENDS IN SOME FISCAL INDICATORS (VARIATION IN %)

	2009	2010	2011*	2009	2010	2011*
	As percentage of GDP			Variation in percentage		
BUDGET REVENUE	18,5	16,7	20,4	-0,9	-6,2	29,5
Tax revenue	16,1	14,6	18,0	-2,3	-5,6	30,7
Non-tax revenue	2,4	2,1	2,4	9,1	-9,9	21,5
GRANTS	2,5	0,8	3,3	48,6	-66,8	334,2
TOTAL EXPENDITURE	25,5	18,5	26,3	23,9	-24,8	51,2
CURRENT EXPENDITURE	15,8	13,6	17,2	9,7	-10,8	34,9
Salaries and wages	7,3	6,7	7,9	23,8	-4,4	25,0
CAPITAL EXPENDITURE	9,7	4,9	9,1	56,6	-47,6	96,0
From domestic resources	7,1	2,8	4,1	79,3	-59,3	56,4
From foreign resources	2,6	2,1	4,9	16,3	-15,5	148,4
OVERALL BALANCE (commitment basis excluding grants)	-7,4	-2,4	-5,9	122,0	-66,9	164,1
OVERALL BALANCE (commitment basis including grants)	-4,9	-1,6	-2,6	196,6	-66,9	77,1
Domestic financing	4,7	1,7	1,1	33,1	-63,3	-31,5
External financing	2,1	1,3	1,9	13,8	-36,3	59,4

Source : BCEAO/WAMA

The external debt was 515 billion CFA francs in 2010 representing 15.6% of GDP as against 14.9% of GDP in 2009, thereby indicating the debt sustainability characterized by a drop in the ratio of the debt volume to GDP and the debt service ratio to goods and services exports. In order to maintain this sustainability, the Authorities have adopted an indebtedness policy based on concessional loans including the Poverty Reduction and Growth Facility (PRGF) credits of the International Monetary Fund and other forms of loans from the Bank.



a.c External sector

The external sector was characterized by a deficit in the current account transactions which worsened further to 9.4% of GDP as against 7.8% of GDP in 2009. This worsening of the current account transactions was related to the worsening trade balance with a deficit of 9.2%, as well as the services balance which worsened by 34.5%. The current transfers balance continued to show a surplus but with a decline in the public transfers' surplus. With regards to the capital account and financial operations, the balance showed a surplus and stood at 9.9% of GDP as against 6.3% in 2009 and thus improved by 62.5% as against a decline of 27.6% in 2009. The capital account recorded a higher increase (123.5% in 2010 as against a decline of 3.4% in 2009) and stood at 3.2% of GDP whilst the financial operations account recorded an improvement of 43.5% as against a decline of 32.8% in 2009 as a result of the marked improvement in the investment inflows revealing the growing interdependence of the economy. In effect, direct investments increased by 9.9% in 2010 as against a decline of 60.7% in 2009 whilst the other investment items improved by 76.4% in 2010 as against a decline of 34.4% in 2009. On the whole, the overall balance improved with a surplus of 0.5% of GDP as against a deficit of 1.5% of GDP in 2009, revealing a consolidation of reserve assets which recorded an improvement of 5.7%.

TABLE 3.3 : SOME BALANCE OF PAYMENTS INDICATORS OF BENIN

	2009	2010	2011*	2009	2010	2011*
	As percentage of GDP			Variation in percentage		
Trade balance	-8,4	-8,8	-8,5	-4,5	9,2	2,7
Export	18,1	18,2	18,2	-2,1	4,6	6,1
Import	26,4	27,0	26,7	-2,9	6,1	5,0
Service balance	-2,8	-3,6	-3,5	17,9	34,5	3,9
income balance	-0,3	-0,3	-0,3	91,7	4,7	-0,1
Current transfers balance	3,6	3,2	2,7	2,6	-7,5	-12,3
Private	1,9	1,8	1,9	-21,3	3,1	8,3
Public	1,8	1,4	0,8	51,0	-18,7	-39,8
CURRENT TRANSACTIONS BALANCE	-7,8	-9,4	-9,6	1,0	25,7	8,2
CAPITAL ACCOUNT AND FINANCIAL OPERATIONS	6,3	9,9	9,8	-27,6	62,5	4,6
Capital transfer	1,5	3,2	3,2	-3,4	123,5	5,6
Financial operations	4,8	6,7	6,5	-32,8	43,5	4,2
Direct investments	1,0	1,0	0,9	-60,7	9,9	-9,6
Portfolio investment	1,0	0,7	0,5	220,7	-20,0	-25,0
Other investments	2,9	4,9	5,1	-34,4	76,4	11,6
OVERALL BALANCE	-1,5	0,5	0,1	-223,6	132,9	-66,7

(*) estimates (**) :Projection

a.d Monetary sector

Macro-financial developments during 2010 were characterized by the sustained emergence of a solid financial position coupled with a sound management of money supply expansion and a sustained external position. The analysis of the monetary situation indicates a thorough consolidation of the external financial position, an impressive improvement in bank liquidity and an overall Treasury Operations situation (Government's Net Position) revealing a highly appreciable surplus when compared to the low surplus recorded in 2009.

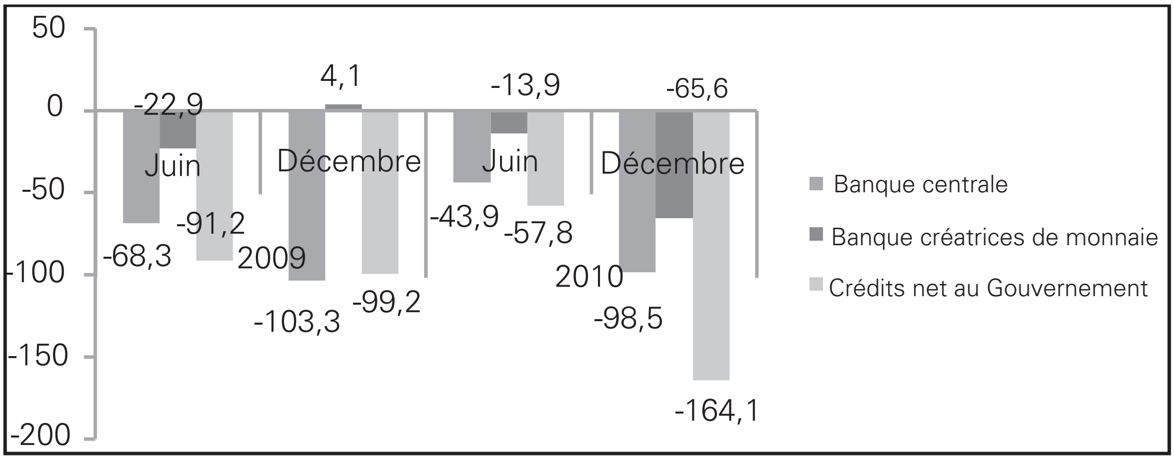
Developments in the monetary situation during year 2010 show that the monetary aggregate (M2) recorded a 7.3% growth, including 5.2% for the second half, due mainly to the sharp improvement in net foreign assets. This confirmed the decrease in the money supply growth rate which stood at 7.4% in 2009 and 27.3% in 2008. A significant indicator of the liquidity situation in the economy is represented by trends in the liquidity ratio (M2/gross domestic product). This ratio increased slightly in 2010; after recording an appreciable improvement both in 2008 and 2009. The liquidity ratio stood at 39.5% as against 38.2% in 2009 and 37.2% in 2008.

The analysis of the major components of the M2 monetary aggregate reveals a less impressive growth of quasi-money which increased by 10% in 2010 as against 21.2% in 2009 and 25.3% in 2008. Its contribution to the money supply growth was 3.6 points in 2010 as against 6.7 points in 2009 The M1 growth rate decreased in 2009 and 2010 recorded a growth rate of 5.9% in 2010 as against 1.1% in 2009, making a contribution to money supply growth of 3.8 points as against 0.7 in 2009.

With regards to the components of M2, domestic credit (credit to the State and credit to the economy) diminished by 0.9% during year 2010, after recording a growth rate of 35.5% in 2009.

Regarding net credit to the Government, contrary to year 2009 when the balance of the deposit money creditor banks showed credit, the banking system's credits to the State recorded an increase in 2010 with net advances to the State and therefore contributed to money creation, in the first as well as the second half.

Thus, the banking system's (net) credits to the State were evaluated at 65.6 billion CFA Francs as at end December 2010 against 4.1 billion as at end December 2009. It is crucial to underscore that the developments in the Treasury's net position with the Central Bank during the first half and second half of 2010 perfectly reflected this reduction in credits to the State in the monetary situation.



Credits to the economy, as the major component of the domestic credit aggregate, recorded a growth rate of 8.5% during year 2010, after an impre3ssive recovery already recorded in 2009 (11.9%) contributing to money supply growth by about 5 points. The recovery in the credits to the economy continued in 2010 when this aggregate leaped to 757.8 billion CFA francs in terms of volume by the end of the period, whereas it stood at 698.5 billion as at end 2009.

The improvement in gross external reserves in 2010 was reflected by the upward trends in the net foreign assets aggregate of the Central Bank which grew by 12.8% to 728.6 billion CFA francs as at end December 2010 as against 646 billion CFA francs as at end 2009.

On the whole, developments in the monetary situation during year 2010 revealed the net foreign assets aggregate as the quasi sole source of monetary creation by the banking system, particularly as net domestic assets declined.

TABLE 3.4 : DEVELOPMENTS IN THE MONETARY SITUATION IN BENIN (IN %)

	2008	2009	2010	2008	2009	2010
	Growth in money supply and its components			Contribution to M2 growth		
lMoney supply (M2)	27,3	7,4	7,3	27,3	7,4	7,3
Money supply (M1)	28,2	1,1	5,9	19,1	0,7	3,8
Quasi-money	25,3	21,2	10,0	8,1	6,7	3,6
Other items (net)	40,7	106,2	-18,1	0,9	2,6	-0,9
Assets						
Net domestic assets	90,8	35,5	-0,9	2,0	0,9	0,0
Net credits to the State	-36,8	-45,5	65,4	-12,2	-7,5	5,5
Central Bank	-34,8	-11,5	-4,6	-7,2	-1,2	-0,4
Deposit Money banks	-40,1	-106,3	-1700,0	-5,0	6,3	5,9
Credit to the private sector	20,1	11,9	8,5	12,0	6,7	5,0
Net foreign assets	5,3	-6,6	12,8	4,0	-4,1	7,0
Central Bank	9,5	-15,2	4,6	5,7	-7,8	1,9
Money creating banks	-10,8	34,0	37,3	-1,7	3,7	5,1

Source : BCEAO/WAMA

5.2.4.3 Convergence situation

The convergence status indicates that six (6) criteria, four (4) primary and two (2) secondary were met, in spite of the economic situation marked by low revenue mobilization and a low level of implementation of the growth-oriented public investment programme.

In effect, the four primary criteria were met. Budget deficit stood at 2.4% of GDP as against 7.4% in 2009. The rate of inflation remained within the limit of the convergence criterion although prices increased during the year. The level of foreign exchange reserves was consolidated in line with the monetary situation characterized by an improvement in the State's net foreign assets. With regards to deficit financing through money creation, there is no possibility for any bank financing on account of the provisions of the Central Bank's Statute.

With regards to the secondary criteria, tax revenue as a percentage of GDP remained low. This criterion stood at a mere 14.6% in 2010 as against 16.1% in 2009; suggesting low revenue mobilization. The salary mass criterion was also not met (45.7%) because of the various benefits accorded to workers. Considering the difficulties the financial departments faced in mobilizing revenue, the authorities had to postpone certain public investment projects in order to meet statutory expenditure. Consequently, the domestic investment/tax revenue ratio was slightly below the 20% threshold (19.1%). The real interest rate was negative as a result of a slight increase in inflation by the end of the period.

TABLE 3.5: CONVERGENCE STATUS OF BENIN								
	target	2005	2006	2007	2008	2009	2010	2011
Priamry Criteria								
I) Budget deficit/GDP	≤4%	4.6	2.5	3.6	2.5	7.4	3.3	5.9
II) Inflation Rate	≤5%	3.8	5.2	0.3	9.9	-2.9	4.0	4.0
III) Budget deficit financing	≤10% RF n-1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IV) Gross External Reserves	≥6 Mths of Ms	5.7	5.6	6.0	5.7	6.6	6.3	6.0
		9.3	7.4	7.1	7.6	7.1	7	7
Secondary Criteria								
I) Domestic Arrears								
II) Taz Revenue/GDP	≤0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
II) Salary Mass/Tax Revenu	≥20% RF	14.5	15.5	16.9	17.2	16.1	14.6	18.0
IV) P. Invest/Tax Revenu	≤35% RF	39.0	35.6	31.6	35.6	45.1	45.7	43.7
IV) Real Interest Rate	≥20% RF	22.8	12.8	19.1	20.6	44.3	19.1	22.8
VI) Real Exchange Rate	>0	-0.3	-1.7	3.2	-6.4	6.4	-0.8	-0.5
	+ - 5%	2.3	1.1	0.9	4.7	4.3	4.4	2.34.4
Number of Criteria met		**5**	**4**	**9**	**5**	**7**	**6**	**6**

Sources: BCEAO, UEMOA, WAMA

5.2.4.4Prospects

Because of the declining performance in 2010 and the climatic shocks that hit the country the Authorities made a downward revision of their targets for 2011. Within the framework of alleviating poverty and enhancing sustainable growth, the Government will pursue the implementation of reforms to encourage competitiveness and improve on the business climate in order to encourage private investment. These measures include strengthening the financial viability and productivity of public firms and opening of their share capital to the private sector particularly in the key sectors such as telecommunications, energy and transport. The objective of constructing a development-oriented Administration that would serve both the public and private sectors and curb the wage bill would be pursued in 2011.

With regards to fiscal reforms, the Authorities have introduced a new pay as you earn tax that will come into force in 2012. Measures to improve the performance of the tax departments are also underway. The Customs department will extend the ASYCUDA++ to 12 new items by end June 2011. Furthermore, there has been progress in the implementation of the proposed single collection desk and efforts are ongoing for its effective commencement by end June 2011.

5.2.4.5 Conclusion and Recommendations

Performances recorded in 2010 failed to meet the projected targets in the economic programme. Growth remained low and the Authorities intend to embark on structural reforms to ensure economic recovery shortly. Public finance recorded lesser growth in terms of both revenue and expenditure and pubic deficit remained moderate (2.4% of GDP).

In the wake of the 2010 natural disasters, economic prospects envisaged are targeting a growth rate of 3.4% in 2011 as against 2.2% in 2010, contrary to the 4.4% initially projected, reflecting the consideration of the impact of these disasters on the one hand, and the low level of economic recovery, on the other. The current account deficit could stand at 7.2% of GDP in 2011, reflecting a growth in exports. Against this backdrop, money supply could expand in line with the nominal GDP and in response to the demand for money in the private sector.

To achieve these targets adopted in the economic programme, the Authorities should implement without delay certain structural reforms including:

1. Limiting the payment orders which are exceptional measures in the public expenditure chain in order to streamline expenditure particularly administrative costs and increase investment expenditure especially in the social sectors;
2. The implementation of reforms in the financial departments as stipulated in the economic programme (customs and excise sector) in order to enhance their performance in revenue mobilization;
3. Expanding the tax base to enhance domestic tax revenue (direct and indirect taxes) as compared to business taxes (royalties and taxes on trade) which are much more prone to fraud;
4. Strict monitoring of the customs department in order to limit revenue leakages and other forms of exemptions

5.2.5 BURKINA FASO

Burkina Faso's macro-economic targets for year 2010 aimed at enhancing economic activities with a growth rate in real terms of 5.5%. This performance stemmed from all sectors of the economy. Regarding public finance, the budget deficit improved to 10.7% of GDP. Current transactions were expected to decline to 8.2% of GDP with regards to transactions with the rest of the world.

In 2010, economic growth stood at 5.5% as against 3.2% in 2009. This growth was mainly generated by all the sectors. Economic activities were undertaken against the backdrop of a declining year-on-year inflation rate of – 0.3%.

The State's financial operations were characterized by a slight improvement in the budget deficit on commitment basis excluding grants of 9.51% of GDP as against 12.93% a year earlier. On the monetary platform, M2 increased by 19.14% to 1,319 billion CFA francs.

The overall balance payments revealed a surplus of 19.96 billion CFA francs representing 0.62% of GDP.

Concerning the convergence criteria, the country met seven (7) criteria including three (3) primary ones.

5.2.5.2Sectoral analysis

5.2.5.2.1 Real sector

In 2010, Burkina Faso's economic situation was characterized by enhanced activities with a real GDP growth rate of 5.2% as against 3.3% a year earlier. This growth was mainly generated by the dynamism of the secondary and tertiary sectors.

The value added of the primary sector improved by 4.28% because of the impressive performance recorded in the agricultural sub-sector. In effect, food crop and cereal production improved by about 4% and 4.41% respectively as a result of the deliberate efforts of the Government in support of the sector. With regards to agricultural exports, cotton lint production improved from 414,500 tonnes in 2009 to 515,000 in 2010, representing a leap of 24.2 percentage points as a result of the increase in the price per kilo of cotton lint from 160 CFA Francs to 182 CFA Francs.

The secondary sector recorded a growth rate of 11% due to the performance recorded in the extractive and manufacturing industries sub-sectors.. The improvement in extractive production was mainly attributable to the profitability of the five existing mining sites (Mana, Youga, Kalsaka, Taparko and Belahouro) and the operation of the Essakane gold mines. It should be noted that gold mining also benefitted from the hike in the prices of raw materials on the international market. The performance of the manufacturing industries branch, on its part, was induced by the sound comportment of the 'modern beverages and tobacco' and 'cotton shelling' sub-branches which accounted for 20.7% and 83.9% respectively.

With the efforts of Government to create a more conducive business environment, the tertiary sector recorded a growth rate of 5%. This resulted in an improvement in goods and services which leaped from 3.9% in 2009 to 7.9% in 2010. The sub-sectors of 'trade, transport, small scale enterprises and communications as well as financial services', also improved by 3.8%, 10.2%, 19.6% and 7.7% respectively.

On the demand front, the GDP growth was mainly triggered by private consumption and gross fixed capital formation which accounted for 64.19% and 33.25% respectively. This growth in private consumption stemmed from the improvement in agricultural household incomes due to the increase in the kilogramme producer price for cotton.

The year-on-year rate of inflation stood at -0.3%, the same level recorded a year earlier.

TABLE 3.6: SOME REAL SECTOR INDICATORS

	2008*	2009*	2010*
GDP at current	2,957.6	3,052.7	3,238.1
GDP at constant prices (n/n-1)	2,957.6	3,053.6	3,211.5
GDP at constant prices (base 1987)	2,957.6	3,053.6	3,212.4
Real GDP growth	5,2	3,2	5,2
GDP			
Suppl			
Primary	8.59	-4.97	4.28
Secondary	3.75	15.11	11.00
Tertiary sector and non financial	3.78	3.66	5.00
Deman			
Publique	20,79	20,18	19,74
Private	66,25	61,17	64,19
Gross fixed capital	33,03	32,24	33,25
Change in stock	0,7	(0,3)	0,7
Export of good end	12,5	15,7	18,2
Import of good end	33,2	29,5	36,1
Financing capacity or	-20.0	-13.0	-17.9
Deflator	0,0	0,0	0,8

5.2.5.2.2 Public Finance

During the review period, budget revenue improved by 9.93% to 483.90 billion CFA Francs, following the improvement in the level of tax revenue mobilization which increased by 9.75% to 444.70 billion CFA Francs. This improvement was as a result of the measures taken by the Government to enhance the monitoring of the anti-tax evasion campaign. Tax revenue recorded an improvement of 12% as a result of the renewal of licenses by telecommunication companies. Grants declined by 30.15% to 146.9 billion CFA Francs when compared to its 2009 level of 210.30 billion.

Expenditure reduced by 6.41% to 780.20 billion CFA Francs, representing 24.09% of GDP. This reduction in expenditure was attributable to the combined effect of the reduction in capital expenditure (9.02%) and the increase in current expenditure (1.09%). The rise in current expenditure was due to the continued regularization of promotions due and consideration of the statutory incorporations and commitments relating to allowances applicable to Magistrates.

TABLEAU 3.7 : QUELQUES PRINCIPAUX INDICATEURS DU SOLDE BUDGÉTAIRE

	Dec-08	Dec-09	Dec-10	Varia. En % Dec09 -Dec 10
	(In billions of CFA)			
Total	**391.90**	**440.20**	**483.90**	**9.93**
Tax	362.3	405.2	444.7	9.75
Non tax	29.6	35.0	39.2	12.00
GRANT	**177.3**	**210.3**	**146.9**	**-30.15**
Total	**748.30**	**833.60**	**780.20**	**-6.41**
Current	387.4	450.3	455.2	1.09
Salaries and	**159.9**	**187.6**	**198.8**	**5.97**
Capital	359.30	350.40	318.80	-9.20
Investiment from domestic	157.4	142.8	194.2	35.99
Investiment from external	201.9	207.6	124.6	-39.98
Overall balance excluding	**-341.2**	**-384.6**	**-307.9**	**-21.97**
Financin	**131.90**	**168.00**	**143.20**	**-14.76**
External	123.90	99.30	102.20	2.92
Domestic	8.00	68.70	41.00	-40.32
Memorandum				
GD	**2,957.6**	**3,052.7**	**3,238.1**	
	(AS percentage of)			
Total	**13.25**	**14.42**	**14.94**	
Total	**25.30**	**27.31**	**24.09**	
Overall balance excluding	**-11.54**	**-12.93**	**-9.51**	

5.2.5.2.3 Monetary situation

The monetary situation was characterized by a 19.14% expansion in broad money to 1,319 billion CFA Francs. This expansion in M2 was attributed to the simultaneous improvement in net foreign assets and domestic assets to the tune of 14.90% and 22.42% respectively. The improvement in net foreign assets proved beneficial to commercial banks whose foreign exchange reserves increased by 95.10%, whilst those of Central Banks diminished from 385.80 billion CFA Francs in 2009 to 300.76 billion CFA Francs in 2010. The improvement in net foreign assets was attributable to the worsening net debit position of the Government. Credit to the economy rose by 14.66% as a result of the facilities provided for companies operating in the secondary and tertiary sectors (mining, energy, telecommunications, general trade and services, etc.).

In its composition, the expansion in money supply reflected a concomitant rise in fixed and demand deposits by 36.59% and 21.35% respectively, alleviated by the 14.58% decrease in the volume of money in circulation.

Table 3.8: Variations in Some Monetary Indicators

	2007	2008	Dec-09	Dec-10	Variation in %
Assets				(in billions of FCFA)	
Net external assets	**432.3**	**369.7**	**563.54**	**647.53**	**14.90**
Central Bank	392.1	315.7	385.80	300.76	**-22.04**
Commercails Bank	40.2	54.00	177.75	346.78	**95.10**
Not domestic assets	**451.75**	**603.70**	**642.70**	**786.80**	**22.42**
Net claims on public administrations	-93.85	-59.7	-29.4	16.2	**-55.10**
Claims on the private sector	545.6	663.4	672.1	770.6	**14.66**
Broad money supply	**813.20**	**910.60**	**1,107.10**	**1,319.00**	**19.14**
Narrow money supply (M1)	517.7	556.6	674.2	727.7	**7.94**
Money in circulation	202.4	213.6	251.8	215.1	**-14.58**
demand deposits	315.3	342.9	422.4	512.6	**21.35**
Quasi-money	295.5	354.1	432.9	591.3	**36.59**
(Variation as percentage of broadmoney supply for the previous period)					
Net foreign assets	**-7.70**	**21.29**	**7.59**		
Net domestic assets	**18.69**	**4.28**	**13.02**		
Net claims on public administrations	**4.20**	**3.33**	**4.12**		
Claims on the private sector	**14.49**	**0.96**	**8.90**		
Broad money supply	**11.98**	**21.58**	**19.14**		

Source BCEAO/WANA

5.2.5.2.4 External sector

In 2010, operations with the outside world revealed slump in current transactions from 181.25 billion in 2009 to 320.51billion in 2010, representing a regression of 9.90% of GDP. This worsening current deficit mainly concerned trade balances and services. In effect, the trade balance revealed a deficit of 327.09 billion as a result of an increase in imports which outweighed exports. On the contrary, the balance in the transfer balance improved slightly by 7.83% when compared to its level in 2009.

Capital account operations and financial operations decreased by 16.42% to 340.46 billion CFA Francs due particularly to the 27.26% drop in net proceeds from capital operations when compared to their level in the previous year.

On the whole, the overall balance in the balance of payments revealed a surplus of 0.62% of GDP as against 7.36% of GDP in 2009.

Table 3.9: Some Balance of Payments Indicators

	2008	2009	2010*
(in billions of FCFA)			
Trade balance	**-401.36**	**-227.61**	**-227.09**
Exports fab	310.35	425.17	519.92
imports fab	-711.71	-652.771	-847.008
Services (net)	**-211.57**	**-194.05**	**-251.43**
Transfers (net)	**183.28**	**242.53**	**261.52**
Investissement revenue (net)	**-1.64**	**-2.13**	**-3.50**
current transactions balance	**-431.30**	**-181.25**	**-320.51**
Financial operations capital account	**396.38**	**407.36**	**340.46**
including capital: transfer	85.892	132.86	169.08
Direct investment into the economy	47.47	16.22	16.75
Errors and omssions (net)	**1.50**	**-1.42**	**0.00**
overal balance	**-33.412**	**224.69**	**19.96**
(in percentage)			
Variation in exports fab		36.99	22.29
Variation in imports fab		-8.28	29.76
Variation in services (net)		-8.28	29.57
Variation in transfers (net)		32.33	7.83
Variation in investment revenue (net)		29.63	64.63
Variation in capital account and financial operations		2.77	-16.42
variation in capital account		54.68	27.26
variation in financial operations		65.83	3.27
(as percentage of GDP)			
Current transactions balance	**-14.58**	**-5.94**	**-9.90**
Capital account and financial operations balance	**13.40**	**13.34**	**10.51**
Overall balance	**-1.13**	**7.36**	**0.62**
recap items			
Exchange rate			
GDP	**2957.62**	**3052.72**	**3238.14**

Source BCEAO/WANA

5.2.5.3 STATUS OF MACROECONOMIC CONVERGENCE

Burkina Faso’s performance slightly improved when compared to its level in 2009. In effect, the country met seven (7) criteria against six in 2009. This improvement was due to efforts made by the Government during the last two years.

Table 3.10: CONVERGENCE STATUS OF BURKINA FASO								
	Target	2005	2006	2007	2008	2009	2010*	2011
Primary criteria								
I) Budget deficit/GDP	≤4%	9.1	11.3	8.6	9.5	13.8	13.6	9.1
II) Inflation rate	≤5%	4.5	1.5	2.3	9.9	-0.3	-0.3	2.9
III) Budget deficit financing	≤10% RF n-1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IV) Gross External Reserves	≥6 mois imports	5.7	5.6	6.0	5.7	6.6	6.3	6.0
		4.5	4.8	8.0	7.4	6.9	5.7	6.0
Secondary criteria								
I) Domestic Arrears	0							
II) Tax Revenu/GDP	≥20%	11.8	12.0	12.0	12.2	16.2	17.5	13.1
III) Salary Mass/Tax Revenue	≤35% RF	42.0	44.1	42.0	44.7	46.2	43;5	42.8
IV) P. invest/Tax Revenu	≥20% RF	40.8	43.4	40.8	43.4	47.6	56.9	43.4
V) Real interest Rate	>0	2.7	2.0	1.2	-8.1	3.8	3.5	0.4
VI) Real Exchange Rate	+ - 5%	3.4	0.1	-0.6	6.6	0.6	3.5	2.5
Nombre de critères respectés		**6**	**6**	**7**	**3**	**6**	**7**	**7**

Source BCEAO UEMOA WAMA

With regards to the primary criteria, the targets relating to inflation rate, budget deficit financing by the Central Bank and foreign exchange reserves were met. On the contrary, the criterion on budget deficit was not met, despite the improvement when compared to its level in the previous year.

Four (4) secondary criteria were met, thereby maintaining the level recorded in 2009. Sustained efforts at investment helped to achieve the target on the investment from domestic resources ratio. The relaxation of inflationary tensions helped in achieving a positive interest rate. However, the low level of domestic tax mobilization compromised the achievement of the criterion on salary mass.

5.2.5.4PROSPECTS

For year 2011, Burkina Faso' macroeconomic targets would be geared towards enhancing economic activities with a real GDP growth rate of 5.5%. This performance would be generated by all the sectors. With regards to public finance, it is expected that the level of the budget deficit on commitment basis excluding grants would be reduced to 9.07% of GDP. With regards to external trade, the overall balance in the balance of payments is expected to record the same performance as in 2010 of 0.60% of GDP.

On the whole, Burkina Faso would meet seven (7) convergence criteria as was the case in 2010, including three (3) primary and four (4) secondary.

5.2.5.5CONCLUSION AND RECOMMENDATIONS

Burkina Faso's economic situation in 2010 was characterized by the sound macroeconomic fundamentals. The enhancement of economic activity was mainly generated by the dynamism of the secondary and tertiary sectors. With regards to public finance, efforts deployed at mobilizing domestic taxes and curbing expenditure levels led to a significant reduction of the budget deficit balance.

In order to enhance these achievements and improve on macroeconomic performance, the Authorities are hereby enjoined to observe the following measures:

- Pursue efforts at revamping the tax administration with a view to increasing the level of domestic tax recovery;
- Bring current expenditure under control, especially the wage bill component which continues to absorb the bulk of the domestic revenue;
- Continue with support measures in favour of cotton producers in order to boost output and competitiveness;
- Pursue efforts aimed at improving the level of energy output in order to sustain the growth of the secondary and tertiary sectors.

5.2.6 COTE D'IVOIRE

The initial objective of the Ivorian authorities for 2010 was to achieve a real GDP growth rate of 4.0%. This assumption of growth was based on good prospects for cash and food crops, the launching of new production units and the development of telecommunications through the expansion of new technologies. It was expected that this rebound in activity would occur in an environment marked by a moderate increase in prices due mainly to a bumper harvest in the food crop production sub sector and less pressure on food and petroleum prices, among others. In the analysis of public finance, projections banked on a reduction in the overall deficit in line with the increase in the level of performance of tax authorities and downward trends in current expenditure.

In 2010, real growth rate was 3.0% against 3.8% in 2009. This decline was mainly due the slump in the production of export crops, drop in minerals production as well as difficulties in electric power supply experienced in the first quarter. On the whole, the economic activity was undertaken against the backdrop of a slight increase in inflationary pressures. The annual average inflation rate was 1.8% against 1.0% in 2009. The increase in the general level of prices was appreciable, with a year-on-year inflation rate of 5.1% in 2010 against -0.1% in 2009. With regard to public finances, the overall deficit was contained in spite of the slight increase. On the other hand, the overall balance of payments recorded a slight decline but the current account as well as the overall balance continued to record surpluses.

These developments resulted in the worsening of the macroeconomic convergence situation. In fact, the country met only four (4) of the ECOWAS convergence criteria compared to seven (07) in 2009.

5.2.6.2SECTOR ANALYSIS

a. Real sector

In 2010, the Ivorian economy recorded a real GDP growth rate of 3.0% against 3.8% in 2009. This economic growth was driven exclusively by the overall performance of the tertiary sector.

Value added in the primary sector remained practically unchanged compared to its level in 2009. This situation was attributed to the uneven trends in the various agricultural sub-sectors. In fact, the food crop and livestock sub-sectors recorded a 3.3 % growth in 2010 mainly as a result of the development of food crop production, especially investments in rice production. Also, industrial crops like cotton, cashew, rubber, palm oil and banana recorded a substantial improvement in 2010. On the flip side, coffee and cocoa production dropped by 33.4% and 17.1% respectively due mainly to the ageing of some plantations and the neglect of others in favour of food crops and rubber. Pineapple production dropped by 17.0% as a result of low investments made in the sub-sector. In the mining sector, crude oil production shrunk by about 24% due to the suspension of operations at certain mine shafts for maintenance works and gold production recorded a drop of 25.9% as a result of protests of residents in the mining areas. On the other hand, natural gas production recorded a 6.5% rise because of the investments made and the high domestic demand particularly from thermal power plants.

The secondary sector experienced about 1% decline in its value added. This was due to the difficulties relating to power supply during the first quarter which affected the performance of manufacturing industries. However, the Building and Public Works recorded 13.6% increase in production due to the execution of actions under the programme to mitigate poverty in the social sector as well as the implementation of certain public works including the rehabilitation of Hôtel Ivoire and the motorway in the North. Also, the food processing sector recorded a 14.5% increase in production due to the resumption of distribution of foodstuffs to the Centre North West zones, decline in smuggling, the operation of a flour mill, development of poultry feed production and recapturing of markets of the neighbouring countries. On the other hand, the production of petroleum products remained at the previous year's level considering the exceptional efforts made to overcome the difficulties involved in the supply of electricity during the first quarter.

In the tertiary sector, the increased growth experienced in recent years continued in 2010 with a 7.7% rise in production after a 4.7% drop in 2009. This sector continued to benefit from the expansion of its transport and telecommunication sectors. In addition, commercial activities expanded significantly in 2010.

The overall contributions of the primary, secondary and tertiary sectors to the real GDP growth in 2010 were -0.01 point, -0.21 point and 3.22 points respectively.

As regards demand, GDP growth was driven by consumption and investments. Final consumption grew by 4.9%, spurred on by its two components. This situation was due to the improvement of the socio-political environment and increased level of employment. Investments rose by 3.5% due to their private component. The public component registered a decline of 1.5%. Concerning external trade, exports dwindled by 0.8% due to the low volumes of cocoa, coffee and crude oil sold. During the same period, the rate of import growth dropped owing to declining trends in economic activity in general. Imports grew by 1.5% compared to 5.2% in 2009. As a result of these trends, real growth of final consumption, investments and external trade were 2.9 points, 1.6 points and -1.5 point respectively.

Concerning prices, 2010 recorded a low increase in inflationary pressures. Year-on-year inflation rate rose from -0.1% in 2009 to 5.1% in 2010 due to the significant growth observed at the level of the "food products and non alcoholic beverages" function. This function recorded a 6.5% increase which was somehow eased due to the moderate rise, in the reduction in prices at the level of most of the other functions.

Table 3.I I: Trends in GDP and its components					
	2007	2008*	2009*	2010*	2011*
In billions of CFA					
GDP at current prices	9439.65	10425.30	10880.70	11365.20	12050.10
GDP at constant prices (n/n-1)	9177.79	9656.76	10821.46	11207.12	11819.80
GDP at constant prices (1986 basis)	4258.68	4357.33	4522.83	4658.31	4844.80
Real GDP growth rate	1.6%	2.3%	3.8%	3.0%	4.0%
Composition of GDP at constant prices (1986 basis)					
Primary sector	35.43%	35.15%	35.24%	34.21%	**33.50%**
Secondary sector	23.35%	23.36%	22.91%	22.04%	22.67%
Tertiary sector and non goods services	41.22%	41.49%	41.85%	43.75%	43.83%
GDP DISTRIBUTION (in %)					
Consumption	83.93	81.46	78.74	79.71	**80.26**
Domestic savings	16.07	18.54	21.26	20.29	**19.74**
Capacity or financing need	5.15	7.24	11.75	10.71	**8.98**
PRICES					
Variation of GDP deflator	2.9%	8.0%	0.5%	1.4%	1.9%

(*) estimates **(**) projections**
Source: BCEAO/AMAO

b. Public finances

During 2010, budget revenues and grants dropped by 6.0% to settle at 2325.8 billion CFA F or 20.5% of GDP against 22.7% in 2009. This downturn was due to the drastic reduction in grants. Indeed, the total revenue rose by 4.3% in 2010 to settle at 2237.5 billion CFA F. This increase was attributed to the reforms carried out by the tax administration which resulted in the recovery of direct taxes, namely taxes on industrial and commercial benefits. However, the level of tax revenue was stable at 17.4% and even Non tax revenue, remained almost stable. On the contrary, grants dropped by 73.2% in 2010 as a result of the exceptional situation in 2009 linked with the supports received as part of the process to come out of crises and repayment of debts. Grants accounted for 0.8% of GDP against 3.0% in the previous year. The downturn recorded includes both project and programme grants.

Total expenditure and net lending shot up by 5.4% to settle at 22.0% of GDP against 21.8% in 2009. This upsurge was mainly due to increase in recurrent expenditures by 7.0% to settle at 17.5% of GDP against a ratio of 17.1 in 2009. The growth in recurrent expenditure was attributed mainly to the expansion in the wage bill as well as transfers and subventions. The increase in salaries was in connection with the pursuit of the application of the new status granted certain institution of the public service. The growth in subventions and transfers was in connection with the subventions to ease the difficulties in the electricity sector. Investment expenditure increased only slightly because the execution of some big construction project was postponed.

In all, the execution of the national budget ended up with a deficit on commitment basis and excluding grants by 266.4 billion CFA F or 2.3% of GDP against 2.1% in 2009. Though the deficit remained relatively low, trends in other budget indicators did not follow the guidelines in the ECOWAS macroeconomic convergence programme.

With regard to financing, funds to the tune of 226.9 billion were mobilized from foreign donors and 141.2 from the regional banking system. These resources were used to offset the cash basis deficit of 178.2 billion and repay private sector debt amounting to 190.1 billion.

Table 3.12: Trends in some fiscal indicator (variation in %)

	2008		2009		2010		2011	
	Var in %	in% GDP	Var in %	in% GDP	Var in %	in% GDP	Var in %	in% GDP
1- REVENUES AND GRANTS	15.4	20.7	14.5	22.7	-6.0	17.7	3.3	19.9
1.1BUDGET REVENUES	8.8	19.0	8.5	19.7	4.3	20.5	5.8	19.6
Tax Revenue	10.8	15.6	16.1	17.4	5.0	0.0	6.4	17.5
Direct taxes	27.4	5.2	92.7	9.6	1.2	19.7	5.6	9.3
Duties and taxes on external trade	-0.9	7.0	15.8	7.8	9.6	17.4	7.4	8.3
Non tax revenue	-1.7	3.3	-25.7	2.3	-0.2	9.3	0.8	2.1
social security contributions	9.1	1.4	6.5	1.4	11.7	2.2	8.0	1.5
Other non tax revenues	-8.0	1.9	-48.2	1.0	-17.3	0.0	-13.1	0.6
GRANTS	242.0	1.8	79.4	3.0	-73.2	0.8	-59.9	0.3
2 - EXPENDITURES AND NET LENDING	12.9	21.1	7.9	21.8	5.4	0.0	6.7	22.2
2.1 TOTAL EXPENDITURE	14.3	21.1	8.0	21.8	4.2	22.0	8.2	22.2
2.1.1 CURRENT EXPENDITURES	11.3	16.7	6.5	17.1	7.0	21.7	4.7	17.3
Salaries and wages	11.2	6.8	5.2	6.9	8.7	0.0	8.4	7.3
Interests due	9.4	1.7	13.2	1.9	-8.8	0.0	-3.8	1.5
2.1.2 CAPITAL EXPENDITURE	18.2	2.9	10.0	3.0	2.2	1.1	35.3	3.8
Internally funded	18.4	2.1	7.2	2.2	11.3	0.1	21.1	2.7
Externally funded	17.5	0.7	18.0	0.8	-21.5	3.0	87.2	1.1
3 - OVERALL BALANCE (commitment basis) (excluding grants)	70.2	-2.2	2.8	-2.1	15.5	0.3	14.1	-2.5
OVERALL BALANCE (commitment basis) (including grants)	-47.5	-0.4	-339.1	0.9	-281.4	0.0	50.7	-2.2
BASIC PRIMARY BALANCE	-15.9	1.9	32.6	2.4	-31.9	-2.3	-15.4	1.2
OVERALL BALANCE (cash basis) (excluding grants)	70.2	-2.2	2.8	-2.1	15.5	0.0	14.1	-2.5
8 - OVERALL BALANCE (cash basis) (including grants)	-47.5	-0.4	-339.1	0.9	-281.4	0.0	50.7	-2.2
9 -FINANCING	-52.7	0.4	-341.9	-0.9	-281.3	-1.6	50.8	2.2

(*) estimates **(**) projections**
Source: BCEAO/AMAO

c. External Sector

After a significant improvement in 2009, the surplus on the current account of the balance of payment dwindled sharply in 2010 to settle at 520.5 billion CFA F (794 million Euros) or 4.6% of GDP against 7.4% in 2009. This downturn of surplus account was largely propelled by a reduction in trade surplus due to increased deficits of the other sectors. The drop in trade surplus was linked to the reduced export of cocoa beans whereas the deficits in revenue were attributed to high interest payments on external debt. The worsening deficit was on its part linked to the drastic reduction in grants.

Contrary to the trend observed in the level of current operations, capital and financial transactions were marked by a reduction in deficit which stood at 470.5 billion CFA F against 676 billion in 2009. The decline in capital transfers was accounted for by the improvement in the financial operations accounts which benefitted largely from growth in portfolio investments. This mainly included the subscription of public securities by non residents. The drop of this deficit was also accounted for by the decline in payments due to reduction of public external commitments. On the whole, operations recorded an overall surplus balance of 0.4% of GDP against 1.4% in 2009.

Table 3.13: Some indicators of the balance of payments of Côte d'Ivoire (Annual variations in %								
1 -Trade balance	**2008**	**2009***	**2010***	**2011****	**2,008**	**2009***	**2010***	**2011****
Export FOB including: :	**Annual variations in %**				**In % of GDP**			
Import FOB (1)	21.0	36.4	-2.5	-3.5	14.3	18.7	17.4	15.8
2-Service balance	12.0	11.6	-1.5	6.3	44.6	47.7	45.0	45.1
including freight	8.2	-0.1	-0.9	12.5	-30.4	-29.1	-27.6	-29.3
3-Balance of revenues	-1.4	2.5	1.2	8.6	-7.0	-6.9	-6.7	-6.9
as % of GDP	15.5	-5.0	0.1	10.0	-5.1	-4.7	-4.5	-4.6
4-Balance of current transfers	4.1	4.0	3.0	-2.0	-3.9	-3.9	-3.8	-3.5
Private	7.2	2.3	1.8	-19.6	-1.2	-1.2	-1.1	-0.9
Public	-9.5	-63.6	386.7	10.4	-1.4	-0.5	-2.3	-2.4
a. BALANCE OF CURRENT TRANSACTIONS	7.8	10.1	1.3	-8.1	-2.5	-2.6	-2.6	-2.2
b- CAPITAL AND FINANCIAL OPS. ACCOUNT	44.0	107.4	-88.1	-183.5	1.1	2.1	0.2	-0.2
5-Capital transfers	-403.2	298.2	-35.3	-29.5	1.9	7.4	4.6	3.0
7-Financial operations	-174.6	245.5	-30.4	-39.0	-1.9	-6.2	-4.1	-2.4
Direct investments	-10.7	171.2	-65.4	464.4	0.4	1.0	0.3	1.7
Portfolio investments	-208.2	231.4	-35.2	-2.8	-2.3	-7.2	-4.5	-4.1
Other investments	-2.3	-10.0	-7.1	3.7	1.9	1.7	1.5	1.4
d - OVERALL BALANCE (a+b+c)	-59.2	-228.6	-646.6	-47.3	0.2	-0.2	1.2	0.6
Autres investissements	1293.3	106.3	-14.1	-8.7	-4.4	-8.6	-7.1	-6.1
d - SOLDE GLOBAL (a+b+c)	-106.3	-1049.6	-60.8	59.9	-0.1	1.2	0.4	0.7
Autres ratios caractéristiques								
Coverage: Export/Imports (%)	117.3	129.2	128.0	122.4				
Level of openness: (Import + export) GDP (%)	90.8	92.2	87.3	89.1				
Current balance excluding grants GDP (%)	0.6	5.0	4.0	3.0				

(*) estimation (**) :Prévision
Source : BCEAO/AMAO

d. Monetary sector

Trends in the monetary situation in 2010 reflected in a 19.6% growth in M2. At the level of the components, this trend led to a 19.8% increase in currency in circulation, 12.1% in current account deposit and 26.0% in fixed deposits and similar accounts. In 2010, the monetary expansion was propelled by both internal and external factors.

On the internal front, assets grew by 18% in line with growth in the net position of the State (+53.4 %) and increase in support to the economy (+6.4%). Net indebtedness of the State worsened at the level of the commercial banks in line with the increased issuance of public securities to meet budgetary obligations.

The net external assets of the banking system firmed up by 21.6% to settle at the equivalent of 2.1 billion Euros. This accumulation stems exclusively from the Central Bank as the net external assets of the money creating banks plunged by over 30%. Growth in net external assets accounted for the surplus in the balance of payments.

Table 3.14: Trends in the monetary situation (Annual variations in %)						
	2008	2009	2010	2008	2009	2010
COMMITMENTS	Variations annuelles en %			Contributions à la croissance de M		
Money supply (M2)	5.67	17.16	19.60			
Money supply (M1)	0.82	17.11	10.64			
Currency circulation	3.38	24.52	19.80			
Current account deposits	-2.03	8.43	12.10			
Quasi money	16.94	17.27	19.13			
Other items (nets)	-21.48	12.70	22.88	-21.70%	-28.63%	3.15%
Net internal credit	7.20	19.14	18.05	87.85%	110.13%	78.29%
Net credits to Government	-7.21	55.59	53.37	-19.30%	11.23%	43.20%
Central Bank	21.88	91.19	8.08	26.37%	81.61%	41.87%
Money issuing banks	-30.99	4.16	173.46	-45.67%	-70.37%	1.32%
Credit to private sector	11.25	10.59	6.39	107.15%	98.90%	35.09%
Net external assets	-1.47	12.49	21.62	-9.45%	-38.66%	24.80%
Central Bank	-4.41	13.88	24.89	-27.30%	-46.70%	25.66%
Money creating bank	67.69	-6.16	-31.35	17.85%	8.04%	-0.85%

Source : BCEAO

5.2.6.3MACROECONOMIC CONVERGENCE STATUS

An analysis of the macroeconomic situation showed that the country's performance deteriorated in 2010 with four (4) criteria being met against seven (7) in 2009. The low performance was largely due to the inflation that hit the country during the year under review.

Table 3.15: COTE D'IVOIRE: CONVERGENCE STATUS								
	Target	2005	2006	2007	2008	2009	2010*	2011
Primary criteria:								
I) Budget deficit/GDP	≤4%	2.7	1.5	3.1	2.4	2.1	2.3	2.5
II) Inflation Rate	≤5%	2.6	2.0	1.5	8.9	-0.1	5.1	3.7
III) Budget Deficit financing	≤10% RF n-1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IV) Gross External Reserves	≥6 mois imports	5.7	5.6	6.0	5.7	6.6	6.3	6.0
		3.0	3.4	4.0	3.7	5.1	5.2	5.2
Critères de second rang								
I) Arriérés intérieurs								
II) Recettes fiscales/PIB	0	17.5	29.7	43.8	107.9	0.0	0.0	0.0
III) Masse Salariale/Recettes Fiscales	≥20%	13.9	14.4	15.5	15.6	17.4	17.4	17.5
IV) Investissements internes/Recettes fiscales	≤35% RF	42.0	44.1	42.0	44.7	46.2	43.5	42.8
V) Taux intérêt réel	≥20% RF	45.0	43.2	43.6	43.8	39.7	41.1	41.8
VI) Stabilité du taux de change réel	>0	0.9	1.5	2.0	-5.4	3.6	-1.6	-0.2
	+ - 5%	-0.6	-0.9	1.9	4.7	0.0	-5.7	2.9
Nombre de critères respectés		**5**	**5**	**6**	**3**	**7**	**4**	**6**

Source BCEAO UEMOA WAMA

Primary Criteria

In 2010, only three (3) of the primary criteria were met by Côte d'Ivoire against four (4) the previous year. In fact, the country recorded a high inflation rate slightly above 5%.This situation was mainly due to the escalation of food prices. However, the slight increase in the budget deficit was largely contained. In terms of gross external reserves, the performance of Côte d'Ivoire fell below the recommended UEMOA standard for the community. It is worth mentioning that the level of UEMOA reserves improved significantly during the last two years in line with the results of the balance of payments.

Secondary criteria

Compliance with the secondary criteria continued to be difficult. In, 2010, only two (2) of the targets were met, namely, the non accumulation of arrears and the stability of the real effective exchange rate. The first was achieved in recent years with the support of donors like the World Bank which led to the cancellation of a substantial part of the internal and external arrears. With regards to the stability of the exchange rate, it was missed due to the high inflation rate of the country. On the other hand, the level of inflation did not permit the achievement of a positive real interest rate. Besides, the structure of public spending continued to pose problems. The greater part of the resources were allocated to recurrent expenditure particularly, payment of salaries. Hence, the inability of the country to meet the criteria relating to the investment of appropriate resources.

5.2.6.4Prospects for 2010

The economic prospects of Côte d'Ivoire for the year 2011 focus mainly on the resolution of the crisis resulting from the electoral process. Considering that 2010 was devoted to the return to normalcy of the socio-political situation, the targets set for 2011 were very ambitious. Therefore, the growth rate for 2011 is pegged at 4.0%. The acceleration of growth in 2011 should be possible through the recovery in the primary sector, good progress of the secondary sector and the preservation of the dynamism of activities in the tertiary sector. The expansion of activity would occur within an environment of firm control of price fluctuations and improvement in food production. The fiscal policy, for its part, counted on increases in revenue in line with the efforts to increase the tax base, in particular, the rationalization of exemptions, intensification of actions for the modernization of financial controls and restructuring of the tax administration throughout the country. On the external front, the surplus of the balance of trade, coupled with upward trend of exports should allow the deficit balances of the services, income and net transfer balances to be contained.

In terms of convergence, the country's performance would improve significantly with two (2) additional criteria expected to be met, namely those relating to inflation and real interest rate. All these projections seem void today since the country is stuck in post electoral crisis. Even if the situation is resolved with the installation of the President elect, it would be difficult to offset the disruptions in activities recorded during the first four months of the year.

5.2.6.5Conclusion and recommendations

In 2010, Côte d'Ivoire succeeded in maintaining the major budget and external indicators in spite of the electoral environment. However, the country experienced an upward trend in inflationary pressures mainly due to the increases in prices of the major food stuffs. This situation had a negative impact on the country's results in terms of macroeconomic convergence. Though the socio-political situation was expected to return to normalcy in 2011 after the crisis, the difficulties resulting from the electoral process created serious disruptions in economic activities during the first four months of the year. The end of these disturbances in April 2011 made it possible to put the nation back in the right direction. However, it will take quite some time to achieve total peace and economic recovery.

This explains why the implementation of the following recommendations is necessary within the context of consolidating socio-economic stability and reinforcing macroeconomic convergence:

1. The implementation by the international institutions (OAU, African Union, ECOWAS,) of a system of consultation and monitoring till the return of the country to normalcy;
2. The consolidation of peace through the formation of a Government of national unity taking into account all socio-political and ethnic tendencies.
3. The intensification of the safety of goods and persons through the identification and demobilization of parallel forces from all sides.

3.1.4. GUINEA-BISSAU

Guinea-Bissau's macroeconomic targets were set within the framework of the 2010-2014 pluri-annual programmes. This programme was designed against the backdrop of the socio-political stability and consolidation of measures taken for the implementation of the post-conflict programme, particularly the improvement in revenue collection, on one hand, and the implementation of the new economic programme with the Bretton Woods Institutions, on the other. The key targets of the programme for 2010 focused on the consolidation of economic growth, the continued sanitization and streamlining of public management, the development of the private sector and improvement of the vulnerable masses access to basic social services. A growth rate of 3.0% of real GDP was projected for 2010.

With regards to performance, economic activity in 2010 recorded a growth rate of 3.5% as against 3.0% in 2009. These developments were attributable to the performances of all the sectors of the economy. Economic activities were undertaken against the backdrop of moderate inflationary tensions. The annual average inflation rate in 2010 stood at 2.2% as against -1.6% in 2009 whilst the end of period rate stood at 5.6% as against -4.8% in 2009. The implementation of the State's financial operations revealed a worsening global balance, standing at -1.1% of GDP as against a surplus of 1.8% in 2009. These developments in the overall balance were mainly attributable to a decline in grants as a result of the aid suspension by the European Union. Excluding grants, the budget deficit shifted from 13.8% to 11.2% of GDP. With regards to the external accounts, the current deficit as a ratio of GDP stood at 7.8% against 4.6% in 2009. The monetary situation, by end December 2010, posted an improvement in net foreign assets, an increase in domestic credit and a 24.3% expansion in money supply to 123.1 billion. The status of convergence revealed that Guinea-Bissau met four criteria including two primary criteria in 2010.

In the short term, the Government intends to implement measures aimed at supporting the domestic production sector particularly food crop and cashew nuts production, sanitizing public finance with measures that would lay emphasis on the improvement of financial departments' performance, enhancing public expenditure controls and modernizing the public Administration.

3.1.4.1Sectoral Analysis

3.1.4.1.1 Real sector

The economic growth rate stood at 3.5% as against 3.0% in 2009. This improvement in growth was sustained by the dynamism of all the sectors of the economy, particularly the primary and tertiary sectors.

The primary sector recorded a growth rate of 3.8% in 2010 as against 3.7% in the previous year, as a result of the improvement in food crop production, the effect of which was alleviated by the decline in the production of cashew nuts. The secondary sector also improved by 2.3% as against 3.0% as a result of the public construction projects embarked on to sustain activity in the Public Housing sector. The reform of the energy sector also helped to sustain industrial activity. The tertiary sector improved by 3.4% in 2010 as against 2.23% in 2009. The enhanced growth in the sector was propelled by the rise in the export prices of cashew nuts which helped to widen the trade margin, enhanced activity in the telecommunications sector and the positive developments in the banking sector. On the whole, the primary, secondary and tertiary sectors accounted for 1.6 points, 0.4 point 1.5 points to GDP growth respectively.

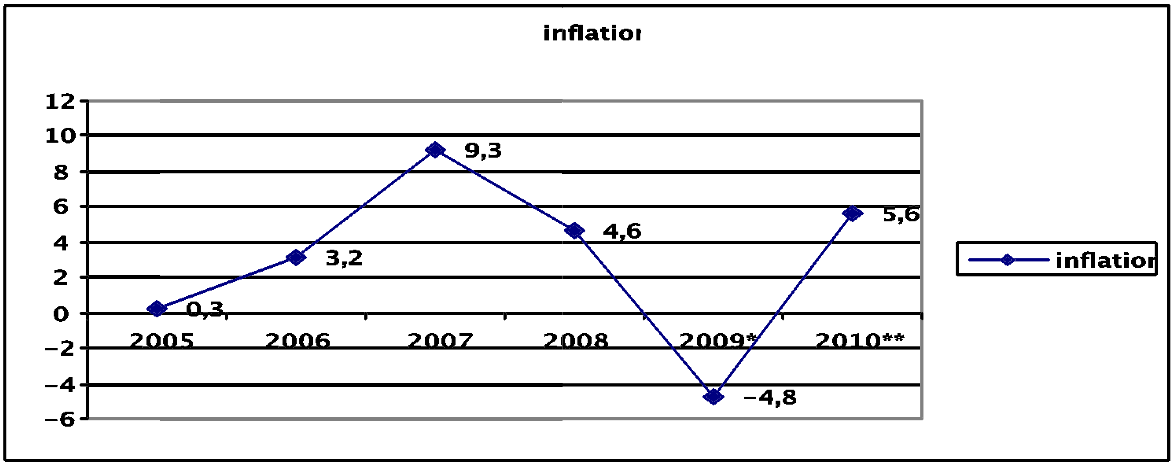
On the demand front, growth was mainly sustained by public consumption and investments, resulting particularly from the implementation of public projects. Exports increased as a result of the measures taken to improve on the marketing conditions of cashew nuts, and the rise in the export prices of the latter which compensated for the decline in the volume of exports.

Table 3.16: Trends in GDP and its components

		2009	2010*	2011**
GDP at constant prices		**387.6**	**410.3**	**436.2**
GDP at constant prices (n/n-1)		388.8	401.2	428.0
GDP at constant prices (base 2005)		**338.5**	**350.5**	**365.4**
Real GDP growth rate		3.0	3.5	4.3
GDP COMPOSITION				
Supply				
•	**Primary sector**	**3.9**	**3.8**	**4.2**
•	Secondary sector	2.3	3.0	4.6
•	**Tertiary sector and non good services services**	**2.3**	**3.4**	**4.2**
Demand				
•	**Public consumption**	**3.0**	**3.0**	**-29.3**
•	Private consumption	5.0	3.2	8.9
•	**Gross Fixed capital formation**	**11.8**	**7.0**	**8.1**
•	Stock variation	66.7	80.0	55.6
•	**Export of goods and services**	**0.0**	**3.8**	**11.8**
•	Import of goods and services	11.8	-3.0	4.1
Financing capacity or need		-16.4	-14.0	-12.5
Variation of GDP deflator		**-0.30**	**2.3**	**1.9**

Source : BCEAO/AMAO (*) estimation (**) : Prévision

In 2010, economic activities were undertaken against the backdrop of low inflationary tensions with an average annual inflation rate of 2.2% as against -1.6% in 2009. The end of period inflation rate shifted from -4.6% in 2009 to 5.6% in 2010. These developments were attributable to the increase in the level of ‘clothing and footwear’ functions as well as transport’.



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3.1.4.1.2. Public Finance

The implementation of the State's financial operations revealed a worsening overall balance (including grants) which declined from a surplus position in 2009 to a deficit in 2010. These developments in the overall balance were attributable to a drop in grants resulting from the low level of mobilization of technical partners' support and external financing. In effect, grants declined by 31.7% in 2010 to 10.1% of GDP as against 15.6% in 2009. Excluding grants, the overall deficit represented 11.2% of GDP in 2010 as against 3.8 % in 2009. Tax revenue improved by 23.4% to 8.0% of GDP as against 6.9% in 2009. This improvement was attributable to the charges and taxes on external trade which rose sharply in 2010.

Total expenditure increased by 1.8% in 2010 to 22.0% of GDP as against 22.9% in 2009. This slight increase in expenditure was attributable to current expenditure which increased by 5.6% in 2010 as against 0.6% in 2009. The rise in current expenditure mainly concerned other administrative charges, particularly procurement of goods and services and interest payments as well as the wage bill. The latter increased by 23.9 % to 6.3% of GDP in 2010 as against 5.3% in 2009. On the whole, overall deficit excluding grants stood at 11.2% of GDP in 2010 as against 13.8% in 2009. Overall it stood at 1.1% as against a surplus of 1.8% in 2009. This deficit was mainly financed by the domestic banking system representing 2.3% of GDP as against 0.9% obtained from external sources.

Table 3.17: Trends in Some Fiscal Items								
ITEMS	2008	2009	2010	2011	2008	2009	2010	2011
	Trends in %				As % of GDP			
REVENUE AND GRANTS	21.8	46.6	-10.7	8.7	-17.3	24.7	20.9	21.3
BUDGET REVENUE	30.1	2.2	25.3	9.3	9.2	9.1	10.8	11.1
Tax revenue	11.2	27.2	23.4	7.6	5.5	6.9	8.0	8.1
Non tax revenue	75.6	-35.8	30.8	14.2	3.6	2.3	2.8	3.0
GRANTS	-13.7	96.4	-31.7	8.0	8.2	15.6	10.1	10.2
TOTAL EXPENDITURE	7.5	14.7	-1.8	8.3	20.5	22.9	22.0	22.4
CURRENT EXPENDITURE	4.4	0.6	5.6	13.7	13.2	13.0	12.9	13.8
Salaries and wages	1.8	-8.1	23.9	-13.8	5.9	5.3	6.2	5.0
CAPITAL EXPENDITURE	13.8	40.7	-3.1	0.5	7.2	9.9	9.1	8.6
From domestic resources intérieures	116.7	-50.0	-61.5	480.0	0.7	0.3	0.1	0.7
From external resources	8.3	50.2	-1.1	-6.0	6.5	9.6	8.9	7.9
BALANCE (commitment basis (excl grants)	-5.7	24.9	-13.7	7.3	-11.3	-13.8	-11.2	-11.3
BALANCE (commitment basis incl grants).	-34.6	-160.2	-165.6	1.6	-3.2	1.8	-1.1	-1.1
NET DOMESTIC FINANCING	-125.0	377.3	190.5	48.4	-0.6	-2.7	2.3	1.1
NET EXTERNAL FINANCING	-10.4	-58.9	-10.3	-45.7	2.5	1.0	0.9	0.4

Source : BCEAO/AMAO (*) estimation (**) : Prévision

The volume of total public debt stood at 134.4% of GDP as against 141.4% in 2009. Guinea Bissau conducted negotiations with her creditor members of the Paris Club for her debt to be processing soon as she attained the completion point. At the end of the negotiations, an agreement was concluded in accordance with the 'Cologne' terms consisting in a 90%.reduction in her debt servicing.

3.1.4.1.3. External sector

The balance of payments revealed a surplus overall balance of 5.0 billion in 2010, as against 14.0 billion a year earlier. As a percentage of GDP, this surplus represented 1.2% as against 3.6% in 2009. This drop in the Balance of Payments surplus resulted mainly from a worsening of the current transactions account and, to a lesser extent, the decline in capital transfers.

The worsening current deficit was attributable to the dwindling current public transfers which dropped by 54.4% to 3.5% of GDP as against 8.2% in 2009. However, the magnitude of the deficit was alleviated by a slight recovery in exports, services and private transfers. Net inflows recorded on the financial operations account improved by 44.4% to 0.5% of GDP as against 0.3% in 2009. This improvement was due to the increase in direct and portfolio investments.

Table 3.18: Some Balance of Payments Indicators						
ITEMS	2009	2010	2011	2009	2010*	2011**
	as % of GDP			Trends in %		
CURRENT TRANSACTIONS BALANCE	-4.5	-7.8	-4.6	36.7	81.7	-37.5
Trade balance	-9.7	-8.6	8.0	18.5	-5.7	-1.6
FOB exports	14.6	14.8	15.2	-1.7	8.0	8.6
FOB imports	-24.2	-23.5	-23.2	5.5	2.6	4.9
Service balance	-4.9	-4.8	-4.5	3.0	2.1	1.5
Revenue balance	-1.6	-1.5	-0.5	-4.2	-2.0	-67.6
Current transfers balance	11.7	7.1	8.4	3.2	-35.8	26.0
Private	3.5	3.6	3.7	-10.4	-7.4	9.6
Public	8.2	3.5	3.3	10.5	-54.4	0.9
CAPITAL AND FINANCIAL OPS ACCOUNT	9.3	9.0	7.3	35.1	2.4	-13.5
Capital transfers	9.0	8.6	6.9	111.3	0.9	-13.7
Financial operations	0.3	0.5	0.4	-87.3	44.4	-9.6
Direct investments	0.7	1.0	1.1	8.5	44.8	19.0
Portfolio investment	0.1	0.4	0.4	20.0	400.0	13.3
Other investments	-0.5	-0.9	-1.1	-125.9	101.3	30.9
OVERALL BALANCE	3.6	1.2	2.8	-4.5	-64.3	140.0

3.1.4.1.4. Monetary sector

Money supply expanded by 24.3% to 121.9 billion by end December 2010. This expansion was reflected in the quasi-money which grew by 74.4% in 2010.

This expansion in money supply resulted from the increase in all its counterparts. Net foreign assets of monetary institutions stood at 93.3 billion by end December 2010, representing an increase of 15.7% when compared to end December 2009.This component accounted for about 13.3% of the money supply growth. Domestic credit increased by 12.7 billion to 32.1 billion by end December 2010. The Government's net debit position recorded a decrease of 9.0 billion to 6.3 billion by end December 2010. It accounted for about 9.4% of money supply growth. Credits to the private sector or to the economy increased by 3.7 billion to 25.8 billion by end December 2010, as a result of ordinary loans granted to companies involved in the cashew nut marketing sector. This component accounted for about 3.9% of money supply growth.

Table 3.19: Trends in Monetary Situation (in %)					
	2008	**2009**	**2010**	**2009**	**2010**
	Trends in money supply and its counterparts			**Share in M2 growth**	
Money supply (M2)	**29.5**	**6.8**	**24.3**	-	-
Money supply (M1)	27.0	8.4	19.9	-	-
Quasi-money	59.1	-8.2	74.4	-	-
Other items (net)	57.6	-9.6	42.6	-	-
ASSETS	33.7	-30.0	65.5	-9.3	13.3
Net credits to the State	-10.9	-129.7	-333.3	-13.2	9.4
Central Bank	-13.8	-112.3	-1210.0	-10.2	12.7
Money creating banks	22.5	-270.0	182.4	-3.0	-3.3
Credit to the private sector	77.1	18.8	16.7	3.9	3.9
Net foreign assets	29.3	21.1	15.7	15.7	13.3
Central Bank	19.6	15.7	4.9	9.3	3.1
Money creating banks	90.1	42.2	50.3	6.4	10.1

Source : BCEAO/WAMA (*) Estimates (**) : Projections

3.1.4.2. CONVERGENCE STATUS IN 2010

Year 2010 was marked by a declining level in the performance of Guinea-Bissau. The number of criteria met amounted to four (4) in 2010 as against six (6) in 2009.

Primary criteria

In terms of the primary criteria, two targets were met. Inflation stood at 5.6% in 2010 as against -4.8%, overstepping the Community target of 5%. This rise could be linked in the international context with the continued hike in the price of crude oil. Budget deficit excluding grants improved even though the Community target was not met. It stood at 11.2 % in 2010 as against 13.7% in 2009. These developments were attributable to efforts made to enhance fiscal revenue collection and curb current expenditure. However, the country is still grappling with budgetary problems, which is a cause for concern. In fact, the budget continues to be mainly donor-driven as part of the post-conflict assistance. The criterion on budget deficit financing by the Central Bank was always met by Guinea-Bissau since the BCEAO decided to discontinue the financing of member States' budget deficits. With regards to the reserve ratio, because of the policy of pooling reserves together under a common management within the framework of UEMOA, individual country analysis would not be very pertinent. It is however important to underscore that the level of reserves allocated to Guinea-Bissau is generally above the UEMOA average. The reserve level declined slightly in 2010 with 7.8 months of imports cover after a posting a reserve ratio of 8.1 months in 2009.

Secondary criteria

Guinea-Bissau did not accumulate payment arrears for the financial year 2010 and therefore met that criterion. However, the country is yet to enhance the efficacy of the tax department in such a way as to achieve an appreciable level of domestic revenue. Salaries for civil servants continued to be very high when compared to the tax revenue collected. In 2010, the ratio stood at 77.4% as against 77.1% in 2009, thereby revealing a further worsening of the criterion. The low level of tax revenue coupled with the high level of staff emoluments did not make for adequate funds for investment purposes. Thus, investments made in 2010 represented a mere 1.5% of tax revenue as against 4.9% in 2009. Real interest rates remained negative in 2010 because of the hike in prices. Real exchange rate fluctuation remained below the Community target of +/-5%. The real exchange rate variation stood at around 2.3% in 2010.

Table 3.20 CONVERGENCE STATUS OF GUINEA-BISSAU

	norme	2005	2006	2007	2008	2009	2010*	2011
Primery criteria:								
I) Budget deficit/GDP	≤4%	24.2	19.9	30.1	24.5	13.8	11.2	11.3
II) Inflation Rate	≤5%	0.3	0.2	9.3	8.7	-4.8	5.6	4.0
III) Budget Deficit Financing	≤10% RF n-1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IV) Gross External Reserves	≥6 mois imports	5.7	5.6	6.0	5.7	6.6	6.3	6.0
		8.3	6.3	6.5	7.1	8.1	7.8	7.8
Secondary Criteria:								
I) Domestic Arrears								
II) Tax Revenue/GDP		4.2	5.5	2.6	4.8	0.0	0.0	0.0
III) Salary Mass/Tax Revenue	≥20%	11.3	11.3	5.7	5.5	6.9	8.0	8.1
IV) P. Invest/Tax Revenu	≤35% RF	116.1	110.8	116.5	96.2	77.1	77.4	62.1
V) Real Interest Rate	≥20% RF	6.0	2.2	6.4	12.4	4.9	1.5	8.2
VI) Real Exchange Rate	>0	3.2	0.3	-5.8	-5.2	9.9	-2.1	-0.5
	+ - 5%	-1.8	-1.0	3.1	9.8	0.5	2.3	1.1
Number of Criteria met		**4**	**4**	**3**	**1**	**6**	**4**	**5**

Source BCEAO UEMOA WAMA

3.1.4.3. ECONOMIC PROSPECTS

Guinea-Bissau's economic prospects could be analyzed through the contents of its 2011-2015 pluri-annual convergence programme. In this programme, the Government intends to support the domestic production sector and sanitize public finance. In terms of supporting the domestic production sector, the Government would continue with the implementation of identified actions and projects. These include, among others, the agrarian sector rehabilitation project, the special food security programme, the rural rehabilitation and community development project and the jetty and rain water reservoir rehabilitation project, etc…

For 2011, in the primary sector, cashew nut production is expected to improve as a result of the maturity of the plantations. On the whole, this sector would record a growth rate of 4.4% on average. Besides, it would benefit from the positive effects of the cashew nuts development measures and a friendly international environment, particularly the dynamism of world demand and the hike in the export prices of cashew nuts. With regards to the secondary sector, economic activity would be sustained by socio-economic infrastructural reconstruction projects. In effect, the construction of a modern motorway in Bissau, the rehabilitation of the energy and water distribution networks under a World Bank supported programme, are the major investment ventures that would propel the growth of this sector. It should also be underscored that there are prospects for the commencement of bauxite and phosphate mining during 2011. Thus, an average annual growth rate of 5.7% is expected to be achieved in 2011. The tertiary sector, on its part, would benefit from the positive effects of the implementation of the Public Administration Reform Support Programme by the ADB and European Union. This sector would record enhanced activity with an average annual growth rate of 5.0% in 2011.

With regards to pricing, the Government would implement an all embracing and prudent pricing policy consistent with Community monetary policy and provisions. Thus, prices are projected to increase at a maximum rate of 3.0% in 2011.

In the area of public finance, the Government intends to enhance the goods control and evaluation procedures using the ASYCUDA for the key customs items, introduce excise duties on alcoholic drinks and tobacco, enhance shed monitoring and movement of goods within the ports premises. In the area of domestic tax recovery, it is envisaged that procurement tax controls would be monitored more closely at the customs entry points, structures at the Ministry of Finance would be strengthened particularly the big taxpayers' unit to ensure compliance with tax declarations, and the application of the West African Accounting system (SYSCOA) would be extended to the major firms. Fiscal projections reveal a moderate improvement of 8.8% in 2011. Furthermore, non-tax revenue would improve by 3.4% in 2011, reflecting the rigour and transparency in the management of the fishing sector. Grants, on their part, would increase by 5.4% reach 36.9 billion in 2011

With regards to public expenditure, reforms would aim at establishing an Integrated Financial Management Information System (IFMIS). In 2011, these expenditure figures would decline by 8.3%. With regards to total public debt, the effective implementation of the programme with the IMF would help the country attain the completion point and benefit from the expected external public debt relief under the HIPC or IADM. Thus, the total indebtedness rate could reduce considerably. Within this context, negotiations have been conducted during 2010 with the Paris Club and agreements have been concluded for a 90% reduction in debt servicing, based on the Cologne conditions.

In the area of external trade, the strategy adopted would consist in implementing structural reforms that might step up the performance of the productive sector, particularly cashew nut production, and improve on the competitiveness of the economy in 2011. The effects of such reforms would thus help reduce the current external balance.

3.1.4.4. CONCLUSION AND RCOMMENDATIONS

In terms of the macroeconomic situation, Guinea-Bissau is still grappling with difficulties relating to inadequate production and the low level of tax revenue. In effect, the budget deficit level is a problem just as much as the level of indebtedness. The country should therefore pursue its reforms so that it could at least benefit from the HIPC initiative. In terms of convergence, available data reveal that Guinea-Bissau met five (5) criteria including two primary ones.

Thus, in order to revamp solid and lasting economic growth and ensure observance of the convergence criteria, the following recommendations may be considered by the Bissau-Guinean Authorities:

- Work towards the effective implementation of measures that would help attain the HIPC completion point as early as possible;
- Enhance the capacity building of the revenue authority in order to improve on the level of tax revenue collection and guard against fraudulent activities;
- Fast-track the rehabilitation of the economic infrastructure, particularly those relating to energy and water;
- Accompany the private sector in its process of industrialization, particularly the transformation of cashew nuts.

3.1.5. MALI

Mali's macroeconomic objective for 2010 focused on achievement of an economic growth rate of 5.2% in an environment of stable prices with a year-on-year inflation rate of 2.2%. With regards to public finance, a budget deficit on commitment basis excluding grants target of 6.5% of GDP was earmarked.

In 2010, the Malian economy registered an improved real growth rate of 4.5%. This growth was mainly triggered by the primary and tertiary sectors. The year-on-year inflation rate stood at 1.8% as against 1.5% in 2009.

The State's financial operations were marked by a worsening budget deficit balance on commitment basis excluding grants of 9.60% in 2010 as against 8.81% in 2009.

The monetary situation, on the other hand, was characterized by an expansion in money supply of 10.32% to 1,239.70 billion CFA Francs.

Regarding the balance of payments, transactions with the outside world presented a slight surplus of 0.61% of GDP, revealing a decline when compared to its level in year 2009 which stood at 5.82% of GDP.

In respect of convergence, the country met seven (7) against eight in the previous years.

3.1.5.1. SECTORAL ANALYSIS

3.1.5.1.1. Real Sector

In 2010, real GDP growth rate stood at 4.5%, depicting some level of stability when compared to the previous year. This growth was mainly attributable to the dynamism of all sectors of the economy.

The primary sector recorded a growth rate of 10.5% as against 5.3% in 2009.This performance stemmed mainly from an improvement in cotton and food crop production of about 14% and 10% respectively. This impressive agricultural output was associated with the heavy rainfall recorded during the period and the policy of procuring agricultural inputs.

Activities in the secondary sector recorded a growth rate of 2.70% in 2010 as against 10.5% in 2009. This regression was mainly attributable to the drop in mining activities by 16.5% and the delay in the commencement of operations at the new gold mining site.

The value added of activities in the tertiary sector recorded a growth rate of 8.3% as against 9.3% in 2009, due particularly to the performance of the trade, transport and telecommunication sub-sectors.

On the demand front, growth was mainly generated by private consumption and gross fixed capital formation which accounted for 71% and 21.2% of GDP respectively. Public consumption, on its part, remained stable compared to its level in 2009, which stood at 17.3% of GDP.

Table 3.21: Some Real Sector Indicators (variation as % of GDP)			
	2008*	2009*	2010*
GDP at Current	3,912,8	4,232,1	4,518,7
GDP at constant prices (n/n-1)	3,595,8	4,086,8	4,451,8
GDP at constant prices (base 2005)	1,553,3	1,618,4	1,697,7
Real GDP growth rate	5,0	4,5	4,5
GDP COMPOSITION			
Supply			
. Primary sector	26,7	5,3	10,5
. Secondary sector	5,0	10,5	2,7
.Tertiary sector and non good services services	10,3	9,4	8,3
Demand			
. Public consumption	17,6	17,3	17,3
. Private consumption	71,6	68,7	71,0
. Gross Fixed capital formation	21,3	20,4	21,2
. Stock variation	3,4	2,0	1,3
. Export of goods and services	29,2	25,0	25,0
. Import of goods and services	43,0	33,8	35,9
Financing capacity or need	-13,8	-7,9	-10,8
Variation of GDP deflator	8,8	3,6	3,1

Sources: BCEAO/WAMA Projections

With regards to prices, the year-on-year inflation rate stood at 1.8% in 2010 as against 1.5% in 2009. This slight increase in prices was particularly associated with the cost of transportation and alcoholic drinks. However, the average annual inflation rate declined from 2.4% in 2009 to 1.2% in 2010.

3.1.5.1.2. Public Finance

As at end December 2010, the State's financial operations presented a deficit on commitment basis excluding grants of 437.70 billion CFA Francs, representing 9.60% of GDP as against 8.81% of GDP in 2009. This worsening deficit was attributable to the disproportionate increases between public expenditure and revenue mobilization. In effect, revenue improved by 7.63% to 17.12% of GDP, whilst expenditure increased by 10.64% to 26.12% of GDP. This slight improvement in fiscal revenue was due to the tax and non-tax revenue which improved by almost 8.84% and 10.64% respectively, as a result of the tax revenue security reforms embarked on over the last two years. The increase in expenditure was mainly attributable to capital expenditure, as funds invested from domestic revenue increased from 152.20 billion CFA Francs in 2009 to 193.70 billion CFA Francs, representing an increase of 27.27%. By and large, current expenditure was characterized by a more effective control of the wage bill which declined by 12.60 % when compared to the previous year.

Grants mobilized for year 2010 amounted to 179.40 billion CFA Francs, representing a decline of 7.47% when compared to its level in the previous year which stood at 193.87 billion CFA Francs.

Budget deficit financing was covered by both external and domestic resources, each providing 208.30 billion CFA Francs and 141.60 billion CFA Francs respectively. It should be noted that the share of domestic revenue increased by 475.61% when compared to its level in year 2009 which stood at 24.60 billion CFA Francs. This resort to the financial system was as a result of the decline in grants during the review period.

Table 3.22: Trends in Some Fiscal Items				
	Dec-08	Dec-09	Dec-10	Varia. En% Dec09-Dec10
	(in billions of CFA F)			
Total revenue	**607.30**	**725.09**	**780.40**	**7.63**
Tax revenue	519.40	624.30	677.00	**8.44**
Non tax revenue	21.20	28.95	31.90	**10.21**
Unclassified revenue	66.7	71.84	71.5	**-0.47**
GANTS	**134.2**	**193.876498**	**179.4**	**-7.47**
Total expenditure	**820.60**	**1.076.20**	**1.190.70**	**10.64**
Current expenditure	**459.00**	**549.00**	**612.90**	**11.64**
Salaries and wages	186.00	213.50	186.60	**-12.60**
Capital expenditure	**294.90**	**455.40**	**506.30**	**11.18**
Investment from domestic resources	122.10	152.20	193.70	**27.27**
Investment from external	172.80	303.20	312.60	**3.10**
Overall on commitment basis excluding grants	**-220.9**	**-372.7144**	**-437.7**	**17.44**
Financing	**37.50**	**204.90**	**349.90**	**70.77**
Net external financing	82.50	180.30	208.30	**15.53**
Net domestic financing	-45.00	24.60	141.60	**475.61**
Recap				
GDP	**3.912.82**	**4.232.10**	**4.558.45**	
	(As percentage of GDP))			
Total revenue	15.52	17.13	17.12	
Total expenditure	20.97	25.43	26.12	
Overall balance on commitment basis excluding grants	-5.65	-8.81	-9.60	

Sources: BCEAO/WAMA

3.1.5.1.3. Monetary Sector

The monetary situation was characterized by a 10.32% expansion in broad money supply in 2010 when compared to end December 2009. This expansion was attributable to the combined effect of the improvement in net domestic assets (26.29%) and the decline in net foreign assets (2.09%). The improvement in net domestic assets mainly concerned credit to the economy which improved by 13%when compared to its level in the previous year. On the contrary, the decline in net foreign assets was due to the 13.52% regression in the foreign assets of the Central Bank, whilst those of the commercial banks strengthened by 72.59%.

On the whole, developments in money supply revealed an improvement of 23.23% in demand deposits and 2.53% growth in money in circulation at the detriment of fixed deposits which declined by 0.59%.

Tableau 3.23 : Evolution de quelques agrégats monétaires en 2010					
	2007	2008	**Dec-09**	**Dec-10**	Var.Dec09-Dec10
Assets				**(in billions of CFA F)**	
Net foreign assets	**526.4**	**496.4**	**736.2**	**720.81**	**-2.09**
Central Bank	460.5	467.1	638.5	552.19	**-13.52**
Commercial Bank	65.9	29.3	97.7	168.62	**72.59**
Net domestic assets	**494.80**	**516.2**	**453**	**572.1**	**26.29**
Net claims on public Administrations	-123.501	-155	-287.7	-269.6	**-6.29**
Claims on private sector	618.3	671.2	740.7	941.7	**13.64**
Broad money supply (M1)	**1,018.30**	**1,024.80**	**1,72.70**	**1,293.70**	**10.32**
Masse monétaire au sens strict (M 1)	708.8	738.1	801.7	924.9	**15.37**
Money in circulation	323.9	318.3	304.6	312.3	**2.53**
Demand deposits	384.8549	419.8	497.1	612.6	**23.23**
Quasi-money	309.5	286.7	371	368.8	**-0.59**
(Variation as percentage of broad money supply in previous period)					
Net foreign assets		-2.95	23.40	-1.31	
Net domestic assets		2.10	-6.17	-7.36	
Net claims on public Administrations		-3.09	-12.95	6.05	
Claims on private sector		5.19	6.78	6.05	
Broad money supply		0.64	14.43	10.32	

Sources: BCEAO/WAMA

3.1.5.1.4. External Sector

In 2010, operations with the outside world presented a surplus of 28.02 billion CFA F or 0.61% of GDP as against 5.82% of GDP in 2009. This decline resulted from the combined effect of the dwindling current transactions balance (10.8% of GDP) and the decline in direct investments into the economy, which dropped from 201.41 billion in 2009 to 87.22 billion in 2010.

The worsening current account deficit concerned the trade balances, services and transfers, alleviated to a lesser extent by the improvement in the level of the deficit balance of the investment revenue. In effect, the balance in the Trade Balance dwindled by 70.95% to 207.63 billion in 2010, as a result of the growth in imports which surpassed that of exports, with both increasing by 22.10% and 15.04% respectively.

With regards to the capital and financial operations account, the 12.30% decline in its surplus when compared to the previous year was associated with the 56.69% steep decline in foreign direct investment inflows as a result of the decrease in net public drawings, partly compensated by private capital inflows. The capital account operations declined by 20.25% to 157.94 billion CFA Francs in 2010. On the whole, the balance in the net capital inflows of 487.61 billion CFA F was enough to cover the current deficit of 459.60 billion CFA F.

Table 3.24: Some Balance of Payments Indicators for Mali (in %)			
	2008	2009	2010*
	(in billions of CFA F)		
Trade balance	**-284.70**	**-121.40**	**-207.63**
Exports fab	939.1	841.29	967.87
Imports fab	-1223.80	-962.74	1175.5
Services (net)	-255.2	-212.36	-285.70
Transfers (net)	203.7	194.63	203.14
Investment revenue (nt)	-140	-170.68	-169.40
Current transactions balance	-476.2	-309.86	-459.60
Financial operations capital account	423	556.00	487.61
including capital transfers	158.5	198.05	157.94
Direct investment into the economy	80.5	201.41	87.22
Errors and omissions (net)	19.9	0	0
Overall balance	**-33.3**	**246.15**	**28.02**
	(In percentage)		
Variation in exports		-10.41	15.04
Variation in imports fab		-21.33	22.10
Variation in services (net)		-16.79	34.54
Variation in transfers		-4.45	4.37
Variarion in investment revenue (net)		21.92	-0.75
Variation in capital and financial operations account		31.44	-12.30
Variation compte de capital		24.95	-20.25
Variation compte financières		150.20	-56.69
	(En pourcentage du PIB)		
Solde des transactions courantes	-12.17	-7.32	-10.08
Solde compte de capital et opérations financières	10.81	13.14	10.70
Solde Global	-0.85	5.82	0.61
Postes pour mémoire:			
Taux de change			
PIB	**3912.82**	**4232.10**	**4558.45**

Sources: BCEAO/WAMA

3.1.5.2. Macroeconomic Convergence Status

During the review period, the macroeconomic fundamentals of Mali evolved positively with an overall impressive performance in respect of convergence. In effect, the country met seven (7) against eight (8) in 2009.

Table 3.25: Convergence Status in 2010

	Target	2005	2006	2007	2008	2009	2010*	2011
Primary Criteria								
I) Budget deficit/GDP	≤4%	7.3	7.6	7.0	7.1	6.9	8.1	8.0
II) Inflaton Rate	≤5%	3.4	3.6	2.2	7.8	1.5	1.8	3.2
III) Budget deficit financing	≤10% RF n-1	0,0	0,0	0,0	0,0	0.0	0,0	0,0
IV) Gross external reserves	≥6 mois imports	5,7	5,6	6,0	5,7	6,6	6,3	6,0
		8.7	6.1	5.3	4.1	6.0	5.6	
Secondary Criteria								
I) Domestic arrears								
II) Tax revenue/GDP		0.0	0.0	0.0	0.0	0.0	0.0	0.0
III) Salary Mass/Tax revenue	≥20%	15.4	14.9	14.2	13.3	14.7	15.0	14.9
IV) P. Invest/Tax Revenue	≤35% RF	31.0	30.9	33.4	35.8	34.2	33.9	28.6
V) Real Invest Rate	≥20% RF	21.8	23.4	33.1	23.5	24.4	18.3	25.7
VI) Real Exchange Rate Stability	>0	0.1	-0.1	1.3	-4.3	2.0	1.4	0.0
	+ - 5%	3.1	-1.3	0.5	8.0	1.8	2,5	2.1
Nombre de critères respectés		**7**	**6**	**8**	**3**	**8**	**7**	**8**

Sources : BCEAO/WAMA

In respect of the primary criteria, those relating to inflation, deficit financing and reserves were met. The State's financial operations was characterised by deterioration in budget deficit excluding grants which was 8.1 in 2010 against 6.9 in 2009.

With regards to the secondary criteria, the country met five (5) targets. The pursuit of huge infrastructural projects and a more effective control of the wage bill expansion led to the achievement of the criteria on the investment/domestic revenue ratio and the salary mass. During the review period, the decline in inflationary pressures contributed to the maintenance of a positive real interest rate and achievement of the criterion on real exchange rate stability.

3.1.5.3. Prospects

Mali's macroeconomic projections for 2011 focus on a real GDP growth rate of 6%. On the public finance platform, budget deficit excluding grants is expected to be virtually stable at 8.0% of GDP. Considering the monetary situation, M2 is expected to expand to a level compatible with the economy's demand for money. As for operations with the rest of the world, the surplus in the overall balance of Payments is expected to stand at 0.3% of GDP. Regarding performance in respect of the Community convergence, the country is expected to meet eight (8) criteria including three (3) from the primary and five (5) from the secondary criteria.

3.1.5.4. Conclusion and Recommendations

In 2010, the Malian economy presented stable macroeconomic fundamentals when compared to the previous year. Thus, Mali recorded an economic growth rate of 4.5% of GDP, the same level recorded in 2009. This performance was as a result of the heavy rainfall and investment policy in the areas of infrastructure and agriculture. Because of the low level of revenue mobilization and the sharp rise in expenditure, the budget balance worsened by 9.60% of GDP. In terms of operations with the rest of the world, the overall balance of payments presented a surplus of 28.02 billion CFA Francs. These investment and agricultural support policy measures contributed to the impressive performance recorded in respect of the Community convergence.

In order to enhance the economic situation and macroeconomic convergence status, the Authorities are hereby enjoined to observe the following recommendations:

- ► Pursue efforts at modernizing the tax and anti-tax fraud structures in order to improve the performances of the revenue departments;
- ► Pursue the wage bill control measures in order to comply with the criterion on the salary mass/tax revenue ratio;
- ► Enhance the competitiveness of cotton lint through the ongoing indispensable reforms embarked on for the development of the commodity;
- ► Enhance gold output by laying special emphasis on research and development of new sites together with the existing ones.

3.1.6. NIGER

In 2010, the major macroeconomic targets set by the transitional Government were as follows:

- ► Achieve a real GDP growth rate of 4.5%;
- ► Ensure a better supply of common consumer products to markets and contain inflation at 5.0% maximum;
- ► Pursue efforts to widen the tax base, enhance tax revenue collection and control current expenditure in order to improve the main budgetary balances;
- ► Speed up the production diversification policy in order to help in strengthening the economic growth base and improve the current external balance.

In 2010, Niger recorded a 7.5% real GDP growth rate compared to -0.9% in 2009, in line with good agricultural production prospects and a gradual resumption of external financing. Economic activity occurred within a context of a slowdown in the general increases in consumer prices. The rate of inflation at the end of the period was 2.3% in 2010 compared to -1.3% in 2009.

With regards to public finances, there was a drop in the budget deficit, and this was linked primarily to a higher rise in revenue rather than in expenditure. The overall balance excluding grants was -9.1% of GDP compared to -10.9% in 2009.

Concerning external accounts, the overall balance recorded a surplus of 1.1% of GDP compared to a deficit of -3.7% in 2009.

The monetary situation was characterized by an increase in net external assets and domestic credit. There was therefore a 21.3% expansion in money supply of 576.0 billion as at end of December 2010, compared to 473.1 billion in 2009.

Regarding convergence, the country, like in the previous year, complied with eight (8) criteria.

3.1.6.1. Sector Analysis

3.1.6.1.1. Real sector

a. Production

In 2010, GDP growth rate was 7.5% compared to -0.9% in 2009. This recovery is due particularly to the buoyancy of the primary sector and the manufacturing sector, to a lesser extent.

Table 3.26 Developments in GDP and its components

	2008*	2009*	2010*	2011*
GDP at current prices	2.419.7	2.511.8	2.748.2	2.906.3
GDP at constant prices (n/n-1)	2.254.2	2.397.9	2.700.1	2.836.2
GDP at constant prices (base 1987)	2.155.4	2.135.9	2.295.4	2.368.2
Real GDP growth rate	9.6%	-0.9%	7.5%	3.2%
COMPOSITION OF GDP (in %)				
Primary sector	16.2	-8.4	12.1	2.0
Manufacturing sector	3.6	5.5	7.5	6.8
Service industries and non-financial services	4.7	5.5	3.2	3.5
Importance compared to GDP				
Primary sector	46.1	42.6	44.5	44.0
Manufacturing sector	10.1	10.8	10.8	11.2
Service industries and non-financial services	43.7	46.6	44.7	44.9
ALLOCATION OF GDP (in %)				
Public consumption	12.8	14.5	-0.5	-42.3
Private consumption	11.2	15.9	5.9	10.5
Gross fixed capital formation	59.5	10.7	33.7	4.2
Stock movements	346.0	-125.7	-408.4	nd
Export of goods and services	27.5	10.9	1.0	11.1
Importation of goods and services	40.1	36.7	16.1	-2.6
Credit worthiness or borrowing requirements	-16.9	-25.7	-31.7	nd
PRICES				
Movement of GDP deflator	7.0%	4.4%	3.6%	1.6%

Sources : BCEAO/WAMA

In the primary sector, economic activity grew at an estimated rate of 12.1% compared to a decline of 8.4% in 2009. This trend was primarily due to the good performance in agricultural production which went up by 17.4%, due to favourable weather conditions. On the other hand, livestock production, which was seriously affected by unavailability of fodder and the 2009 food crisis, fell by 2.5%, while the other branches like logging and fisheries recorded 2.9% and 2.4% increases respectively.

The manufacturing sector, which constitutes a weak link in the Niger economy, accounted for 7.5% compared to 5.5% in 2009, as a result of growth in extractive activities and energy production. Extractive activities shot up by 14.0% in line particularly with an expansion in the production of the mining company SOMAIR. Energy production continued to improve, with an 8.7% growth rate. Activity in the construction subsector slowed down, and this was due to the fall in public investment expenditure. Construction activity went up by 2.0% compared to 6.3% in 2009.

The services sector, which accounted for 44.7% of GDP at factor cost, grew by 3.2% compared to 5.5% in 2009. This slowdown was explained by the overall fall in domestic demand which resulted in a slowdown of activities in the trade, transport and telecommunications subsectors. These subsectors grew by 2.1%, 3.3% and 4.6% respectively.

In 2010, the contribution of the primary, secondary and services sectors to GDP growth was 5.3 points, 0.8 point and 0.14 point respectively.

With regard to demand, economic growth was primarily due to the hike in investments, which increased by 45.9% in 2010 compared to -1.7% in 2009. This upward trend was due to the Gross Fixed Capital Formation (GFCF) of the private sector which grew by 33.4% because of investments in the mining sector. The GFCF of the public sector rather slumped by 2.1%, as external financing was frozen following the political crisis in the second half of 2009.

Final consumption fell by 0.3%, in keeping with the 2009 agricultural deficit and the food crisis that followed. Private consumption fell by 0.2% and that of government went down by 0.9% as a result of dwindling public expenditure.

b. Prices and Inflation

With regard to trends in consumer prices, the rate of inflation, measured by the variation of the harmonized consumer prix index, stood at 0.9% in 2010 compared to 4.3% in 2009. This trend was justified particularly by the efficient manner in which the vulnerable people’s support plan was implemented during the food crisis and the effects of the 2010/2011 good agricultural season. The underlying inflation rate was -0.5% compared to 3.6 in 2009. End of period inflation stood at 2.3% in 2010 compared to -1.3% in 2009.

3.1.6.1.2. Public finance

As regards public finances, the execution of the financial operations of the State showed a reduction in budget deficits. The overall deficit stood at 2.8% of GDP, compared to 5.7% in 2009 and the overall deficit excluding grants stood at 9.1% of GDP, against -10.9% in 2009.

This situation was attributed to the increased mobilization of budget revenues, which rose by 8.3% to 14.5% of GDP owing to effective tax collection. Tax revenues went up by 8% under the combined effect of widening the tax base and improved tax administration efficiency.

Non tax revenue also grew marginally in the same period, from 0.7% of GDP in 2009 to 0.8% in 2010.

Moreover, grant shot up to 171.5 billion compared to 126.9 billion in 2009. This situation was attributed to the upturn in budget supports.

Total expenditures grew by 1.4%, thus accounting for 23.6% of GDP. This hike is attributable to current expenditures which went up by 22.7%, in line with the strengthening of transfer and subsidy expenditures and an increase in the wage bill by 14.5%. During the same period, capital expenditure fell by 17.6%, following the suspension of external financing. However, the capital expenditure component financed with internally generated resources was strengthened in order to maintain the dynamics of proving support to priority sectors.

Concerning the financing of the budget deficit, the government of Niger resorted to net external resources to the tune of F CFA 66.4 billion. Net domestic financing was estimated at F CFA 30.6 billion in 2010. Bank financing dropped by F CFA 81.8 billion, due to greater public securities’ repayments (treasury bonds, debenture loans) than public borrowing.

Table 3.27: Trends in some budget items

	2009	2010	2011	2009	2010	2011
	In percentage of GDP			Change in percentage GDP		
Budget revenue	14.7	14.5	16.2	-30.8	8.3	19.7
Tax revenues	13.8	19.0	8.5	19.7	4.3	20.5
Grants	5.1	6.3	6.5	-25.0	35.1	9.7
Total expenditure	25.5	23.6	23.4	10.5	1.4	6.0
Current expenditure	12.1	13.5	12.6	3.4	22.7	0.1
Emoluments and salaries	3.8	3.9	3.9	11.7	14.5	5.2
Capital expenditure	13.5	10.1	10.8	17.8	-17.6	14.2
Funded with domestic resources	6.1	3.0	3.6	40.6	-45.7	26.8
Funded with external resources	7.4	7.1	7.2	3.8	5.6	8.8
Overall balance (commitment basis)	-10.9	-9.1	-7.2	106.0	-7.9	-15.7
Overall balance (equity base (including	-5.8	-2.8	-0.7	-473.1	-46.1	-72.3
domestic financing	4.5	1.1	-1.1	-342.6	72.5	-204.9
external financing	1.8	2.4	2.4	67.7	50.6	3.0

Sources : BCEAO/WAMA

3.1.6.1.3. External sector

In 2010, external trade ended up with a balance of payments surplus of 30.0 billion, after recording a deficit of 91.2 billion in 2009, in line with the rise in the capital account and financial operations surplus (38.3%) and this, notwithstanding the increase in the current account deficit.

Trade balance has been deteriorating since 2009, from a decline of 48.9% in 2009 to 32.1% in 2010. This counter-performance was mainly linked to the significant rise in imports which varied by 20.9% in 2010 compared to 15.5% in 2009.

The current account deficit stood at 663.1 billion in 2010; representing 24.4% of GDP. This trend in the current account was attributed to the increase in imports, and in the food as well petroleum bills. The current deficit, excluding grants, stood at 26.6% of GDP in 2010 against 23.8% in 2009.

The current account deficit was financed entirely through the capital account and financial operations surplus which improved by 191.8 billion to settle at 693.1 billion. This trend was in line with the contribution of foreign direct investors as part of mining and oil projects financing.

The capital account and financial operations balance was 693.1 billion in 2010. This saw an increase of 38.3% over that of 2009. This trend was primarily due to the hike in the balance of financial operations (185.9 billion). Improvement in the financial operations account balance reflected particularly improvement in direct investment flows (+149.7 billion), public drawings (+24.4 billion) and portfolio investments (+6.9 billion). Variation in receipts for the private sector was cushioned by the inherent expenditure financing during the operational phase of the large mining and oil projects as well as further investments in telecommunications. Public operations covered external drawings, particularly loans and subscriptions by the banks of the other UEMOA countries to Treasury bond issues.

Table 3.28 : External sector						
	2009	2010	2011	2009	2010	2011
1 – Trade balance	48.9	32.1	-23.4	-11.8	-14.2	-10.2
Export FOB including :	-0.5	12.9	11.9	16.4	16.9	17.7
Import FOB (1)	15.5	20.9	-4.2	-28.1	-31.0	-27.8
2-Balance of services	64.8	37.7	-0.7	-14.0	-17.6	-16.3
3-Balance of revenue	50.1	16.1	23.2	-0.5	-0.5	-0.6
4-Balance of current transfers	-34.7	219.0	-40.6	2.7	7.9	4.4
Private	-1.0	7.6	0.2	2.0	1.9	1.8
Public	-65.9	786.4	-53.8	0.7	6.0	2.6
a-BALANCE OF TRANSACTIONS	87.3	13.5	-0.4	-23.5	-24.4	-22.7
b-CAPITAL ACCOUNT AND	87.3	13.5	-0.4	-23.5	-24.4	-22.7
5-Transfer of capital	-4.4	5.4	12.9	4.4	4.3	4.50
7-Financial operations	157.7	47.5	-7.4	15.8	21.2	18.4
Direct investments	144.2	43.3	-5.7	13.9	18.2	16.1
Portfolio investments	-153.1	236.9	-115.6	0.1	0.4	-0.1
Other investments	171.4	68.5	-4.8	1.7	2.7	2.4
d – OVERALL BALANCE (a+b+c)	-225.4	-132.9	-83.3	-3.7	1.1	0.2

Source :BCEAO/WAMA

3.1.6.1.4. Monetary sector

In 2010, trends in the monetary situation revealed the gradual resumption of mobilization of external financial support, level of repatriation of mineral exports revenue and imports settlements.

These were also marked by the involvement of the banks in the regional financial market operations and fresh assistance for the economic sectors, within a context of political transition.

In December 2010, developments in the monetary situation showed a rise of 51.1% in net external assets, a 12.8% in domestic credit and 21.7% in money supply compared to the previous year.

Net external assets of the monetary institutions accounted for 292.9 billion at the end of December 2010, compared to 193.8 billion in 2009, reflecting an upward trend of 68.4 billion in the net external assets of the Central Bank and 30.7 billion of those of the other banks.

Outstanding external credit stood at 3551.1 billion, an increase of 12.89% compared to 2009. This development was due to the worsening net credit position of the government by 4 billion compared to 0.4 billion at the end of December and an increase in the outstanding credits to the economy in the sum of 36.2 billion, following the upward trend in ordinary credits.

Following trends in its counterparts, money supply expanded by 102.9 billion or 21.7% in relative value, rising from 473.1 billion as at 31 December 2009 to 576.0 billion at the end of December 2010.

Currency in Circulation (notes and coins) saw a net expansion at the beginning of the fourth quarter of 2010, with the commencement of marketing of produce of the good 2010/2011 harvest season. Indeed, over the first nine months of 2010, currency in circulation was dependent on the deceleration of economic activities resulting from the low income of the people, particularly of rural populations who were hard hit by the food and fodder crisis. The consolidation of bank deposits reflects receipts of export revenue from mining products and funds by the new mining and oil companies as well as the antagonistic games of deposits and withdrawals from the assets of industrial, commercial, telecommunications, building and construction as well as transport companies.

Table: 3.29 Trends in the monetary situation (in %)

	2007	2008	2009	2010	2009	2010
	Changes in money supply and its compensations				Contribution to the growth of M2	
COMMITMENTS						
Money supply (M2)	23.2	12.1	18.5	21.8		
Money supply (M1)	17.8	8.3	22.1	26.6		
Quasi-money	43.8	23.9	8.6	6.9		
Other (net) items	-39.6	204.5	-4.8	113.5		
ASSETS	-6.4	4.1	110.6	12.8	41.0	8.4
Government's net credits	531.6	130.1	-100.3	900.0	28.9	0.8
Central Bank	-5216.7	213.0	-119.8	88.9	28.8	3.6
Currency generating banks	125.9	-2.6	-0.5	71.5	0.0	-2.8
Private sector credit	20.2	36.8	18.4	11.6	12.1	7.7
Net external assets					-22.8	20.9
Banking system	44.8	26.6	-32.0	51.1	-18.3	14.5
Central Bank	45.2	26.9	-24.6	30.5	-4.5	6.5
Currency generating Banks	55.2	36.7	147.2	-101.0	-22.8	20.9

Sources: BCEAO/WAMA

3.1.6.1.5. Macroeconomic convergence situation

In 2010, Niger complied with eight (8) as in 2009.

a. Primary criteria

Niger complied with all primary criteria, except that of budget deficit. Indeed, the budget deficit excluding grants stood at 9.0% compared to 10.7% in 2009, i.e. an improvement of 1.7 percentage points.

End of period inflation rate was 2.3% in 2010 compared to -1.3% in December 2009. This was less than the community standard of 5%.

Similarly, the country met the criteria in respect of reserves and central bank financing of the budget deficit.

b. Secondary Criteria

Indicators relating to wage bill, internally funded investments, real interest rates and real exchange rate stability were achieved in 2010. The ratio of wage bill to the tax revenue stood at 28.9% at the end of September 2010, i.e. below the community ceiling of 35%.

The ratio of public investments expenditure to domestic resources compared to fiscal revenue was 22.2% in 2010, i.e. over and above the community minimum floor of 20%.

Again, the criterion on real interest rate (1.2) and that of real exchange rate stability were met in 2010. Similarly the country did not accumulate domestic arrears in 2010. On the contrary, the criterion regarding tax revenue performance was not complied with. Indeed, the tax pressure rate was estimated at 13.5% in 2010, i.e. below the community standard of 20%.

NIGER: MACROECONOMIC CONVERGENCE STATUS

	norme	2005	2006	2007	2008	2009	2010*	2011
Priamry Criteria								
I) Budget deficit/GDP	≤4%	9,6	6,8	9,3	6,4	10,7	9,0	7,2
II) Inflation Rate	≤5%	4,2	0,3	4,7	10,2	-1,3	2,6	3,3
III) Budget deficit financing	≤10% RF n-1	0,0	0,0	0,0	0,0	0.0	0,0	0,0
IV) Gross External Reserves	≥6 Mths of Ms	5,7	5,6	6,0	5,7	6,6	6,3	6,0
		4,4	4,4	5,7	5,2	4,3	4,2	
Secondary Criteria								
I) Arriérés intérieurs								
II) Recettes fiscales/PIB	≥20%	10,3	10,7	11,3	11,6	13,7	13,5	15,4
II) Masse Salariale/Recettes Fiscales	≤35% RF	34,7	33,3	31,0	29,8	27,3	25,9	25,2
IV) Investissements internes/Recettes fiscales	≥20% RF	28,1	25,3	31,6	38,3	44,1	22,2	23,2
IV) Investissements internes/Recettes fiscales	≥20% RF	28,1	25,3	31,6	38,3	44,1	22,2	23,2
VI) Stabilité du taux de change réel								
	+ - 5%	4,4	-3,1	0,9	9,5	1,4	2,5	2,3
Nombre de critères respectés		**5**	**7**	**7**	**4**	**8**	**8**	**8**

Source: BCEAO, UEMOA, FMI et AMAO ***Estimations** Prévisions**

3.1.6.1.6. Economic prospects for 2011

Economic dynamics should be maintained in 2011. A growth rate of 3.2% is expected compared to 7.5 in 2010, primarily driven by the performance of the primary sector, particularly agriculture and livestock production.

Inflation rate will be 2.0% in 2011. This inflation control will be due to a regular supply of the markets in common consumer products. The government will also see to the regular build-up of food security stocks through the establishment of cereal banks and implementation of recommendations made as part of the common monetary policy.

With regard to public finances, an improvement in the basic budgetary balance is expected through the application of measures to enhance fiscal revenue collection and to control increases in current expenditures. The budget deficit excluding grants in relation to GDP will be 7.2% in 2011 compared to 9.1% in 2009. The increase in tax revenue will still be inadequate for compliance with the community standard regarding the rate of tax pressure.

The structure of Niger's external trade will still be dominated, with regard to exports, by uranium, oil, gold and agro-pastoral products. Exports will stand at F CFA 513.3 billion as against F CFA 458.6 billion in 2009.

Imports will reduce by 4.2%, in keeping with the downward trend in the food crisis that hit all vulnerable countries in 2009.

The current account deficit of the balance of payments excluding grants in relation to the GDP will reduce gradually from 24.4% in 2010 to 22.7% in 2011.

3.1.6.1.7. Conclusion and Recommendations

Developments in the economy of Niger showed good management of economic activity in 2010, in line with good results of the 2010/2011 agriculture season and the good performance of private financing. Thus, the rate of economic growth was 7.5% in 2010 after the drop recorded in 2009 (-0.9%).

End of period inflation rose by 2.3%, falling below the maximum community standard of 5%.

In 2010, the financial operations of the State showed an improvement in the overall balance excluding grants and the overall balance, including grants.

To strengthen the attainment of these criteria, the following actions are envisaged:

- Consolidate socio-political stability;
- Widen the tax base and enhance tax revenue collection;
- Pursue measures to control current expenditures, particularly expenditure on equipment, supplies, transfers and exemptions;
- Ensure a better management of the effects of mining;
- Ensure strict monitoring of the management of domestic and external public debts;
- Develop and organize export products sub-sectors, particularly onions, cowpea, chufa, arabic gum and livestock products in order to reinforce the basis of economic growth.

3.1.7. SENEGAL

The objectives of the macroeconomic policy of Senegal over the medium and long term were based on price stability, sustained growth and poverty alleviation. Measures taken to achieve the objectives indicated were: prudent budget policy, implementation of various actions to expand food production, improvement of supply networks of consumer products, control of public finances and implementation of programmes aimed at improving the business environment in order to promote private investment.

In 2010, the country recorded a growth rate of 4.0%, reflecting the good performance of the tertiary sector (4.0%). On the other hand, this upturn was offset by sluggishness in the secondary sector (+4.4%) against a ratio of 4.8% attributable partly to increasing difficulties in electricity supply during the second half of the year.

Concerning inflation, the country recorded 1.2% rise in 2010 in the harmonized consumer price index (HCPI)) due mainly to the upward trend in prices of some foodstuffs and non alcoholic beverages (+4%), “accommodation, water, electricity, gas and other fuels” (+2.1%) and “transport” (+2.9%). However, inflation at the end of the period was 3.9% against a ratio of -4.5% in 2009.

Budget management in 2010 was marked by good performance of budget revenues and control of public spending. Indeed, budget revenues expanded by 11% whereas total expenditures and net loans recorded 7.1% growth in 2010. Tax pressure was evaluated at 19.1% in 2010 against 18% in 2009 or below the community standard of 20%. Public deficit (commitment basis) excluding grants reduced slightly, thus representing 7.1% of GDP against a ratio of 7.9% of GDP in 2009.

Concerning external trade, current account deficit excluding grants, as a percentage of GDP, improved to settle at 6.1% in 2010 against 7.1% in 2009. On the whole, overall balance of payment recorded a surplus of 129.4 billion or improvement of 33 billion compared to 2009.

Regarding the monetary situation, net external assets increased by 71.7 % in 2010, representing an expansion of 16.7% in domestic credit and 12.6% growth in money supply.

With regards to convergence, Senegal met seven (7) criteria in 2010 against eight (8) in the previous year.

3.1.7.1. Sector Analysis

3.1.7.1.1. Real sector

a. Production

After the period 2007 – 2009 which was marked by several shocks (energy, food and financial crises) and a downturn in economic growth (+3.2% average over the period), the Senegalese economy started recovering in 2010. On the whole, recent estimates show a real GDP growth rate of 4.0%, reflecting good performance of the tertiary sector.

In the primary sector, economic activity grew at a rate of 3.6% against 10% in 2009 mainly due to the buoyancy in the agriculture and fisheries sub sectors. The agriculture sub sector recorded 4.1% growth following 36.8% and 15.4% growth in 2008 and 2009 respectively. This performance was as a result of the implementation of the Grand Agricultural Offensive for Food and Abundance (GOANA) for three consecutive years, coupled with a good rainy season. In addition, rainfall in 2010 was generally well distributed in time and space with an average increase 13% in volume.

Industrial agriculture expanded by 5.4 % as against 19.4% in 2009. This was mainly achieved through cotton production which reached a level of 27 851 tons against 22 090 tons or an increase of 26.1% in annual variation. Besides, groundnut production was good with a level estimated at 1 063 652 tons against 1 032 651 tons or 3% growth over the previous year.

With regard to food crop production, after 39.6% and 13.7% growth in 2008 and 2009 respectively, the activity expanded by 3.5% through cereal (+19%) and horticultural (+10.2) productions. However, this growth was neutralized by the decline in the production of tubers, in particular, cassava with 18% drop from 265 533 tons in 2009 to 217 414 tons in 2010.

In the fisheries sub sector, activity expanded by 10.4% in 2010 as against 2.4% the previous year. This rebound in activity was a reflection of the dynamism of the small-scale fishing sector with landings registering 12.2% increase compared with 2009. On the other hand, industrial fishing experienced a decline of 2.2%, reflecting the persistence of difficulties in the sector.

The livestock sub sector, grew by 3.7% as against 4.1% in 2009. This increase was attributed to milk production (+5%), poultry farming (+4%), beef production (+2.7%), good implementation of the artificial insemination programme, control of the animal-health situation and preservation of the ban on importation of meat since 2006 due to the outbreak of influenza.

The secondary sector registered a downturn with a 4.4% growth against 4.8% in 2009. This situation was accounted for partly by the gloomy business environment due to difficulties in electrical power supply.

The sluggishness of the secondary sector was reflected in poor performances of cereal food processing subsectors (-8.1% in 2010 against +0.3% in 2009), cotton ginning and textile manufacturing, oil refinery activity (-13% in 2010 against 16.2% in 2009), manufacturing of tobacco based products (-25.2% against +17.5% in 2009) and that of leather (-53.1% against a reduction of 4.8% in 2009) as well as meat and fish processing and preservation (-8.7% in 2010 as against an increase of 16.4% in 2009).

The downturn in the secondary sector was however mitigated by the good performance recorded by the extractive sub sectors, manufacturing of chemical products, building and civil engineering works, building materials, metal work, wood work, production of sugar, beverages and fats.

Contrary to the secondary sector, the tertiary sector recorded a good performance in 2010 after its decline in 2009, as a result of the sluggishness of activities in the transport and telecommunications sub sectors, housing and catering services and services delivered to companies. Indeed, in 2010, activity in the sector grew by 4.0% against a drop of 0.1% in 2009, in spite of the slack in commercial activities (+1.4% against 2.2% in 2009), due to a 1.5% reduction in imports in real terms.

The good performance of the sector was accompanied by expansion of employment in the modern sector by 5.5% on the average in 2010 compared with December 2009. This dynamism is mainly a reflection of the good performance of the post and telecommunications, transport, housing, catering and financial services.

n the post and telecommunications sub sector, activity bounced back and recorded an improvement of 9.8% against 2.3% thanks to mobile telephone services where the penetration rate went beyond the 50% mark and dynamism of the internet.

Transportation activities grew by 11.4% in 2010 after a drop of 6.4% in 2009, thanks to road and rail transportations with a turnover of 23% and 19% respectively in annual variation.

Housing and catering services benefitted from the organization of great events in Dakar, namely the inauguration of the African Renaissance Monument and the World Festival of Negro Arts (FESMAN) as well as the economic recovery of European countries, in particular, France, the major source of tourists. The activity in the sub sector recorded an estimated growth of 14.2% against a drop of 6.9% in 2009.

After a downturn in 2009 (+0.9%), of financial services, they grew by 13.4% thus reflecting the overall improvement in economic activity and that of financial intermediation in 2010.

Contributions of the primary, secondary and tertiary sectors to growth were 0.49 point, 0.9 point and 2.6 points respectively.

Final consumption in 2010 rose by 3.8% against 3.1% in 2009 reflecting 0.7% expansion owing to increase in private consumption following the recovery of economic activity. Indeed, after a drop of 0.8% in 2009, private consumption grew by 3.8% in 2010. As regards public consumption, it recorded a 3.1% growth against 5.7% the previous year. In all, final consumption represented 92.4% of GDP in 2010 as against 92.8% in 2009, reflecting a moderate increase in internal savings rate from 7.2% in 2009 to 7.6%.

Gross fixed capital formation (GFCF) recovered in 2010 with an estimated growth rate of 6.6% against a decrease of 11.4% in 2009 due to private GFCF. Indeed, the latter increased by 5% in 2010 against a decline of 12.7% in 2009, as a result of the settlement of part of public debt owed to the private sector and a more favourable internal and international environment. Concerning public GFCF, a growth of 6.2% was recorded in 2010 against 8.8% in 2009. Therefore, investment rate measured by GFCF stood at 23.9% of GDP in 2010 against 23.7% in 2009.

On the whole, domestic demand rose by 4.2% in 2010 against 0.7% in 2009 whilst external demand was marked by a 7% increase in exports in real terms and a decline of 1.5% of imports.

Table 3.31: Developments in GDP and its components				
	2008*	2009*	2010*	2011**
DETERMINATION OF GDP				
GDP at current prices	5 950.2	6 023.2	6 349.6	6 764.6
GDP at constant prices n/n-1)	5 583.7	6 080.8	6 263.9	6 629.1
GDP at constant prices (1999 basis)	4 555.8	4 655.8	4 841.9	5 054.7
Real GDP growth rate	3.2%	2.2%	4.0%	4.4%
COMPOSITION OF GDP (in %)				
Primary sector	18.6	10.0	3.6	3.9
Secondary sector	-1.7	4.8	4.4	5.7
Tertiary sector and non financial services	2.2	-0.1	4.0	4.1
Demand				
Public consumption	5.2	5.7	3.1	5.4
Gross fixed capital formation	11.9	-0.8	3.8	4.8
Gross fixed capital formation	13.9	-11.4	6.6	8.0
Stocks variation	97.9	-36.9	28.3	52.4
Export of goods and services	13.8	-7.3	7.4	11.2
Import of goods and services	21.5	-15.5	5.4	11.0
ALLOCATION OF GDP (in %)				
Consumption	93.8	92.8	91.3	89.9
Investment	32.7	27.2	28.2	30.3
Internal savings	6.2	7.2	8.7	10.1
Capacity and financing need	-26.5	-20	-19.5	-20.3
PRICES				
Variation of GDP downturn	6.60%	-0.90%	1.40%	2.00%

Source : BCEAO/WAMA

b. Prices and inflation

In 2010, the annual general level of prices increased by 1.2% on the average. This trend is a reflection of the escalation of prices of food products and non alcoholic beverages (+4%), "housing, water, electricity, gas and other fuels" (+2.1%), "transportation" (+2.9%), but mitigated by the fall in the prices of communication services (-7.9%), leisure and culture (-3.8% as well as prices of furniture and household appliances (-1.2%). However, during the last quarter of 2010, overall prices increased by 3.1% compared with the last quarter of 2009. This upturn was accounted for by the prices of gas, sugar, milk and oils. Concerning the GDP deflator, an increase of 1.3% was recorded in 2010. Inflation at the close of the period was 3.9% against -4.5% in 2009.

3.1.7.1.2. Public Finance

Budget management in 2010 was marked by good performance of budget revenues and control of public spending. Indeed, budget revenues grew by 11% whilst total expenditures and loans recorded an increase of 7.1% in 2010 compared with 2009. In total, public deficit (commitment basis) excluding grants reduced slightly from 475 billion (7.9% of GDP) in 2009 to 454 billion (7.1% of GDP) in 2010.

3.1.7.1.2.1. Budget revenue

In 2010, budget revenue mobilized was estimated at 1 245.7 billion against 1 121.9 billion in 2009, reflecting an increase of 123.8 billion (or +10.9%) accounted for by both tax and non tax revenues.

Tax revenue stood at 1 199.4 billion in 2010 against 1 084.6 billion the previous year or an increase of 11.6%. This performance reflected growth in direct and indirect taxes.

Direct taxes went up by 56.3 billion (+19.8%) in 2010 to settle at 341.4 billion as a result of the good performance in respect of income tax as well as corporate tax (CT). In effect, the amounts collected were 187 billion and 112.7 billion respectively in 2010 against 173.6 billion and 78 billion respectively in 2009. The improvement in income tax was attributed partly to increase in employment in the modern sector by 3.9% on the average in 2010 compared with December 2009. Regarding the performance of the IS, it was partly linked to the recovery of the secondary sector in 2009 with a 4.9% increase on one hand, and the telecommunications sub sector on the other, with the appearance of a third operator on the market in 2009.

Indirect taxes shot up by 9.9% as a result of the good performance recorded in respect of value added tax. Indeed, internal VAT excluding fuel stood at 216.4 billion against 195.8 billion the previous year. Internal VAT on fuel was estimates at 20.9 billion in 2010 against 14.1 billion the previous year. At the customs level, the entry VAT collected expanded by 21.9 billion (9.8%) in 2010 to settle at 244.7 billion, of which 196.4 billion were realized on products excluding fuel.

Concerning tax on consumption, the overall amount was 93.3 billion against 88.7 billion or an increase by 4.6 billion (+5.2%). This trend was mainly attributed to specific taxes on fuel to the tune of 76.1 billion in 2010 against 69.4 billion in 2009.

Tax on banking transactions went up by 2.1 billion to settle at 30.6 billion in 2010.

Customs duties amounted to 177.9 billion in 2010 against 163.8 the previous year or an increase of 14.1% billion (8.6%) collected from non petroleum products which grew by 10.2% to settle at 1 65.7 billion.

The amount recovered from registration fees and stamps duty in 2010 rose to 52.7 billion against 45.3 billion in 2009 representing an increase of 7.4 billion (+16.3%) due mainly to the expansion of registration fees by 6.8 billion.

Overall, the tax pressure was estimated at 19.1% in 2010 against 18% in 2009, reflecting an improvement in the efficiency of budget revenues collection and widening of the taxable net. However, it remained slightly below the community minimum of 20%.

Non tax revenue mobilized stood at 46. 3 billion in 2010 against 37.3 billion the previous year reflecting a 24.1% growth linked in particular to increases in property revenues and other non tax revenues, thanks to the initial effects of land reform. Dividends and financial products amounted to 19.8 billion in 2010, thus falling by 8.8 billion compared to 2009. Other non tax revenues to the tune of 8 billion were accounted for by communications royalties.

3.1.7.1.2.2. Public expenditure

Total expenditure and loans were estimated at 1 722.8 billion in 2010 against 1 608 billion in 2009 representing an expansion by 7.1% due to increases in capital expenditure, staff expenses as well settlement of interests on public debts.

Overall capital expenditure shot up to 738.2 billion in 2010 against 606.9 billion the previous year or increased by 131.3 billion (21.6%), fuelled by investment expenditure funded with both internal and external resources. Capital expenditure funded with internal resources rose to 436.5 billion in 2010 representing an increase of 67.2 billion (13.4%) compared to 2009. This situation is a reflection of the government's commitment to finance its own investment programmes. The bulk of these investments were directed towards priority sectors namely infrastructure, education, agriculture, livestock and waterworks which absorbed 53% of the total amount of internal investments.

Externally funded Investments were estimated at 301.7 billion in 2010, representing a growth of 64.1 billion or (27%) accounted for in particular by project loans.

Current expenditures, staff expenses (salaries and emoluments) stood at 392.5 billion, representing an increase of 28.2 billion (9.1%) compared to 2009. The bulk of these expenditures were payments of basic salaries (43.4%), bonuses and allowances (32.3%).

Interest payments on public debts rose to 57.9 billion, recording an increase of 12.6 billion (27.7%) which is attributed mainly to settlement of interests on external debt. The latter shot up to 34.8 billion in 2010 against 23.1 billion in 2009 representing an increase of 11.7 billion due largely to settlement of interests on "euro-bond" loans amounting to 9 billion contracted in 2009.

3.1.7.1.2.3. Financing

Budget deficits in 2010 were internally funded to the tune of 122 billion and 167.8 billion were obtained from external sources. Net internal financing shot up by 53.2 billion compared to the previous year, due essentially to bank financing. Indeed, the latter which was 192.2 billion consisted mainly of public securities. As regards net non bank financing, it led to the withdrawal of state funds to the tune of 70.2 billion.

External funding stood at 167.8 billion against 225.5 billion in 2009. It consisted of drawings on project loans amounting to 161.4 billion in 2010 and treasury drawings of 29.7 billion mobilized from the World Bank and ADB.

Table 3.32. : Trends in some budget items

	2009	2010	2011	2009	2010	2011
	In percentage of GDP			Variation in percentage of GDP		
Budget revenue	18.8	19.7	19.9	-1.9	10.9	7.3
Tax revenues	18.0	19.1	19.2	-0.3	11.6	7.4
Grants	3.0	2.4	2.3	30.2	-17.6	3.3
Total Expenditure	26.6	26.8	27.9	1.8	6.1	10.9
Current Expenditure	16.5	15.9	16.1	1.8	1.6	7.3
Salaries and emoluments	6.0	6.3	6.1	4.7	9.1	4.8
Capital Expenditures	10.1	10.8	11.8	1.9	13.4	16.3
On internal resources	6.1	6.7	7.7	17.4	14.9	22.2
On external resources	3.9	4.1	4.2	-15.5	11.0	6.8
Overall balance (commitment basis, excl. grants	-7.9	-7.1	-8.1	11.4	-4.4	20.9
Overall balance (commitment basis incl. grants	-4.9	-4.8	-5.8	7.2	3.8	29.6
Internally funded	2.6	2.3	1.8	272.0	-7.6	-16.6
Externally funded	3.7	2.7	4.1	0.5	-23.2	61.0

Source : BCEAO/WAMA

3.1.7.1.3. External sector

In 2010, external trade recorded an expansion of 28.7 billion with respect to current account and 6.1 billion for capital and financial operations account.

Expressed in percentage of GDP, the current account deficit excluding grants stood at 6.1% in 2010. On the whole, overall balance of the balance of payments recorded a surplus of 129.4 billion, representing an increase of 33 billion compared with 2009, due to improvements in the current account.

The current transactions account deficit stood at 374.3 billion (8.4% of GDP) in 2010, or an improvement by 7.1% between the last two years. This improvement was mainly attributed to the increase in the balance of goods by 16.3 billion and current transfers by 8 billion. The net revenues and services, to a lesser extent, contributed to the improvement of the current balance.

The balance of the balance of goods recorded a deficit of 941.5 billion in 2010 against 957.7 in 2009 reflecting an improvement by 3.2% and a more rapid growth in exports (9.9%) than imports (6.1%).

The deficit of the balance of services reduced from 60.8 billion in 2009 to 56.7 billion in 2010 indicating an improvement by 4.1 billion (6.8%), linked essentially to tourism revenues.

Net revenues deficits declined from 80.1 billion in 2009 to 79.8 billion in 2010 or an improvement by 0.3 billion, reflecting the near stability of revenues derived from work and investments.

Current transfers continued to absorb the impact of the trade balance on the balance of current transactions. In 2010, the surplus of current transfers stood at 715.4 billion (11.7% of GDP) against 695.6 billion in 2009 (12% of GDP) reflecting an improvement of 19.7 billion, linked to the expansion of migrants’ remittances (+2%), additional source of household incomes.

The capital and financial operations account recorded a surplus balance estimated at 503.7 billion against 496.8 billion in 2009 or a 1.4% growth accounted for exclusively by the capital account, with an expansion of 7.2 billion whilst the operations account recorded 0.3% decline.

The capital account shot up from 114.1 billion in 2009 to 152.13 billion in 2010, indicating a 5% growth linked to public capital transfers, in particular capital grants whilst private capital remained stable compared with 2009.

The financial operations account recorded a surplus of 352.4 billion in 2010, reflecting a slight fall compared with the balance achieved in 2009. This downturn was accounted for mainly by the expansion of private capital by 94.6 billion whose effect was offset by the decline in public capital by 94.9 billion.

Table 3.33: External sector						
ITEMS	2009	2010	2011	2009	2010	2011
Trade balance	-23.8	3.2	10.3	-19.3	-18.9	-19.5
Import FOB including	-9.6	9.9	15.2	14.8	15.4	16.7
Import FOB (1)	-18.2	6.1	12.5	-34.1	-34.3	-36.2
Balance of services	-20.1	-3.0	22.4	-0.7	-0.7	-0.8
Balance of revenues	-9.0	22.2	45.6	-0.3	-0.4	-0.5
-Balance of current transfers	-4.8	3.7	4.9	11.9	11.7	11.6
Private	-6.1	5.7	5.2	11.3	11.3	11.1
Public	24.3	-29.0	-2.4	0.7	0.5	
-BALANCE OF CURRENT TRANSACTIONS	-40.2	2.7	20.7	-8.4	-8.2	-9.2
CAPITAL AND FINANCIAL OPS ACCOUNT	-20.0	-11.8	24.8	10.0	8.3	9.8
-Capital transfers	33.9	-13.3	6.2	2.4	2.0	2.0
-Financial operations	-29.1	-11.3	30.5	7.6	6.4	7.8
Direct investments	-17.1	16.1	18.7	1.7	1.8	2.1
Portfolio investments	-39.4	177.3	66.2	0.2	0.6	0.9
Other investments	-31.6	-26.4	31.0	5.7	4.0	4.9
- - OVERALL BALANCE (a+b+c)	-209.0	-87.4	199.2	1.6	0.2	0.5

Source : BCEAO/WAMA

3.1.7.1.4. Monetary sector

In 2010, trends in the money situation resulted in an increase in net foreign assets by 8.3%, reflecting 16.7% growth in internal credit and an expansion of money supply by 12.6%.

The net external position of monetary institutions was estimated at 930.4 billion CFA F in 2010 against 858.6 billion in 2009, representing a growth of 8.4% accounted for by commercial banks (+62.6 billion).

Outstanding internal credit rose from 1 606.8 billion at the close of 2009 to 1 875.4 billion in December 2010, representing an increase of 268.6 billion attributable to the expansion of 162.2 billion in credits to the economy and the deterioration in the net position of the State by 106.4 billion

Credits to the private sector increased from 1 492 billion in 2009 to 1 654.2 billion in 2010 representing a growth of 10.8%

Table 3.34: Trends in the monetary situation (in %)

	2008	2009	2010	2009	2010
	Trends in money supply and its counterparts			Contribution to the growth M2	
Money supply M2	1.8	11.4	12.6		
Money supply (M1)	-1.1	9.1	13.5		
Quasi money	6.9	15.1	11.2		
Other items (nets)	10.3	3.3	25.3		
ASSETS	10.9	9.5	16.7	6.9	12.0
Net credits to Government	-69.8	308.5	92.7	4.3	4.8
Central Bank	-125.4	-919.6	78.4	6.3	4.0
Money issuing banks	8.1	-95.9	1041.2	-2.0	0.8
Credit to private sector	82.2	-50.0	-37.0	-0.9	-0.3
Net external ASSETS					
Banking system	-10.4	12.6	8.4	4.8	3.2
Central Bank	1.4	11.1	1.3	3.6	0.4
Money issuing banks	-47.2	22.0	47.0	1.2	2.8

Source : BCEAO/WAMA

3.1.7.2. Macroeconomic convergence status

In 2010, the results obtained in respect of convergence criteria were satisfactory. The country met seven (7) criteria in 2010, one less than the previous year.

a. Primary criteria

In 2010, Senegal met all the primary criteria with the exception of the budget deficit. The budget deficit excluding grants stood at 7.1% against 7.9% in 2009, indicating a decline of 0.8 percentage point. Compliance with this criterion continues to create difficulties for the Senegalese authorities.

Inflation rate at the close of the period was 3.9% in 2009 against -1.0% in December 2010 which is below the community standard of 5%.

b. Secondary criteria

The criteria relating to internal arrears, wage bill, internally funded investments, real interest rate and stability of the real exchange rate were met in 2010.

The ratio of wage bill over tax revenues stood at 32.7% at the close of December 2010 and was below the community maximum of 35%

The ratio of public investment expenditures funded with internal resources over tax revenues was 36.4% in 2010 or far above the community maximum of 20%. In addition, the criterion on the stability of the real exchange rate was met in 2010 and that relating to non accumulation of arrears was met at the close of December 2010.

On the other hand, the criteria relating to tax pressure and interest rate were not met. The tax revenue performance criterion stood at 18.9% in 2010 and was below the community standard of 20%.

Table 3.35: SENEGAL CONVERGENCE STATUS								
	Target	2005	2006	2007	2008	2009	2010*	2011**
Primary Criteria:								
I) Budget deficit/GDP	≤4%	4,7	7,3	5,5	6,8	10,7	7,1	8,1
II) Inflation Rate	≤5%	1,4	4,0	6,1	5,0	-4,5	4,3	3,4
III) Budget deficit Financing	≤10% RF n-1	0,0	0,0	0,0	0,0	0.0	0,0	0,0
IV) Gross External Reserves	≥5 Mths Ms	5,7	5,6	6,0	5,7	6,6	6,3	6,0
		4,3	4,2	3,9	3,2	5,1	5,0	
Secondary Criteria								
I) Arriérés intérieurs								
II) Recettes fiscales/PIB		0.0	0.0	0.0	0.0	0.0	0.0	0.0
III) Masse Salariale/Recettes Fiscales	≥20%	18,6	19,0	19,5	18,3	18,0	18,9	19,2
III) Masse Salariale/Recettes Fiscales	≤35% RF	30,0	31,0	31,0	32,0	33,6	32,7	32,0
IV) Investissements interes/Recettes fiscales	≥20% RF	33,7	36,6	37,1	28,9	34,0	36,4	38,9
V) Taux intérêt réel	>0	2,1	-0,5	-2,6	1,5	8,0	-1,0	-0,2
VI) Stabilité du taux de change réel	+ - 5%	-2,7	0,7	4,3	3,6	-0,9	-0,0	0,8
Nombre de critères respectés		**7**	**6**	**6**	**6**	**8**	**7**	**7**

Source: BCEAO, UEMOA, Ministry of Finance and WAMA

3.1.7.3. Prospects for 2011

The economic recovery which started in 2010 would be reinforced by the pursuit of the worldwide economic recovery in 2011. The beginning of the implementation of the 3rd generation Social and Economic Policy Document and the execution of the projects under the Millennium Challenge Account would contribute to the consolidation of the rebound of internal economic activity and as well as facilitate the improvement of electricity supply through the implementation of the "Takkal" plan.

However, economic activity could be affected by a significant increase more than expected in prices of food and energy products on the international market during 2011 as a result of persistent socio-political tensions in OPEC countries as well as bad climatic conditions.

Overall real GDP growth rate for 2011 is projected at 4.4% against 4.2% in 2010 due the dynamism of the primary and tertiary sectors as well as the recovery of the secondary sector.

In the primary sector, the growth rate would rise to 5.3% in 2011 fuelled mainly by the agricultural sector.

The secondary sector would witness a gradual return to normalcy in electricity production. Thus, it would increase by 9.1% in 2011 as a result of important measures taken in the energy sector and the continued dynamism of extractive activities, manufacturing of chemical products, "building materials," "construction of transport equipment," and building and public works sub sectors. In addition, the sector would benefit from the recovery of activities in oil refinery, cotton ginning and textile manufacturing as well as manufacturing of tobacco based products to a lesser extent.

The tertiary sector would grow by 6.0% in 2011 against 4.4% in 2010. The activity in the sector would be fuelled mainly by all the sub sectors.

In 2011, inflation at the close of the period is projected at 1.2%

Budget management in 2011 would be marked by a good performance of budget revenue collection (13 44 billion in 2011 against 1 253 billion in 2010, representing a 7.3% growth). Total expenditures and net loans were projected at 1 893 billion in 2011 in accordance with authorizations in the initial financial law or an increase of 186 billion (10.8%) compared to the management in 2009. Total budget deficit excluding grants would cover 8.1% of GDP, representing an increase by 1 point of GDP compared to 2010.

Trade with the rest of the world would record a deficit of 625.3 billion of the current transactions account, largely compensated for by the surplus balance of 661.5 billion of the capital and financial operations account. Overall balance of payments would record a surplus of 36.2 billion in 2011 after the 12.1 billion recorded in 2010.

3.1.7.4. Conclusion and recommendations

The economic situation of Senegal in 2010 was encouraging with a growth rate of 4%. This was due to the good performance of the secondary and tertiary sectors though they were marked by some sluggishness.

The country did not meet the criteria relating to budget deficit and tax revenue/GDP. In order to make up for this, the country's authorities should pursue and accelerate the following reforms:

1. Rationalize budgetary expenditure through the establishment of a new General Tax Incentive Code which would cancel all exemptions deemed ineffective
2. Improve the performance of the financial authorities by focusing on strategic plans for the modernization of the tax and customs administrations.
3. Strengthening of the technical means of the tax authorities through the extension of the level of coverage of computerized operations relating to customs clearance, surveying, land and property taxes).

3.1.8. TOGO

Togo's economic targets for year 2010 focused on the achievement of a real GDP growth rate of almost 4.0%. This assumption was based on the projected performances of all the sectors, particularly the primary and secondary sectors. This development in economic activities was expected to be achieved against the backdrop of the country's relative stability, especially in association with the expected performances in terms of food production. With regards to public finance, the assumptions adopted focused on a moderate improvement in tax revenue within the context of a sizeable increase in expenditure. This was expected to further worsen the budget deficit to probably 6.0% of GDP. Concerning external trade, the overall balance was expected to be in equilibrium as it was hoped that the worsening current account would be compensated by an improvement in the surplus of the capital and financial operations account balance.

At the end of the year, the country achieved a real GDP growth rate of 3.4% as against 3.2% in 2009. His improved growth achieved in an environment marked by a moderate increase in prices was generated by the performances of all the sectors, particularly the primary and tertiary sectors. Public finance management was as expected and presented a further decline in the public deficit excluding grants of 6.0% of GDP. On the external front, in spite of the worsening current transactions deficit, the overall balance presented a surplus as a result of the capital inflows under the revenue mobilization scheme designed to finance the construction project of the Contour Global Company's electrical power station. With regards to the monetary aggregates, money supply expanded by 12.4% as a result of the increase in domestic credit and to a lesser extent, net foreign assets.

In respect of the macroeconomic convergence programme, these developments helped to maintain the country's level of performance, with seven (7) criteria against six (6) in 2009.

3.1.8.1. SECTORAL ANALYSIS

3.1.8.1.1. Real Sector

The Togolese economy recorded a real GDP growth rate of 3.4% in 2010 as against 3.2% in 2009. This improvement in growth was made possible by the contribution of all the sectors.

The value-added of the primary sector recorded a growth rate of 3.3% in 2010, after an improvement of 8.2% recorded in the previous year. The growth of the primary sector in 2010 was mainly generated by the performances of the livestock, forestry and fisheries branches as well as the improvement in cash crops. In effect, the value-added of the 'livestock' and 'forestry and fisheries' branches improved by 6.7% and 13.2% in 2010 respectively. Similarly, cash crops improved by 8.3 % as a result of the 15.0% improvement in cotton lint production. Food crop production improved by 1.1% though there was a drop of 8.7% in the production of paddy rice and the end of the rains lead to a 0.9% decline in maize production.

As a result of the improvement in electricity supply, the secondary sector in 2010 recorded a 3.0% improvement in its value-added, after a near stagnation in 2009. This performance was justified by the progress achieved in the 'Extractive industries, Manufacturing industries, Electricity, Water and Gas and Public Works and Housing (PWH)' branches which improved by 11.1%, 6.0%, 3.8% and 2.5% respectively. The great improvement in the growth of the extractive industries was attributable to the improvement in the production of phosphate, clinker and cement. The PWH sub-sector, on its part, continued to direct more public investments into social infrastructure particularly education and health.

After the difficulties experienced in 2009 following the decline in activities at the Lomé Autonomous Port because of the dwindling exports to neighbouring countries, the tertiary sector in 2010 recorded a growth rate in volume of 3.8%. This recovery was particularly triggered by the development of activities in the 'Trade, Banking, Insurance' and 'Transport, Warehouse and Communications' branches, which improved by 12.2%, 5.1% and 2.4% respectively. The improvement in the delivery of these services was associated with the recovery of economic activities and the growth in credits to the economy. The value-added of the non goods branches also improved as 'public services' soared by 7.8%.

On the whole, the share of the primary, secondary and tertiary sectors to growth stood at 1.3points, 0.6 point and 1.5 points respectively.

On the demand front, growth in 2010 was generated by end user consumption which increased by 65% mainly because of its private component which rose by 7.1%. In the same vein, public consumption increased by 2.3% in 2010 after decreasing by about 7.0% in 2009. Fixed capital gross formation expanded by 7.2% because its public component improved by 16.4%. As for external trade, the net export of goods and services improved by almost 18% even though its share to growth was still relatively low.

On the whole, the shares of consumption, investment and external trade to GDP growth in 2010 stood at 6.9 points, 1.5 points and -5.0 points respectively.

Table 3.36: Trends in the Real Sector 2007-2010

	2008*	2009*	2010*	2011**
In billions of CFA F				
GDP at current prices	1418.53	1490.06	1561.67	1656.74
GDP at constant prices (n/n-1)	1241.95	1463.92	1540.72	1622.58
GDP at constant prices (base 2000)	1061.18	1095.43	1132.90	1176.60
Real GDP growth rate	2.40	3.20	3.40	3.90
GDP COMPOSITION in %				
Primary sector	40.79	42.69	42.60	42.71
Secondary sector	18.15	16.02	16.08	16.63
Tertiary sector and non financial services	41.06	41.29	41.32	40.66
GDP DISTRIBUTION (in %)				
Consumption	99.08	97.36	99.68	99.64
Investment	17.67	18.71	17.74	17.53
Domestic savings	0.92	2.64	0.32	0.36
Financing capacity or need	-16.75	-16.07	-17.43	-17.17
PRICES				
Variation of GDP deflator	14.22%	1.79%	1.36%	2.11%

Sources : WAMA, BCEAO (*) Estimates (**) : Projection

The country recorded a year-on-year inflation rate of 3.8% in 2010 as against 1.5% in 2009. This rise in inflation was mainly associated with the difficulties emanating from the 2009/2010 agricultural season as well as the hike in the transport, hotel and restaurant and clothing and footwear components.

3.1.8.1.2. Public Finance

During year 2010, domestic revenue improved by 2.5% to 16.6% of GDP as against 16.9% in 2009. This improvement was attributable to the concomitant improvement in tax and non- tax revenue. Tax revenue improved by 2.5% as a result of the improvement in customs revenue. After the sharp rise in 2009, grants remained almost stable.

Total expenditure and net loans rose by 7.8% in 2010, representing 22.5% of GDP as against 21.9% in 2008. This rise concerned both current and capital expenditure. The increase in current expenditure was due to the interests on public debt and the procurement of goods and services. On the contrary, salaries and wages and particularly subsidies and transfers expenditure items decreased in 2010. By and large, capital expenditure increased by 14.1% to 6.7% of GDP as against a ratio of 6.2% in 2009. This increase exclusively concerned capital expenditure financed from domestic resources, which rose because of the public infrastructural projects undertaken.

On the whole, the implementation of the State budget presented a worsening overall deficit excluding grants of 6.0% of GDP, as against 5.0% in 2009. Including grants and the variation in arrears, the deficit on cash basis stood at 74.9 billion or 4.8% of GDP. This deficit was covered by domestic financing to the tune of 58.8 billion and external financing to the tune of 16.0 billion. The domestic financing was mainly mobilized from the banking system.

Table 3.37: Trends in Public Finance 2007 – 2010							
	2008		2009		2010		2011
	Var in %	as % of GDP	Var in %	as % of GDP	Var in %	as % of GDP	Var en %
1- REVENUE AND GRANTS	11.7%	17.6%	27.0%	21.3%	2.0%	20.7%	15.1%
1.1 FISCAL RECEIPTS	8.5%	15.6%	14.4%	16.9%	2.5%	16.6%	19.2%
Tax revenue	7.8%	14.9%	8.5%	15.4%	2.5%	15.0%	14.7%
Indirect taxes	1.3%	3.3%	23.2%	3.8%	1.2%	3.7%	8.5%
Charges and taxes on external trade	9.8%	11.6%	4.3%	11.5%	3.0%	11.3%	16.6%
Non tax revenue	27.0%	0.7%	147.9%	1.6%	2.1%	1.5%	63.9%
1.2 GRANTS	43.6%	2.1%	121.5%	4.4%	0.2%	4.2%	-1.1%
2 – NET EXPENDITURE AND LOANS	9.4%	17.9%	28.8%	21.9%	7.8%	22.5%	18.4%
2.1 TOTAL EXPENDITURE	9.2%	17.8%	29.0%	21.9%	7.8%	22.5%	18.5%
2.1.1 CURRENT EXPENDITURE	-2.1%	14.3%	15.3%	15.7%	5.3%	15.8%	4.5%
Salaries and wages	7.5%	4.9%	36.5%	6.3%	-2.7%	5.9%	6.2%
Other administrative charges	-5.7%	8.7%	3.1%	8.5%	8.4%	8.8%	5.9%
Interests due	-13.6%	0.8%	18.5%	0.9%	32.0%	1.1%	-16.6%
2.1.2 CAPITAL EXPENDITURE	107.1%	3.5%	84.8%	6.2%	14.1%	6.7%	51.2%
From domestic resources	241.3%	1.9%	38.5%	2.5%	34.9%	3.3%	56.1%
From external resources	40.4%	1.6%	140.7%	3.7%	-0.4%	3.5%	46.7%
3 – OVERALL BALANCE (commitment basis excl grants)	15.5%	-2.3%	126.0%	-5.0%	26.3%	-6.0%	16.1%
4 – OVERALL BALANCE (commitment basis incl grants)	-57.0%	-0.2%	164.7%	-0.6%	214.4%	-1.8%	55.5%
5 – BASIC PRIMARY BALANCE	233.3%	0.1%	-770.0%	-0.4%	226.9%	-1.4%	-32.9%
7 – OVERALL BALANCE (cash basis) (excl grants)	2.2%	-2.3%	158.6%	-5.7%	63.4%	-9.0%	-13.2%
8 – OVERALL BALANCE (cash basis) (incl grants)	-68.3%	-0.3%	444.7%	-1.4%	261.8%	-4.8%	-23.6%
9 – FINANCING	-71.2%	0.3%	477.8%	1.4%	259.6%	4.8%	-23.5%

Sources : AMAO, BCEAO (*) estimations (**) :Prévisions

3.1.8.1.3. External Sector

In 2010, the current deficit worsened considerably 8.4% of GDP as against 7.0% in 2009. This depreciation emanated from the dwindling deficits of transactions on goods and services, slightly cushioned by the improvement in current transfers. The worsening trade balance deficit was associated with the low level of improvement in exports due to structural problems in the traditional commodities (cotton lint and phosphate) against the backdrop of an increased need for the importation of equipment, particularly within the framework of enhancement public investments.

With the debt relief granted to the Togolese State (amounting to 333 billion CFA Francs), transactions under the capital and financial operations account, net capital inflows could hit 133.6 billion in 2010. Direct investments also increased, the bulk of which was mobilized to finance the construction project of the Global Contour Company's thermal power station.

On the whole, the overall balance presented a surplus of about 2.7 billion in 2010 or 0.2% of GDP, after recording a surplus of 0.3% in 2009.

TABLEAU 3.38 : BALANCE DES PAIEMENTS DU TOGO (Variation sauf indication contraire)								
ITEMS	2008	2009*	2010*	2011*	2008*	2009*	2010*	2011-
	Annual variations in %				As percentage of GDP			
1 –Trade balance	7.5	2.3	10.0	3.5	-14.4	-14.0	-14.7	-14.3
FOB Export incl :	17.7	11.1	7.7	5.3	26.9	28.5	29.3	29.0
FOB Import (1)	13.9	8.0	8.5	4.7	-41.3	-42.4	-43.9	-43.4
2-Service balance	2.4	-8.3	37.8	10.1	-2.4	-2.1	-2.8	-2.9
Incl. Freight	10.6	-10.2	11.4	7.5	-6.3	-5.4	-5.8	-5.8
3-Revenue balance	-53.4	-2.0	32.1	-17.5	-0.5	-0.4	-0.6	-0.4
Incl. interest on debt	-48.0	-16.9	24.0	-46.9	-0.4	-0.3	-0.4	-0.2
4-Current transfer balance	8.5	-2.7	6.3	4.4	10.2	9.5	9.6	9.5
Private	4.5	-2.2	7.4	4.3	8.6	8.0	8.2	8.1
Public	36.6	-5.3	0.0	5.3	1.6	1.4	1.4	1.4
a- CURRENT TRANSANCTIONS BALANCE	-3.9	5.6	24.7	3.2	-7.0	-7.0	-8.4	-8.2
b-CAPITAL AND FIN OPS BALANCE	32.2	-13.8	21.4	10.0	9.0	7.4	8.6	8.9
5-Capital transfers	734.6	-78.8	575.9	-79.4	20.7	4.2	26.9	5.2
7-Financial operations	-370.5	-128.8	-698.4	-114.1	-11.7	3.2	-18.3	2.4
Direct investments	-25.4	-15.1	32.7	25.1	1.3	1.0	1.3	1.5
Portfolio investments	389.7	-50.8	-4.7	0.0	0.8	0.4	0.4	0.3
Other investments	-658.2	-113.8	-1259.7	-103.1	-13.8	1.8	-20.0	0.6
d – OVERAL BALANCE (a+b+c)	7262.2	-86.2	-47.3	341.9	2.6	0.3	0.2	0.7
Other characteristic ratios								
Reserve ratio: Export/Imports (%)	67.0	68.2	69.7	68.8	68.6			
Degree of openness (import + export)/GDP (%)	92.9	88.5	90.0	94.4	92.3			
8 - OVERALL BALANCE (cash basis) (including grants)	-9.9	-8.3	-8.6	-9.8	-9.6			

Sources: WAMA, BCEAO (*) Estimates (**) : Projection

3.1.8.1.4. Monetary Sector

In 2010, broad money supply expanded by 16.3% to 617.0 billion CFA Francs. This money creation mainly originated from within. Domestic credit rose by 22.2% because of the concomitant rise in credits to the State and the private sector. The State's net position in the banking system worsened by almost 23.6%to 138.8 billion CFA Francs. Since the State had repaid part of its debt owing to the commercial banks, the worsening net position of the Government (NPG) only concerned the Central Bank. Credit to the private sector increased by 21.6% as a result of the increase in loans granted to companies operating in the petroleum products distribution and chemical industrial sector.

The net foreign assets of the banking system improved by 7.6% as a result of the increase in the net foreign exchange reserves of the Central Bank (19.6%) softened by the decline in the foreign exchange assets of the money creating banks (17.0%).

Table 3.39: TRENDS IN TOGO'S MONETARY SITUATION (IN)						
	2008	2009	2010	2008	2009	2010
COMMITMENTS	Annual variations in %			Contributions to M growth		
Money supply (M2)	18.22	16.05	12.40			
Money supply (M1)	20.62	11.02	6.76			
Money in circulation	5.90	8.59	18.89			
Demand deposits	32.09	12.53	-0.56			
Quasi-money	14.32	24.71	21.04			
Other items (net)	126.56	9.66	-35.85	19.78%	25.08%	3.28%
Net domestic credit	22.28	26.53	22.17	71.61%	144.35%	100.12%
Net credits to the State	864.67	42.88	23.60	86.02%	139.20%	39.51%
Central Bank	98.72	-307.74	93.79	-9.40%	11.63%	55.92%
Mooney creating banks	490.05	-14.88	-4.62	95.42%	127.57%	-16.41%
Credit to the private sector	-4.63	21.25	21.63	-14.41%	5.15%	60.61%
Net foreign assets	19.95	1.05	7.56	48.47%	-19.10%	2.95%
Central Bank	16.19	-14.30	19.62	32.11%	-12.62%	-31.63%
Money creating banks	36.61	58.99	-16.97	16.36%	-6.48%	34.58%

Sources : WAMA. BCEAO (*) Estimates (**) : Projection

3.1.8.2. Status of Macroeconomic Convergence

In 2010, Togo maintained her level of performance in respect of the ECOWAS macroeconomic convergence criteria by meeting seven (7) criteria including four primary.

Table 3.40: TOGO'S CONVERGENCE STATUS								
	Target	2005	2006	2007	2008	2009	2010*	2011**
Primary Criteria:								
I) Budget Deficit/GDP	≤ 4%	4.1	4.2	-0.6	4.0	5.0	3.1	6.5
II) Inflation Rate	≤ 5%	5.5	1.5	3.4	10.2	-2.4	2.4	3.6
III) Budget Deficit financing	≤ 10% RF n-1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IV) Gross External Reserves	≥ 6 ms of Ms g/s	5.7	5.6	6.0	5.7	6.6	6.3	6.0
		1.8	3.4	3.4	4.3	5.7	5.5	
Secondary Criteria:								
I) Domestic Arrears		22.0	20.6	0.7	0.0	0.0	0.0	0.0
II) Tax Revenu/GDP	≥ 20%	14.6	15.4	16.2	14.9	15.4	15.8	16.2
III) Salary Mass/Tax Revenu	≤ 35% TR	30.4	33.1	32.8	32.7	41.2	33.5	36.2
IV) P. Invest/Tax Revenue	≥ 20% TR	8.4	3.6	4.1	12.9	16.5	18.6	29.6
V) Real Interest Rate	> 0	-2.0	2.0	0.1	-6.7	5.9	0.9	-0.4
VI) Real Exchange Rate Stability	± 5%	1.0	-1.6	0.6	5.5	0.5	-6.2	2.6
Number of criteria met		**3**	**5**	**7**	**4**	**6**	**7**	**6**

Source: BCEAO. UEMOA. and WAMA

3.1.8.2.1. Primary Criteria

In 2010, all the primary criteria were met. The price level generally increased in 2010 but the latter was largely contained within the ECOWAS set targets. With regards to reserves, the UEMOA level remained above the Community minimum since 2009 due particularly to the sound performance of the balance of payments. However, Togo's reserves were below the UEMOA average. With regards to the budget deficit financing by the Central Bank, the prohibition remained intact in UEMOA. The Government's net position worsened substantially since 2009 although this situation resulted from retrocession operation on the SDR allocations carried out by the BCEAO in favour of member countries for the settlement of domestic arrears. Regarding budget deficit, an improvement was recorded with 3.1 percent in 2010 against 5.0 percent in 2009.

3.1.8.2.2. Secondary Criteria

With regards to the secondary criteria, the situation continued to be mixed like in the previous year, only half of the targets were met. The State continued to make efforts at settling the domestic arrears. Similarly, the debt relief following the attainment of the decision point of the HIPC led to the realization of huge investments from domestic resources. Thus, for the firs time since 2000, the country met the criteria on investments financed from domestic resources. The real exchange rate stability was also met as was the case in the previous year. On the other hand, the level of inflation could not guarantee the maintenance of a positive real interest rate. Furthermore, the level of tax revenue mobilization remained adequate and even started showing downward trends. Against this backdrop, staff recruitment in the civil service carried out in 2009 continued to weigh heavily on public expenditure and impeded the achievement of the criterion on salary mass.

3.1.8.3. 2010 Prospects

Togo's medium term economic prospects depends on the implementation of the Poverty Reduction Strategy which aims at growth improvement through the implementation of a comprehensive structural reform programme focusing particularly on the development of the financial sector, budget governance, public enterprises, the business environment, investments in the priority infrastructural sectors and social sectors of education and health.

For year 2011, the real GDP growth rate is expected to hit almost 4%. This growth is expected to be generated by all sectors of the economy in an environment of moderately rising prices thanks to the measures envisaged to ensure regular market supplies.

On the Public Finance front, the Government's policy thrust would be the achievement of targets contained in the economic and financial programme supported by the Expanded Credit Facility (ECF) negotiated with the IMF. Premium would be laid on improved domestic revenue particularly through measures aimed at expanding the tax base, reducing customs duty exemptions, combating tax fraud and tax evasion by enhancing the automation of the customs and tax value of merchandise. With such measures, the fiscal pressure is expected to reach 16.2% in 2011. In terms of expenditure, infrastructural construction needs would lead to an increase in total expenditure and net loans which would hit 25.1% of GDP in 2011 as against 22.5% in 2010. On the whole, the overall deficit excluding grants is expected to worsen to 6.5% of GDP.

On the external trade front, the current account deficit could improve slightly particularly due to the decline in the debt burden and improvement in current transfers. Similarly, the surplus in the capital and financial operations account is expected to rise as a result of the improvement in foreign direct investments. Such developments would lead to an improvement in the overall surplus.

With regards to the macroeconomic convergence, an additional criterion will be missed

3.1.8.4. Conclusion and Recommendations

In 2010, Togo recorded a modest improvement in economic growth against the backdrop of moderate price increases. Yet, the public finance situation was still marked by a low level of tax revenue mobilization and a structure of public expenditure dominated by current expenditure, particularly salaries. For year 2011, prospects would be better with the implementation of certain structural reforms. However, the macroeconomic environment could be disturbed by the hike in prices that may stem from the significant increase in the prices of foodstuff and energy products on the international market.

In order to strengthen the stability of the macroeconomic environment and improve member countries' levels of performance in respect of the convergence programme, the implementation of the following measures would seem indispensable:

1. Give top most priority to the implementation of the measures contained in the PRGF programme in order to reach the completion point of the HIPC initiative and benefit from substantial debt relief;

2. Enhance the efficacy of the revenue authority by introducing performance contracts with specific targets;

3. Monitor the wage bill expansion very closely by rationalizing public service expenditure particularly those relating to administration;

4. Enhance measures for the restructuring of State Enterprises in the cotton (SOTOCO), phosphate (SNPT) and electrical energy (CEET) sectors.

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3.2.1. The Gambia

The key macroeconomic policy objectives for The Gambia in 2010 were geared towards the attainment of high economic growth rate within an environment of stable prices and reducing poverty. The Gambian authorities targeted an economic growth rate of 5.0 percent; end-year inflation of 5 percent; basic fiscal balance of 1.0-2.0 percent of GDP. In addition, international reserves in months of import cover were targeted at 4 months, current account deficit (including official transfers) at 12.0 percent of GDP while domestic debt reduction also received priority attention from the fiscal authorities.

Macroeconomic developments in 2010 showed that even though real GDP growth was high at 5.0 percent; a declining trend was observed with respect to the position in 2009. Inflationary pressures and fiscal deficits worsened, while the overall balance of payments significantly improved from a deficit position in 2009 to a surplus position in 2010. The growth in broad money significantly reduced while reserve money, the operating target of the monetary authorities, registered a marginal increase.

A detailed performance of the various sectors of the Gambian economy including an update on the situation of macroeconomic convergence, policy harmonisation in 2010 as well as the perspective for 2011 is presented below.

Regarding macroeconomic convergence, it was shown that the country met three criteria in 2010 against four in 2009.

3.2.1.1. SECTORAL ANALYSIS

3.2.1.1.1.Real Sector

The Gambian economy continued to register significant economic growth levels over the years. The country recorded an economic growth rate of 5.0 percent in 2010, despite the lingering lagged effects of the global economic crisis particularly on the tourism sector, although significantly lower than the 2009 revised growth rate of 6.7 percent. The growth in GDP was largely driven by the strong expansion in the agricultural sector. The agricultural sector, which accounted for 26.2 percent of GDP, grew by 14.4 percent, while services (accounting for 60.8 % of GDP) grew by 2.3 per cent. Industry grew by 12.3 per cent in 2010 and represented 13 percent of GDP as detailed in the following table.

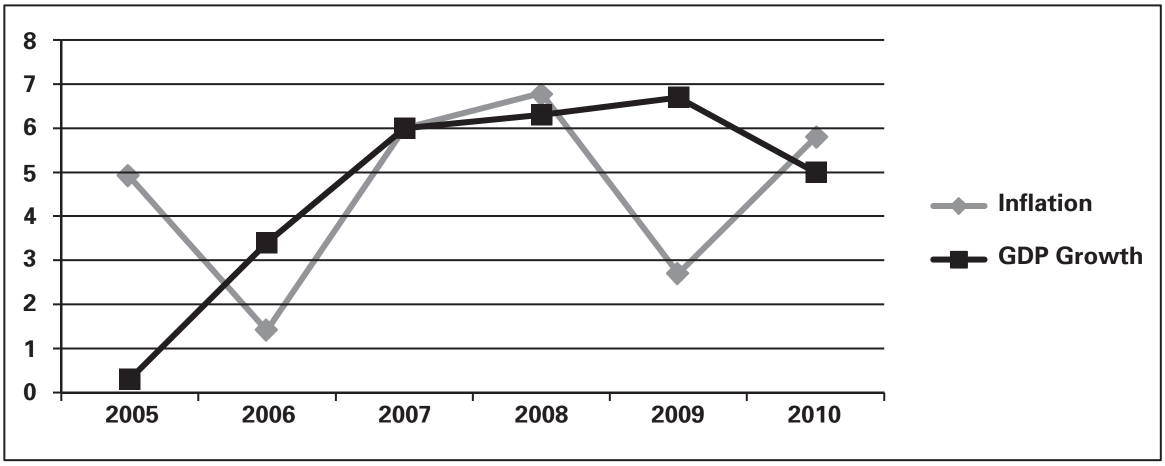
Table 3.41: SECTORAL GDP GROWTH RATES AND CONTRIBUTION TO GDP. 2005-2010 (%)

Sectoral /GDP Growth Rates	2005	2006	2007	2008	2009	2010
GDP Growth Rate	0.3	3.4	6.0	6.3	6.7	5.0
Agriculture	-2.3	-14.3	-1.9	26.6	10.7	14.4
Industry	3.5	4.5	2.5	-1.2	-0.2	12.3
Services	2.6	10.0	8.3	4.2	7.2	2.3
Sectoral Contribution to GDP						
Agriculture	30.1	29.8	21.6	25.3	26.3	26.2
Industry	10.8	12.2	14.7	13.4	13.0	13.0
Services	59.1	58.0	63.7	61.3	60.7	60.8
Total	100	100	100	100	100	100

Sources: Gambia Bureau of Statistics (GBOS) and WAMA

Even though there were inflationary pressures towards the end of year as a result of which the country marginally missed the criterion on inflation, the rate still remained within the lower single digit at 5.8 percent. The inflationary pressures emanated mainly from adverse international developments particularly rising food and energy prices, with limited structural undertones.

Fig 1: Inflation and GDP Growth Rates in The Gambia. 2005-2010



3.2.1.1.2. Fiscal Sector

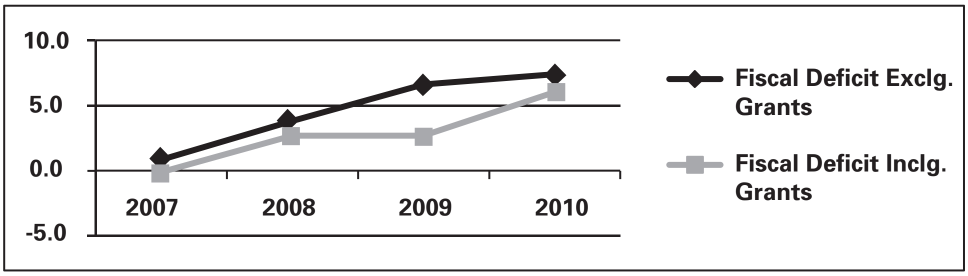
On the fiscal front, total revenue and grants mobilized during the year amounted to D4.3 billion (or 15.0 percent of GDP) which represented a decline of 12.5 percent with respect to the position in 2009 when total revenue and grants grew by 31.6 percent. This decline was due to the significant reduction (60.7%) in grants as tax revenue remained virtually unchanged at D3.5 billion. On the other hand, total expenditure and net lending was estimated at D6.1 billion (or 21.0 percent of GDP), resulting in a budget deficit, excluding grants, of D2138.1 million (or 7.4 percent of GDP, predominantly financed by the banking sector, while the residual was financed from external sources. The Central Bank of the Gambia financed D1920 million of the deficit (about 90.0%). The following table gives a detailed presentation of the various budget balances and their evolution over the period specified.

Table3.42: GOVERNMENT FISCAL OPERATIONS - THE GAMBIA

Items	2007	2008	2009	2010	Changement en % sur les années préc.		
					2008	2009	2010
Revenue & Grants	3662.5	3744.5	4926.5	4312.7	2.2	31.6	-12.5
Domestic Revenue	3468.1	3500	3904.9	3910.9	0.9	11.6	0.2
Tax Revenue	3052.3	3145.9	3517.5	3480.6	3.1	11.8	-1
Non-Tax Revenue	415.8	317.7	387.4	430.3	-23.6	21.9	11.1
Grants	194.4	244.4	1021.6	401.8	25.7	317.9	-60.7
Exp. & Net lending	3634.8	4332.4	5631.9	6049	19.2	30	7.4
Current Expenditure	2586.3	3187.5	3625.1	3902.9	23.2	13.7	7.7
Personnel Emoluments	680.4	983.5	1191.8	1515.9	44.6	21.2	27.2
Other Charges	1090.9	1490.7	1691.9	1614.7	36.6	13.5	-4.6
Interest	815	713.3	741.4	833.2	-12.5	3.9	12.4
External	231	153.5	153.2	197.4	-33.5	-0.2	28.9
Domestic	584	559.8	588.3	635.7	-4.2	5.1	8.1
Cap. Exp. & Net lending	1048.5	1144.8	2356.6	1183.5	9.2	105.8	-49.8
Capital Expenditure	972.8	1027	2238.9	1215.5	5.6	118	-45.7
Domestically Financed	192.5	521.8	589	370.1	171.1	12.9	-37.2
Externally Financed	780.3	505.2	1649.9	845.4	-35.3	226.6	-48.8
Net lending	75.7	117.8	117.7	-32	55.6	-0.1	-127.2
Overall Balance (Exclg. Grants)	-166.7	-832.3	-1727.1	-2138.1	399.3	107.5	23.8
Overall Balance (Inclg. Grants)	27.7	-587.9	-705.4	845.4	-2022.2	20	146.1
Deficit Exclg. grants as % of GDP	-0.8	-3.8	-6.6	-7.4	360.7	72.1	12.3
Deficit Inclg. Grants as % of GDP	0.1	-2.7	-2.7	-6	-2058.3	-0.5	123.3
Nominal GDP	2044.4	21.722.1	26.184	28.858	8.4	20.5	10.2

Sources: Ministry of Finance and WAMA Estimates

Fig 2: Fiscal Deficit as % of GDP- The Gambia



3.2.1.1.3. Monetary Sector

The thrust of monetary policy in 2010 was to contain inflationary pressures at 5.0 percent through effective liquidity management (indirect instruments of monetary control particularly OMO). Towards this end, growth in broad money was significantly reduced from 19.4 percent in 2009 to 13.7 percent during the period under review. However, reserve money grew by 10.5 in 2010 compared to 9.3 percent in 2009. The expansion in the monetary base could be explained by the significant increase in the net domestic assets of the Central Bank as a result of a bridge loan facility extended to Government to finance the shortfall in donor budgetary support. As a result, net credit to the Government was the driving force behind the growth in broad money as shown in the table below. Velocity was generally constant over the period in line with a plausible assumption under a financial programming framework and also indicating a stable demand for money function in The Gambia. There was also improvement in the financial deepening indicator suggesting a developing financial sector.

Table 3.43: CONTRIBUTION TO BROAD MONEY SUPPLY GROWTH AND OTHER INDICATORS

	2005	2006	2007	2008	2009	2010
Sources of M2 Growth	**13.1**	**26.2**	**6.7**	**18.4**	**19.4**	**13.7**
Net Foreign Assets (NFA)	-0.4	18.8	-3.9	-6	3.8	1
Net Credit to Government (NCG)	6.3	3.8	-5	17.8	3.8	16.4
Net credit to private sector (CPS)	4.9	8.3	4.8	6.8	3.5	4.7
Net Credit to Public Enterprises (PEs)	0.7	0.1	-0.5	2.4	3.4	0.9
Other Items Net (OIN)	1.7	-4.8	11.3	-2.6	4.8	-9.4
Growth in Key Monetary Aggregates						
Narrow Money	6.9	26	0.6	21.6	9.4	7.5
Quasi Money	21.5	26.5	13.8	15	30.3	19.3
Reserve Money	11.9	24.3	-4.3	5.7	9.3	10.5
Income Velocity of M2	2.9	2.4	2.4	2.2	2.2	2.2
Financial Deepening Indicator	34.2	42.2	41.3	45.1	44.7	46.1
Nominal GDP	17.994	18.391	20.044	21.722	26.184	28.858

Sources: Central Bank of The Gambia and WAMA Staff Estimates

3.2.1.1.4. External Sector

On the external sector, preliminary data showed that the overall balance of payments in 2010 stood at surplus of US$91.47 million (or 8.6% of GDP) relative to a deficit of US$ 6.74 million (-0.7% of GDP) in 2009.

Gross external reserves at US$ 163.5 million were enough to cover 4.7 months of imports representing a decline with respect to the position in 2009. The Gambian Dalasi was relatively stable during the period, depreciating at 2.3, 1.4 and 6.0 percent against the US Dollar, the euro and the GBP respectively. The outlook for the Gambian economy is generally positive for 2011 particularly with the expected recovery of the tourism sector and continued implementation of sound fiscal policy measures.

Table 3.44: BALANCE OF PAYMENTS INDICATORS. 2007-2010

	2007	2008	2009	2010	2007	2008	2009	2010
	% of GDP				% Change over previous year			
Current Account Balance	-7.9	1.5	6.5	4.9	-10.3	-121	412.5	-17.3
Goods (Trade Balance)	-18.9	-8.4	-8.8	-6.5	24.9	-51.8	26	-19.8
Exports	16.4	23.1	17.5	15.2	19.8	52.5	-8.5	-5.3
Imports	36.5	33.5	26.7	22.2	23.2	-1	-3.7	-9.5
Services	5.6	41	2.2	1.6	-2205.4	-20.6	-35.1	-23
Income	-6	-4.2	-0.8	-0.8	17.9	-23.3	-76.3	-1
Current transfers	11.4	10.1	13.9	10.6	-2.6	-4.5	66.6	-17
General government	0.7	0.8	3.1	3.3	-12.8	19.8	376.8	15.7
Other sectors	10.7	9.3	10.8	7.3	-1.8	-6.1	40.7	-26.3
Workers' remittances	5.2	6.5	6.7	5	-38.4	35.6	24.8	-18.7
Other transfers	5.5	2.8	4.1	20	121.8	-45.3	77.5	431.1
Capital & Financial Account	11.8	1.4	-7.2	3.7	15.7	-87.6	-736.8	-155.8
Capital Account	0.2	0.1	0	0	-57.5	-34	-100	na
Financial Account	11.6	1.2	-7.2	3.7	19.8	-88.7	-810.5	-155.8
Direct investment	10.2	8.7	4	3.5	-7	-8.3	-43.5	-6.2
Other investment	0.6	-8.4	-4	-0.7	-50.6	-1617	-42.3	-80
Overall Balance	**4**	**2.9**	**-0.7**	**8.6**	**170.5**	**-21.7**	**-129.1**	**-1447**

Sources: Central Bank of The Gambia and WAMA Estimates

3.2.1.2. Status of Macroeconomic Convergence and Policy Harmonization Issues

3.2.1.2.1. Status of Macroeconomic Convergence

The Gambia's performance in terms of macroeconomic convergence deteriorated in 2010. The country met three criteria in 2010 against four in 2009. These related to international reserves, real interest rate and real exchange rate stability.

With the decline in tax revenues by 1 percent and the increase in total expenditure by 7.4 percent, the fiscal deficit remained high at 7.4 percent of GDP. The high fiscal deficit registered during the second half of 2009 and the whole of 2010 could be linked to the electoral cycle, with the country expecting its parliamentary and presidential elections towards the end of 2011 and first quarter of 2012 respectively. Similarly, inflationary pressures that mainly emanated from food and the pass-through effect of energy prices were high at 5.8 end 2010 percent. In view of the expansionary fiscal position of Government, it was not surprising that central bank financing of the budget deficit largely fell short of the prescribed benchmark during the period.

Regarding the secondary criteria, the country complied with one criterion in respect of positive real interest rate. Tax revenue performance with respect to GDP registered the lowest performance for the past six years at 12.1 percent. Similarly capital expenditure from domestic resources as a ratio of tax revenue was abysmally low at 10.6 in line with the drastic decline in government capital expenditure during the year by 45.7 percent. Government expenditure during the year was skewed towards recurrent expenditure particularly personal emoluments (salary mass) which jumped by 27.2 percent as a result of which the country missed the salary mass criterion for the first time in five years at 43.6 percent. The table below gives the relevant details on the situation of macroeconomic convergence in The Gambia.

Table 3.45: SITUATION OF MACROECONOMIC CONVERGENCE 2004-2011

	Target	2005	2006	2007	2008	2009	2010*	2011**
Primary Criteria:								
I) Budget Deficit/GDP	≤ 4%	8.4	2.7	1.1	3.8	6.6	7.4	5.0
II) Inflation Rate	≤ 5%	1.8	1.4	6.0	6.8	2.7	5.8	5.0
III) Budget Deficit financing	≤ 10% RF n-1	0.0	0.0	0.0	35.9	13.7	54.6	54.6
IV) Gross External Reserves	≥ 6 ms of Ms g/s	5.2	4.9	4.4	4.3	6.5	6.0	5.8
Secondary Criteria:								
I) Domestic Arrears		nd	nd	nd	nd	nd	nd	nd
II) Tax Revenu/GDP	≥ 20%	17.2	18.8	15.2	14.5	13.4	12.1	14.8
III) Salary Mass/Tax Revenu	≤ 35% TR	24.3	24.2	22.3	31.2	33.9	43.7	31.1
IV) P. Invest/Tax Revenue	≥ 20% TR	4.8	3.1	6.3	16.3	16.7	10.6	10.6
V) Real Interest Rate	> 0	3.2	3.6	-1.0	-1.8	3.0	0.2	0.2
VI) Real Exchange Rate Stability	± 5%	6.2	-0.6	9.0	6.0	-9.0	-2.7	-14.6
Number of criteria met		**4**	**6**	**3**	**2**	**4**	**3**	**3**

Sources: CBG. Ministry of Finance and WAMA

3.2.1.3. Institutional Arrangements and Policy Harmonization Issues

National Coordinating Committee (NCC)

The ECOWAS National Coordinating Committee (NCC) Secretariat of The Gambia is operational and the country has submitted its report to the WAMA-ECOWAS joint secretariat. However, the coordinator of the

NCC was found to be full time and a middle-level staff at the Ministry of Finance as well. Reporting to the ECOWAS Commission and its related agencies, the coordinator is required to promote, among others, programmes of economic integration of the ECOWAS, and monitor, evaluate and advise on ability of the duty country to implement obligations undertaken by member countries.

ECOWAS Trade Liberalisation Scheme (ETLS), CET and EPAs

Currently, thirteen companies actively participate in the ECOWAS Trade Liberalisation Scheme (ETLS) out of a total of sixteen registered. Domestic exports from The Gambia to member states remain marginal. About 98 percent of exports to the ECOWAS are re-exports. Major trading partners of The Gambia in the ECOWAS are Senegal, Guinea-Conakry, Guinea-Bissau and Mali (for re-exports mainly), and Ivory Coast (mainly for imports of petroleum).

The Gambia has largely adopted the ECOWAS Common External Tariff (CET) and aligned most of its tariff lines with the CET. Following a request from ECOWAS in respect of ongoing negotiations, The Gambia is working on the submission of the products that would be included under the 5th band of 35 percent, which was negotiated by some member countries to reduce their expected revenue losses as well as protect key domestic industries. A meeting was organized in The Gambia by the ECOWAS Commission from 5th -8th April, to validate the various items under the 5th band and map out strategies for its speedy implementation.

With regards to the Economic Partnership Agreement (EPA) while negotiations are ongoing between West Africa and European Union, The Gambia has prepared and submitted to the ECOWAS commission its national operational plan for the EPA Development Programme.

Quoting and Trading in National Currencies

On the quoting and trading in ECOWAS national currencies by commercial banks, not much progress was made. Cross-border settlements of transactions are generally made in foreign currency in spite of the liberty to do so in local currencies. Commercial banks and businesses cite several barriers that constrain settlements in national currencies for cross-border transactions. These include unfavourable regulations, low intra-ECOWAS trade and difficulty in predicting stability of the local currency over the short to long term. With respect to capital account liberalisation, Gambia has fully liberalized its capital accounts and has also made important strides towards the implementation of the free movement of goods and persons, and right of residence as indicated in the ECOWAS protocol.

Statistical Harmonisation

With regards statistical harmonisation, The Gambia is making significant progress, particularly towards the total adoption of the SNA 1993 for the compilation of its National Accounts. The country also uses the Classification of Individual Consumption by Purpose (COICOP) in the construction of the consumer price index (CPI).

Payments System Development Project

The Payments System Development Project being funded by the AfDB, in collaboration with WAMI is progressing satisfactorily in the Gambia. Indications are that the project will be implemented on schedule, going live on all the components in the third quarter of 2011. Upon completion, among several other benefits, the current high cash payments to non-cash mode of payments will be significantly reduced.

Other Issues

The financial sector continued to remain relatively sound, with 13 commercial banks in the country. The sector is however highly concentrated with three banks accounting for 59 percent and 63 percent of industry assets and deposits respectively. Non-performing loans are relatively high, at about 17 percent, although a declining trend has been observed. To further enhance the soundness of the financial sector, the CBG has introduced a number of policy measures including raising the capital requirement for banks from GMD 60 million to GMD 150 million by end-2010. This will be further increased to GMD 200 million by the end of 2012.

3.2.1.4. Perspective for 2011

The economic outlook remains positive for 2011, although predicated on continued recovery of the tourism sector already begun as well as fiscal consolidation. Real GDP growth rate is expected to be maintained at 5.0 percent while inflationary pressures will subside.

On the fiscal front, high budget deficit registered during the year is expected to exacerbate in 2011 particularly given the organisation of elections towards the end of the year. The payment of interest on domestic debt which consumed more than 20 percent of Government revenue will remain a major fiscal challenge in the outlook. The reduction of the growth rate in key monetary aggregates could be maintained in 2011 but the increase in net credit to the Government will remain a downside risk to this positive perspective. The Gambia is expected to meet one primary criterion in respect of inflation at 5 percent. The two secondary criteria relating to salary mass and positive real interest rates are expected to be achieved.

3.2.1.5. Conclusions and Recommendations

During 2010, a review of the fiscal situation showed that although tax revenue remained virtually unchanged, grants drastically reduced, culminating in a high budget deficit of 7.5 percent which was predominantly financed by the banking sector to the tune of 97.1 percent. Similarly, the domestic debt burden continued to remain heavy reaching 28.0 percent of GDP in 2010, with interest payments on the debt absorbing more than 20.0 percent of domestic revenues. Given the above fiscal challenges and the Government's recourse to the CBG for financing of its fiscal deficit far in excess of the statutory limit on advances and overdrafts, the CBG's balance sheet had been adversely affected.

To address the above fiscal challenges and their attendant consequences there was evidence of deliberate Government policy to ensure greater stability or improvement in tax revenues by the introduction of an automatic adjustment mechanism for fuel prices in November 2010 as well as beginning the process of introducing VAT in 2013. Another fiscal policy measure was the Government's conversion of the outstanding overdraft with the CBG into a 30 year fixed-term instrument at an interest rate of 6.5 percent per annum.

Regarding institutional arrangements and other policy harmonization issues, the National Coordinating Committee (NCC) in The Gambia is fully functional and had prepared its Convergence Report which was copied to both the ECOWAS Commission and WAMA.

On trade-related issues, efforts are underway to address the country's heavy reliance on the re-export trade in favour of taking full advantage of the ECOWAS Trade Liberalisation Scheme (ETLS), through public sensitizations for businesses enterprises to participate in the Scheme in order to export freely, without duties, to the Community. Towards this end, the National Approvals Committee has been strengthened to carry out all required activities to facilitate participation of new companies and their compliance with the rules of the Scheme. However, slow approval by ECOWAS and several non-tariff barriers remain major stumbling blocks for entry of potential exporters to the Scheme. Efforts were being made to streamline the National Trade Policy into the proposed national development Programme for Accelerated Growth and Employment (PAGE). The PAGE document is expected to be completed in 2011, for implementation over the period 2012-2017. On the implementation of the Convention on Inter-State Road Transit, its non-adherence by local transporters and the frustration caused by the Senegalese Customs officials particularly on the re-export trade were noted by the authorities. However, they expressed optimism that this could now be resolved under the newly created Secretariat to be headed by a Senegalese former ambassador in France who will be based in The Gambia, while his deputy (a Gambian) will be based in Senegal.

Lending to businesses by commercial banks was reportedly higher in the review period than the corresponding period of 2009. That notwithstanding, there was evidence of the prevalence of excess liquidity in the banking system partly attributed to the limited investment opportunities available in the country. It was also noted that commercial bank credit (and indeed microfinance lending) were skewed towards re-distributive trade while substantial transactions were made in the T-bill market. The authorities were taking practical steps to increase the maturity profile of the money market instruments through the issue of a three year fixed bond, which was unattractive and therefore undersubscribed. Regarding the low patronage of the instrument, commercial bank representatives attributed this to the possibility of maturity mismatch and the pricing of the bond, which in their view was sub-optimal.

In the light of the discussions with The Gambian authorities and representatives of the private sector on macroeconomic developments, policy harmonization issues and their impact on the country's performance on the convergence benchmarks, the following recommendations are made:

- ► There is the need to diversify the economy to boost employment generation and domestic revenue mobilization. Diversification of the tourism sector as well as policies to attract high spending tourists would be critical in reversing the declining trend observed in 2010 and boost Government revenue.
- ► In view of the trend in the slowdown of economic activity, the financial sector must innovate ways of stimulating new businesses to create jobs for the growing population. This could also have a multiplier effect on the financial sector and the ongoing efforts in diversifying business activities and other investment avenues.
- ► There is the urgent need for the Gambian authorities to restructure the country's domestic debt in order to relieve government of the large interest payments, the savings from which could be utilized for investment and other priority social spending.
- ► The rapid expansion in the number of banks in recent years has created opportunities for enhancing financial intermediation, but has also increased the risks to the banking system, especially under the intense competition. The CBG has taken appropriate measures to maintain stability in the sector but vigilance will be required.
- ► The authorities' concern over the high lending rates and related spreads is quite in order. Lowering spreads will require measures to reduce operational costs and lending risks, increase competition, lower inflation further, and better anchor inflationary expectations. Continued restraint on government domestic borrowing is also critical in addressing the anomaly.
- ► To further enhance liquidity management, the timing of information on ensuing auction volumes should be reviewed. The current one-week lag needs to be increased to about three to four weeks to allow commercial banks sufficient time to plan their participation in the market.
- ► The authorities are being urged to domesticate the Model Fiscal Responsibility Act already approved

by the WAMZ Convergence Council aimed at promoting transparency and accountability in fiscal management among member countries.

- The authorities are urged to refrain from recourse to the Central Bank of The Gambia for financing of the fiscal deficit particularly above the stipulated statutory limits. Thus, there is the need to explore alternative sources of financing of government such as from commercial banks' and pension funds. Also since part of the borrowing from the CBG has emanated from shortfalls in expected donor budgetary support, the authorities should ensure timely compliance with all pre-requisites for the disbursement of donor resources.
- The NCC Secretariat in all the member countries should be turned into a full time ECOWAS Country Office and the coordinator designated as a Country Representative/Director, or in a similar capacity, to represent the ECOWAS Commission and its other related agencies.

Annex 1: KEY MACROECONOMIC INDICATORS: THE GAMBIA

Indicators/Year	2005	2006	2007	2008	2009	2010
Nominal GDP (Dalasi)	13 226	14 333	20 044	21 722	26 184	28 858
Nominal GDP (Mill US $)	469.9	511.7	749.1	809.6	978.8	1065.7
Inflation (End of Period)	4.9	0.4	6	6.8	2.7	5.8
Fiscal deficit (% of GDP)	8.4	2.7	1.1	3.8	6.6	7.4
Reserves (mill US $)	96.6	118.6	141.6	112.6	178.2	163.5
Reserves (in months of imports)	5.2	4.9	4.4	4.3	6.5	6
Overall BOP (% of GDP)	-8	-2.2	-4.7	2.88	-0.69	8.6
Current Account bal (% of GDP)	-9.4	-12.8	-9.3	1.5	6.5	4.9
External Debt outstanding (% of GDP)	146.5	144.2	106	50.6	44.7	46.9
Capital & Final Account (% of GDP)	17.4	15	14	1.4	7.2	3.7
Real Exchange Rate (% Change)	6.3	-0.3	9.6	7.5	-10.2	-14.5
M2 (growth)	13.1	26.2	6.7	18.4	19.4	137
Real GDP Growth Rate	**0.3**	**3.4**	**6**	**6.3**	**6.7**	**5**

Source: Gambian Authorities and WAMA

3.2.2. GHANA

The medium-term macroeconomic framework of the Government of Ghana aims at ensuring stability with sustained growth through pursuance of prudent policies, investments in all sectors of the economy leading to modernization of agriculture, provision of infrastructure, facilitation of the private sector and development of the oil and gas industry. In this regard, the programme emphasizes fiscal consolidation, reduction in inflation and stabilization of exchange rates. Consistent with this broad macroeconomic framework, the government outlined the following targets for the 2010 fiscal year:

- real GDP growth rate of 6.5 percent;
- overall fiscal deficit of 7.5 percent of GDP;
- average inflation rate of 10.5 percent and end of period inflation of 9.2 percent; and
- gross external reserves of not less than 2.5 months of imports cover.

The provisional data showed that economic activity rebounded in the year under review with output expanding by 6.6 percent compared to the real GDP growth of 4.7 percent recorded in 2009. The economic performance was generally quite encouraging as the Authorities met most of the targets programmed for the year. Pursuance of a tight fiscal and monetary policies facilitated further improvement in macroeconomic stability. Headline inflation trended downwards to 8.6 percent at end-2010 from 16.0 percent at end-2009. Massive inflows of foreign exchange also contributed to growth in gross external reserves, thus, supporting nominal exchange rate stability. Generally, interest rates trended downwards, albeit at a slow pace.

3.2.2.1. Sectoral Developments

3.2.2.1.1. Real Sector

The most significant development in the real sector data was the rebasing of the national accounts estimates by the Ghana Statistical Service. This activity involved the adoption of a new methodology for compilation of national accounts statistics (the 1993 system of national accounts - SNA 1993) a change in the base year from 1993 to 2006 and application of the latest version of the International Standard Industrial Classification (ISIC). These measures led to a 60.3 percent increase in the size of the country's output since 2006 and changes in real GDP growth rates, sectoral contributions and other indicators that use GDP as base.

GDP DEVELOPMENTS AND PERCENTAGES DISTRIBUTION

Developments in GDP(in million of Ghana Cedis)	2006	2007	2008	2009	2010
GDP at Current Prices	18.705.1	23.154.4	30.178.6	36.867.4	44.798.7
GDP at Constant prices	18.705.1	19.913.4	21.592.2	22.597.9	24.093.9
Growth rates in real GDP		6.5	8.4	4.7	6.6
Percentage distribution of GDP by Sectors					
Services	48.8	50.2	48.6	49.5	51.1
Agriculture	30.4	29.1	31	31.7	30.2
Industry	20.8	20.7	20.4	31.7	19.6

The government emphasised investments in all sectors, especially, in agriculture where the government embarked on technology modernization and initiated irrigation programmes aimed at encouraging rice and maize production in strategic locations. The government also provided financial support to youth engaged in farming activities and offered incentives as well as inputs such as subsidies on fertilizer, fuel for fishing, machinery and equipment for planting and harvesting. In addition, the government invested in infrastructure, including railway, roads in the hinterlands and oil and gas related projects. The services sector also benefited from upgrading programmes in transportation, storage and communication.

Using the new rebased data, output grew by 6.6 percent compared to 4.7 percent in the preceding year. Strong commodity exports, favourable weather and higher investments in industry and services sectors contributed to this performance.

The Agricultural sector, which contributed 30.2 percent of GDP, expanded 4.8 percent against the programmed target of 6.0 percent. This performance was due to a shortfall in output from the crops and livestock subsector which grew by 5.0 percent against the target of 7.0 percent. All the other sub-sectors (livestock, forestry and fishing) grew above their respective programmed targets.

Industry grew by 6.0 percent, contributing 18.6 percent of GDP. Performance of this sector was driven by activities in mining and quarrying, electricity and construction which grew by 11.3 percent, 19.6 percent and 7.9 percent respectively. The manufacturing sector showed a marginal growth of 2.1 percent following the negative growth rate of 1.3 percent recorded in 2009. Performance of the water and sewerage sub-sector was sub-optimal.

Following the rebasing, the Services sector currently constitutes the largest share of the economy, contributing 51.1 percent of GDP. The sector also recorded a growth rate of 8.2 percent, driven mainly by activities in tourism (hotels and restaurants) information, communication and telecommunication (ICT), financial intermediation and other business services.

The disinflation trend which began in July 2009 continued throughout, bringing the end-period inflation down to 8.6 percent in 2010 from 16.0 percent in 2009. Both food and non-food components of the CPI recorded declines during the period under review. Food inflation declined to 4.5 percent at end-2010 from 11.5 percent at end-2009, while non-food inflation dropped to 11.2 percent from 24.7 percent. The key anchors of inflation during the review period were the stability in domestic pricing of petroleum products, exchange rate stability and favourable weather conditions that aided agricultural production.

3.2.2.1.2. Fiscal Sector

As outlined in the 2010 Budget Statement, fiscal policy aimed at sustaining the fiscal consolidation measures initiated in 2009. In this regard, the government sought to enhance revenue mobilization and avoid excessive spending by adhering to prudent expenditure management principles and strict public procurement rules.

The provisional data show that revenue mobilization improved in 2010, surpassing the target programmed for the year. Thus, domestic revenue increased by 36.2 percent to 17.4 percent of GDP compared to 15.4 percent in 2009. This increase was due to a significant boost in tax revenue mobilization, driven mainly by improved tax administration. All the three components of tax revenue exceeded their targets: international trade taxes by 9.3 percent, indirect taxes by 3.0 percent and direct taxes by 2.4 percent. However, non-tax revenue fell short of the programmed target, although the level was 41.9 percent higher than the outturn recorded in 2009. It was observed that the granting of non-statutory exemptions, waivers and concessions was increasingly becoming a challenge to the revenue mobilization drive of the government. Total grants fell below the target by 19.1percent and was equivalent to 2.4 percent of GDP against 3.0 percent in 2009.

GOVERNMENT FISCAL OPERATIONS (AS A PERCENTAGE OF GDP)	2006	2007	2008	2009	2010
Domestic Revenue	13.7	15.8	15.9	15.4	17.4
Tax revenue	12.4	14.3	14.5	12.6	14.2
Non-tax revenue	0.5	1.5	1.4	2.4	2.8
Grants	3.4	3.7	2.7	3	2.4
Total expenditure	21.4	24.6	27	22.6	26
Recurrent expenditure	13.7	15.9	17.5	15.3	18.1
Personal emoluments	6.1	6.1	7.8	6.7	7.2
Interest payments	2.1	1.9	2.3	2.8	3.2
Capital expenditure	6.1	7	8.2	6.6	7.1
Domestic sources	3.3	3.9	5.2	2.2	2.6
External sources	2.8	3.1	3	4.4	4.6
Overall balance (commitment basis excluding grants)	-7.8	-8.9	-11.1	-7.2	-8.6
Overall balance (commitment basis including grants)	-4.4	-5.2	-8.7	-4.3	-6.1
Domestic financing	2.5	3.1	7.6	2.8	4.8
External financing	1.2	0.7	0.8	2.6	2.7

On the other hand, the authorities continued to face challenges in expenditure rationalization as the fiscal authorities missed most of the targets programmed for the year. Total expenditure expanded by 38.2 percent (exceeding the programmed target by 8.0 percent) and was equivalent to 26.0 percent of GDP against 22.6 percent in the preceding year. The proportion of capital expenditure to total expenditure declined from 32.5 percent to 30.2 percent in 2010, reflecting the relative upward pressure in recurrent expenditure. The expansion in expenditure was due to a number of factors, including an upward pressure on personal emoluments arising from implementation of the single spine pay structure, increasing interest payments due to bourgeoning public (external and domestic) debt position and higher outlays on infrastructure. The accumulation of domestic arrears, particularly on payments due contractors and utility service providers, was also a source of concern.

Consequently, the Government's financial operations resulted in a budget deficit (on commitment basis excluding grants) of 8.6 percent of GDP compared to 7.2 percent in 2009. Including grants, the overall budget deficit was equivalent to 6.1 percent of GDP compared to 4.3 percent in the preceding year. Sixty-two (62.0%) percent of the government's borrowing requirement was financed from domestic sources, particularly, by the deposit money banks. Thirty-five (35.0%) percent was also financed from foreign sources and the rest from exceptional financing.

3.2.2.1.3. Monetary Sector

In 2010, monetary policy aimed at reducing inflationary pressures and maintaining exchange rate stability. To this end, the Bank of Ghana strengthened its liquidity management function whilst easing the monetary policy stance to accommodate the growth objective of government and prospects for lower inflationary trends during the year. In this regard, the Bank reduced the prime rate consistently from 18.0 percent to 13.5 percent. It should be noted that the Bank of Ghana operates an inflation targeting monetary policy framework using the prime rate as the intermediate instrument.

The provisional data indicate that the Bank of Ghana realized its monetary policy objective as inflation declined throughout the year to a single digit rate of 8.6 percent against the end-period target of 9.2 percent.

The relaxation in the policy stance resulted in a 34.6 percent expansion in broad money (M2+) compared to the 26.9 percent increase recorded in 2009. The expansion in broad money was explained by increases in both net foreign assets (NFA) and net domestic assets (NDA), which grew by 47.9 percent and 26.3 percent respectively. NFA contributed 18.4 percent of the overall expansion in broad money supply, resulting mainly from significant increases in gold, foreign securities and foreign currency balances. NDA also contributed 16.2 percent, driven mainly by the banking system's net credits to government and the private sector. Reserve money surged by 45.3 percent during the review period compared to the increase of 32.7 percent recorded in 2009.

The expansion in broad money supply impacted significantly on most of the monetary aggregates, especially, on demand deposits which grew by 69.3 percent compared to the negative growth rate of 2.9 percent recorded in 2009, reflecting the resuscitation in economic activity following the slowdown observed in 2008 and 2009. Savings and time deposits also continued to increase, also indicating a growing confidence of the private sector in the banking system. Currency in circulation (outside the banking system) also increased by 40.4 percent, representing 21.2 percent of total liquidity. Currency substitution, measured by the proportion of foreign currency deposits to broad money, also fell to 20.0 percent against 26.0 percent in 2009.

Table 3.46 GHANA: MOVEMENTS IN MONETARY AGGREGATES

CONTRIBUTION TO BROAD MONEY SUPPLY GROWH	2003	2004	2005	2006	2007	2008	2009	2010
Net Foreign Assets(NFA)	44	17.9	6.3	20.3	8.2	-1.8	21.6	18.4
Net Claims On Government (NCG)	-7.2	24.5	2.6	5.3	-7.7	22.5	9.6	10.7
Claims On Private Sector	14.2	8.5	17.5	20.4	28.8	26.8	12.9	9.9
Claims On Public Institutions	5	3.5	2.2	3.7	10.7	4.3	0	0
Other Items Net(OIN)	-20.2	-26.5	-14.6	-10.7	-3.7	-11.5	-17.1	-4.3
Growth In Broad Money (M2+)	35.8	27.7	14.3	38.8	36.3	40.2	26.9	34.6
GROWTH IN KEY AGGREGATES								
Reserve Money	33.4	18.5	11.2	32.3	30.5	27.1	32.7	45.3
Narrow Money (M1)	34.8	31.7	6.3	35.1	40.7	29.7	9.4	54.8
Currency In Circulation	35.7	15.2	9.9	27	29.3	27.8	25.3	40.4
Demand Deposits	42	44.6	2.8	43.7	51.5	31.2	-2.9	69.3
Quasi Money	45.3	22.5	30.6	47.5	48.1	33.7	39.6	34.6
Foreign Currency Deposits	28.8	24.1	16.1	36.8	10	83	46.6	3.2

Source: Bank of Ghana

In spite of the expansion in total liquidity and deposits, the growth in credit extended by the deposit money banks (DMBs) to the private sector continued to decelerate. It grew by 14.3 percent in the review year compared to 17.3 percent in 2009 . This decline is due to apprehensions on the part of the DMBs arising from increasing non-performing loan portfolios on their balance sheets. The net credit extended to government also rose moderately by 8.5 percent in the year under review.

Although the commercial banks remained generally sound, with the indicators showing strong asset growth and improved financial soundness, the level of non-performing loans (NPL) increased to 16.1 percent at end-2010 from 14.9 percent at end-2009. This relatively high NPL ratio was attributed to the increasing government domestic arrears.

The performance of the Ghana Stock Exchange (GSE) improved during the year under review, with the all-share index increasing by 34.0 percent, compared to the negative growth of 46.0 percent in 2009. The improvement could be attributed to the relative macroeconomic stability and declining interest rates on the money market. The key challenges the GSE faced were in respect of insufficient liquidity and reluctance of big companies to get listed on the GSE.

In response to the declining monetary policy rate, interest rates on money market instruments generally trended downwards, reflecting the decreasing cost of capital. The rate on the 91-day government treasury bills declined from 23.7 percent to 12.3 percent, whilst that on the 5-year Treasury note stood at 13.7 percent. Similarly, the weighted average inter-bank rate also declined by 486.0 basis points to 11.65 percent. Nevertheless, the spread between the minimum savings and lending rates remained virtually unchanged.

3.2.2.1.4. External Sector

The provisional data show that in spite of a deepening pressure in the current account, the balance of payments remained buoyant as the overall surplus balance increased to USD 1,462.5 million (4.7 % of GDP) in 2010 from USD 1,158.8 million (4.5 % of GDP) in the preceding year. This relative improvement was mainly due to favourable developments on the capital and financial account.

Table 3.47 BALANCE OF PAYMENTS INDICATORS (AS A PERCENTAGE OF GDP)

	2006	2007	2008	2009	2010
Merchandise Trade Balance	**-14.9**	**-15.6**	**-17.7**	**-8.5**	**-9**
Exports	18.3	17	18.7	22.5	25.2
Imports	-33.1	-32.6	-36.4	-31	-34.2
Services (Net)	-0.7	-0.7	-1.8	-4.5	-5
Income (Net)	-0.6	-0.6	-0.9	-1.1	-1.7
Transfers (Net)	11	8.3	7.8	8	7.4
Private (net)	8.1	7.4	7	6.9	6.8
Public (net)	3	0.9	0.9	1.1	0.6
Current Account Balance	**-5.1**	**-8.6**	**-12.5**	**-6.2**	**-8.3**
Capital & Financial Account	**7.3**	**10.7**	**9.9**	**11.8**	**13.4**
Capital Transfers	1.1	0.8	1.6	2.2	1.1
Foreign Direct Investments	3.1	3.5	7.5	6.5	8.1
Other Investments	3	6.5	0.8	3.2	4.3
Overall Balance	**2**	**1.7**	**-3.3**	**4.5**	**4.7**

Nevertheless, the deficit balance on the current account widened by 62.0 percent in the review period to USD 2,593.71 million, representing 8.3 percent of GDP against the 6.2 percent of GDP in 2009. This deterioration was explained by unfavourable developments on the merchandise trade account. Whilst exports boosted (especially gold, cocoa and non-traditional exports) on account of high commodity prices, imports surged due to a higher demand for oil and non-oil commodities. Net outflows on services and income contributed marginally to the worsening current account balance. Net private foreign exchange inflows rebounded in 2010 amounting to USD 2,122.7 million, following an increase of 18.7 percent above the level recorded in 2009.

However, favourable developments on the capital and financial account compensated the worsening current account position, recording a 37.3 percent increase to USD 4,210.9 million, equivalent to 13.4 percent of

GDP. This improvement was mainly due to foreign exchange inflows on account of investments into the energy sector, especially, for the financing of crude oil exploratory activities.

Thus, the stock of external reserves stood at USD 4,724.89 million (3.7 months of imports cover) at end-2010, compared to USD 3,185.51 million (3.5 months of import cover) at end-2009. The increased supply of foreign exchange contributed to stability of the domestic currency, depreciating on year-on-year basis by 3.1 percent against the US dollar but appreciating on year-on-year basis against the Pound Sterling and the Euro by 1.2 and 5.5 percent, respectively.

The external debt position increased 22.2 percent from USD 5,007.9 million (19.3% of GDP) at end-2009 to USD 6,118.3 million (19.5 % of GDP). The external debt service constituted 3.8 percent of exports. The total debt stock was of long-term duration with the largest proportion of 83.2 percent obtained from bilateral and multilateral sources whilst the rest were from commercial sources. Thus, the external debt position of Ghana is currently sustainable but the Authorities need to control the increasing demand for external borrowing in order to maintain the level of sustainability.

3.2.2.2. Status of Convergence

On the basis of the reclassified national accounts, the performance of Ghana under the macroeconomic convergence programme has been less than satisfactory in recent years. The country met two targets in 2010 in respect of central bank budget deficit financing and real interest rate.

a. Primary Criteria

As indicated, Ghana met the target on one primary criterion (budget deficit financing). However, the Authorities made some progress on macroeconomic stability as the end-period inflation declined by 7.4 percentage points during the year under review to 8.6 percent. On the other hand, performance on the two other primary criteria (budget deficit and gross external reserves) worsened owing to the increasing demand for higher government expenditure and imports.

Table 3.48 GHANA: STATUS OF CONVERGENCE

	Target	2005	2006	2007	2008	2009	2010*	2011**
Primary Criteria:								
I) Déficit Budgétaire/PIB	≤ 4%	6.9	12.9	14.5	19.5	7.2	8.6	6.4
II) Taux d'inflation	≤ 5%	13.9	10.9	12.8	18.1	16.0	8.6	8.6
III) Financement BC	≤ 10% RF n-1	0.0	0.0	0.0	17.3	0.0	0.0	0.0
IV) Reserves brutes de change	≥6 ms of Ms g/s	4.0	3.7	3.9	1.8	3.2	3.7	3.7
Secondary Criteria:								
I) Domestic Arrears		nd	nd	nd	nd	yes	yes	non
II) Taz Revenu/GDP	≥20%	21.9	22.3	26.1	27.9	12.6	14.2	14.6
III) Salary Mass/Tax Revenu	≤ 35% RF	44.8	55.7	51.5	53.8	53.2	50.6	48.4
IV) P. Invest/Tax Revenu	≥20% RF	18.8	25.0	27.3	35.8	17.2	18.0	20.6
V) Real Interest Rate	>0	-7.5	-9.4	-11.3	-15.9	-6.0	2.9	2.9
VI) Real Exchange Rate Stability	± 5%	9.3	5.3	-0.6	-4.8	-7.7	7.2	3.0
Number of criteria met		**2**	**3**	**4**	**3**	**1**	**2**	**4**

Source: Bank of Ghana. Ministry of Finance and WAMA

Secondary Criteria

Real interest rate became positive in 2010 with reduction in inflation. The country met none of the other secondary criteria. However, the statistics indicated efforts towards improvement in performance, especially, with regards to tax revenue mobilization, investments financed from domestic resources and reduction in the wage bill. The upward pressure in government expenditure contributed to a further build-up in domestic arrears. In addition, the fluctuation in the real effective exchange rate was outside the prescribed band of ±5.0 percent.

Prospects for 2011

The prospects for the Ghanaian economy in 2011 are mixed. The projections show that output will grow by 12.3 percent with the commencement of commercial oil production. Non-oil growth has been estimated at 7.0 percent. The prospect for realization of this growth objective is real given the following factors: the bourgeoning business confidence, the attempts at encouraging credit for investment purposes as indicated by the declining prime rate and yield on treasury bills, massive government investment into agriculture and industry, boost in exports and improving macroeconomic stability. Nevertheless, the growing apprehensions of the DMBs to private sector credits arising from the high non-performing assets on their balance sheets may vitiate the prospects for higher investment.

The prospects for continued sustainability of macroeconomic stability in 2011 appear bleak in spite of expectations for favourable weather conditions, adequate food supply and stable exchange rate. The uncertainties in the external environment regarding the current political unrest in the Middle-East and North Africa may adversely affect crude oil prices. In addition, the political conflict in Cote d'Ivoire may result in a refugee problem which may result in the incurrence of huge extra budgetary expenditure. Coupled with these problems, the rapidly increasing interest payments, rising domestic arrears and the increasing public sector wage bill arising from and emigration of certain categories of public sector workers (including teachers) unto the single-spine salary structure may constrain realization of government's fiscal targets. These exogenous factors may risk realization of the inflation target of 8.5 percent programmed for the year, unless the government initiates stringent proactive measures to contain inflationary pressures. The optimism for higher inflationary pressures during the year is evidenced by the analysis of price developments during the first quarter of 2011, which showed that the consumer price index increased by 4.8 percent, representing an annualized inflation rate of 20.8 percent.

The external reserve position is expected to remain strong and to rise further in 2011 given the increasing foreign exchange inflows, especially, on private transfers, investments into the various sectors of the economy and the growing interest of non-residents in the three-year bond issued by government. Exports would register significant growth but the demand for higher imports and expectations for crude oil and food price increases in the global economy may render the trade balance indeterminate. With regards to the exchange rate, the domestic currency would remain relatively stable given the rising foreign exchange inflows.

Regarding the convergence criteria, the projections indicate that performance would improve marginally in 2011. The country would meet two targets by sustaining the primary target on central bank budget deficit financing and meet the secondary target on public investment at 20.6 percent. Performance on the other benchmarks would generally improve, particularly, those relating to budget deficit, tax revenue, salary mass and public investment. Even the inflation would be expected to remain within the single digit range, though the country would miss the maximum benchmark of 5.0 percent. The expected improvement in the external sector would also contribute to an increase in gross external reserves, but higher imports bill would constrain the performance of this criterion. As in preceding years, real interest rates would remain negative.

3.2.2.3. INSTITUTIONAL ARRANGEMENTS AND POLICY HARMONIZATION

The National Coordinating Committee (NCC)

The Ghanaian Authorities confirmed the establishment of the National Coordinating Committee (NCC) of Ghana under the Chairmanship of the Director of Economic Policy Analysis and Research Division, Ministry of Finance and Economic Planning. The NCC Secretariat is located in the Ministry of Finance and Economic Planning and the ECOWAS Commission has supplied it with desktop computer equipment and accessories to facilitate its effective operations. However, the NCC of Ghana is yet to recruit a macroeconomist and a bi-lingual secretary to man the day-to-day operations of its Secretariat as directed by the ECOWAS Commission. Moreover, there were difficulties in the receipt of subventions disbursed by the ECOWAS Commission to facilitate the effective functioning of the Secretariat.

Payments System Development

On payments system development, Bank of Ghana (BOG) has introduced an automated clearing house (ACH) for which it holds a direct credit component. However, the BOG is yet to start the direct debit component. During the review period the authorities upgraded the Ghana Interbank Settlements (GIS) Modules to enable it to be used by the Accountant Generals Department and the Ministry of Finance and Economic Planning to facilitate electronic payments. In addition, the BOG was also making necessary arrangements to enable the Social Security and National Insurance Trust (SSNIT) and other non-bank financial institutions access the GIS facility.

Arrangements are also underway to upgrade the Real Time Gross Settlement (RTGS) to enable cheques clearing within 24 hours (T+1) and facilitate processing of government transactions. In collaboration with the telecommunication companies, the Deposit Money Banks have introduced mobile money, which use electronic and mobile payment systems in the rural areas. In another development, the critical mass for the e-zwitch that was introduced in 2008 is yet to be completed. However, the national switch itself is being modified so that it can accept other cards other than biometric cards. The BOG was reviewing the Payments Systems Act with the aim of improving operations and risk management.

Banking Supervision

Banking supervision focused on compliance with the Basel Core Principles and implementation of risk-based supervision. The supervisory framework is largely risk-based and all banks are now required to develop and operationalize Risk-Based Management mechanism. All banks are now fully compliant with the International Financial Reporting Standards (IFRS). Regarding the Basel Core Principles, most banks are compliant with the Basel I principles and Bank of Ghana (BOG) has developed a timetable for the implementation of BASEL II and is seeking technical assistance to advance the implementation process. Although, BOG is yet to implement BASEL II, the computation of Capital Adequacy Ratio (CAR) take into consideration credit risk, market risk and operational risk which are basic requirements under BASEL II. It was observed that while BOG has implemented the Electronic Financial Analysis and Surveillance System (EFASS), significant upgrades are required to enable thorough financial analysis.

ECOWAS Trade Liberalization Scheme (ETLS) and Common External Tariff (CET)

Ghana continues to participate in the ETLS although there are operational challenges. A major challenge is the continuous existence of multiple illegal check points along national and regional road networks and imposition of illegal levies at border crossing points. Other difficulties relate to compliance with the rules of origin and the financial costs associated with the inspection of enterprises involved in the scheme. To foster technical cooperation and obviate the challenge of prohibition of Community goods by Member States the mission recommended speedy ratification by Parliament of the new Industrial Development Policy and sensitization of the relevant stakeholders. These measures would help to ameliorate some of the challenges faced by the business community.

With regard to the Common External Tariff (CET), Ghana has completed the reclassification of goods into 5th band of the tariff structure and has according submitted the relevant list to ECOWAS Commission. The reclassification is in compliance with the requirements for a credible ECOWAS Customs Union and establishment of an effective free trade area between West Africa (ECOWAS and Mauritania) and the European Union within the framework of an Economic Partnership Agreement (EPA).

Economic Partnership Agreement

Despite the interim Economic Partnership Agreement (EPA) initialled by Ghana in 2007, the country is committed to ensuring that the regional EPA being negotiated by ECOWAS and UEMOA was concluded early enough to address the challenges it was experiencing. Areas of concern focused on database development, revenue implications of the tax regime and institutional capacity of the various executing agencies. The country also is also currently reviewing its relationship with the EU under the Initial EPA.

Statistical Harmonization

The country has been participating actively in the statistical harmonization programme, which involves the consumer price index (CPI), national accounts and development of ECOMAC database. The CPI has been harmonized based on the COICOP and coverage includes both rural and urban areas. In addition, there are plans to expand the CPI basket to cover more items and also rebase the CPI. The ECOMAC database template has been completed and submitted to ECOWAS.

Regarding the national accounts, the Ghana Statistical Service successfully completed migration from the system of national accounts (SNA) 68 to SNA 93 in 2010. In addition, the rebasing of the national accounts statistics with 2006 as the reference period was also completed in 2010. The rebasing culminated in over 60 percent increase in the GDP with Ghana been reclassified as a middle-income country. Furthermore the GDP is now compiled using the expenditure and production approaches as required by SNA 93. Arrangements for publication of quarterly GDP data are in progress with the first edition expected to be issued in the second quarter of 2011.

Convention relating to Inter-State Road Transit (IRST) of Goods

In 2010, Ghana introduced an electronic tracking system, which has facilitated transiting of goods across the country as well as increased customs revenue. The IRST is however being hampered by the existence of multiple illegal checkpoints, and delays are observed at border posts and checkpoints at various sections of transit routes.

Financial integration

The Mission noted that there is limited quoting and trading in the WAMZ national currencies by commercial banks. Only Ecobank and UBA are involved in the quoting and trading of the WAMZ currencies. Generally, most banks do not participate in the programme due to fear of accumulating long positions on some currencies with no mechanism for clearing and settlement.

3.2.2.4. Conclusion and Recommendations

After experiencing a relative slowdown in economic activity in 2009, the economy of Ghana showed signs of recovery in 2010. Output expanded moderately supported by rebounds in business and consumer confidence. Macroeconomic stability improved as inflationary pressures continued to decline to single digit level driven by adequate food supply and relative exchange rate stability. Interest rates trended downwards, responding to a monetary policy stance aimed at encouraging investment. Consequently, the Authorities realized most of the targets programmed for the year.

Nevertheless, the pressure for higher government expenditure persisted, contributing to further deterioration in fiscal policy. The current account also experienced some constraints driven by an increasing imports bill. Under the monetary cooperation programme, performance on the macroeconomic convergence criteria improved marginally. However, the country continued to grapple with its performance on budget deficit, inflation, gross external reserves, salary mass and the positive real interest rates requirement.

The major challenges of the economy are in the management of fiscal operations relating to inadequate revenue, high wage bill and interest payments as well as ambitious investment drive. These difficulties contributed to the accumulation of both external and domestic arrears, with the latter posing a significant challenge to financial system stability. The financing of budget deficits through the issuance of bonds to non-residents was a matter of much concern.

The prospects for 2011 appear bright provided the government can implement appropriate policy measures to sustain the rebound in economic activity, strengthen fiscal policy and work towards consolidation of macroeconomic stability. On the policy harmonization issues, the authorities need to pay attention to the factors impeding the free flow of goods under the ETLS, especially, the existence of illegal border check points, compliance with the rules of origin and ratification of relevant protocols.

In the light of the above observations the following recommendations seem relevant:

1. The government should intensify revenue mobilization given the hike in GDP and consequential relative shortfall in revenue created by the adoption of SNA 1993, which provides a more advanced and efficient methodology for compilation of GDP. The immediate strategy may be to:
   - ► extend the tax base to cover the productive/business units and individuals working in the new sub-sectors included in the GDP basket;
   - ► formalize the informal sector in a bid to broaden the tax base by establishing workers' associations of identifiable small scale enterprises;
2. The government should consolidate tax revenues by rationalizing the granting of non-statutory exemptions, waivers and concessions. When it becomes necessary to grant non-statutory exemptions, they should be given to growth-promoting sectors;
3. The Authorities are urged to sustain macroeconomic stability by maintaining fiscal prudence aimed at controlling the budget deficit whilst intensifying open market operations;
4. To maintain fiscal sustainability, it may be necessary for Government to control its expenditure. In this regard, the government should:
   - ► rationalize the public sector wage bill through staff audit and institutional reforms aimed at enhancing efficiency and productivity;
   - ► minimize interest payments by sourcing its financing requirements from concessional sources and, thereby, avoiding borrowings from commercial concerns;
   - ► avoid the accumulation of new arrears; take appropriate steps to pay outstanding commitments owed to

contractors. Alternatively, the authorities could refinance some of the private sector arrears by converting them into debt instruments;

- ► Avoid expenditure overruns by adopting a strict budgetary control process based on the availability of funds;

5. The government should avoid crowding out of the private sector by moderating government borrowing from the banking system, especially, from the deposit money banks;
6. The Bank of Ghana should sterilize excessive inflows of net foreign assets to forestall unwarranted appreciation of the domestic currency as it may be injurious to the long run external competitiveness of the country;
7. The Bank of Ghana should facilitate the responsiveness of lending rates to monetary policy initiatives by establishing private sector institutions to buy the high non-performing loans (NPLs) off the balance sheets of the deposit money banks (DMBs). This arrangement would establish the mechanism for efficient debt recovery, reduce the risk and cost structure of the DMBs and create necessary conditions for lending rates to reflect financial market conditions; and
8. Ghana should recommit itself to the implementation of the ETLS by ratifying and domesticating relevant protocols, ensuring compliance with the protocol on free movement, right of residence and establishment and removing all unauthorized check points at border posts and transit corridors. In this regard, the Ministry of Trade and Industry should engage ECOWAS Commission in setting out a mechanism for enforcement of rights of community citizens in the event of non- compliance by Member States.

3.2.3 GUINEA

Guinea's economic programme for 2010 was based on the acceleration of economic activities to attain a real GDP growth of 3.7%. This growth was expected to be achieved against the backdrop of rising inflationary pressures with a year-on-year inflation rate of 18.2%. In terms of public finance, the balance of budget deficit on commitment basis, excluding grants of 5.99% of GDP was expected to worsen. As regards the monetary situation, the M2 money supply development was expected to stand at 23.5% of GDP. Regarding foreign trade, the overall balance of payments performance was expected to improve to 0.8% of GDP.

At the end of 2010, Guinea's economic situation was marked by a slowdown in economic activity, induced by the political uncertainty. The result of this situation was deterioration in the main fiscal and monetary indicators. However, economic assets recorded a real growth of 1.9%, having experienced a negative growth (-0.3%) in 2009. This growth was particularly linked to activities in the secondary and tertiary sectors.

Year-on-year inflation rate as at-end December 2010 reached double digits i.e. 20.80% against 7.9% in 2009.

The implementation of the state budget was characterised by a faster increase in expenditure than revenue due to an expansive budgetary policy and a total lack of external support. This situation led to a worsening of the budget deficit on a commitment basis excluding grants which stood at 14.4% of GDP.

The monetary situation was characterised by an expansion in broad money supply to the tune of 74.4% compared to its level as at end-December, 2009, mainly due to a deterioration in the net position of the treasury (NPT) at the BCRG.

With regards to balance of payment, external transactions resulted in a current deficit of USD 326.93 million, representing 6.66% of GDP.

For the year 2011, macroeconomic forecasts are based on assumptions of a real GDP growth rate of 4.0% and the adoption of an official national budget combined with cash based budget implementation and a target of 5.1% budget deficit on commitment basis excluding grants. This would result in an expansion in broad money supply to 22% of GDP as well as an improvement in the position of the balance of payment operations, targeting a surplus of USD 106.10 millions.

3.2.2.5. SECTOR ANALYSIS

3.2.2.5.1.Real sector

In 2010, economic activities were adversely affected by the wait-and-see attitude of economic operators due to the presidential elections. Growth in 2010 stood at 1.9% against the projected 3.7%. However, this growth reflected an upward trend compared to that of 2009 which was 0.3%. The improvement was mainly driven by the secondary and tertiary sectors.

For the primary sector, latest estimates showed stability with a growth rate of 3.2% as in 2009. This growth was fuelled by the agriculture and hunting, forestry and livestock production sub-sectors at the rate of 3.6%; 3.5% and 2.3%, respectively. The increased value added in these sub-sectors is linked to good rainfall patterns and certain actions undertaken in the area of livestock production. On the other hand, the fisheries sub-sector suffered a decline in its value added slumped from 2.2% in 2009 to -3.2% in 2010, chiefly due to issues related to non-compliance with quality standards applicable to export of fisheries products.

As regards the secondary sector, the growth rate stood at 2.3% in 2010 against -3.2% in 2009. This significant improvement stemmed from the mining as well as building and public works sub-sectors, whose added value expanded by 1.0% and 4.5%, respectively. The mining sub-sector, having slumped by 7.3% in 2009, received a boost from the recovery in global demand for commodities. As far as the building and public works sub-sector is concerned, the growth recorded is mainly attributed to the construction and equipment of military barracks.

The tertiary sector grew by 1.3% in 2010 against 0.8% in 2009. This slight improvement is attributed to the trade and transport sub-sectors, which contributed 1.0% and 1.4%, respectively.

The year-on-year inflation rate at-end 2010 stood at 20.8% compared to 7.9% a year earlier as a result of a higher ex-pump price of fuel, rising cost of basic commodities (rice, sugar, flour, etc.) and over-reliance on monetary financing of the budget deficit.

Table3.49: SELECTED REAL SECTOR INDICATORS

	2005	2006	2007	2008	2009	2010
GROWT						
GDP	3.0%	2.5%	1.8%	4.9%	-0.3%	1.9%
Per capita GDP	-0.2%	-0.7%	-1.4%	1.7%	-3.4%	-1.2%
Per capita consumption	-4.5%	-1.1%	6.6%	-1.6%	-13.0%	-1.9%
GNP/capita (in US$)	293.9	274.8	392.2	401.0	396.4	376.1
GDP/capita (in US$)	314.8	297.3	417.0	439.7	430.5	411.8
COMPOSITION OF GDP						
Primary sector	**1.3%**	**3.9%**	**2.8%**	**3.6%**	**3.2%**	**3.2%**
Agriculture. hunting	1.5%	4.4%	3.3%	3.8%	3.4%	3.6%
Wood and Forestry	0.9%	3.5%	4.0%	3.9%	3.7%	3.5%
Fisheries	1.3%	2.6%	-1.3%	2.5%	2.2%	-3.2%
Livestock	1.4%	2.5%	-0.5%	2.4%	2.0%	2.3%
Secondary sector	**3.8%**	**2.3%**	**1.7%**	**9.4%**	**-3.2%**	**2.3%**
Mining	2.4%	-1.6%	2.4%	14.2%	-7.3%	1.0%
Manufacturing sector	3.5%	1.8%	-0.1%	1.5%	1.6%	1.2%
Water. Electricity. Gas	1.0%	0.5%	5.1%	5.5%	4.5%	1.7%
CONSTRUCTION	6.0%	8.0%	1.5%	7.5%	-0.1%	4.5%
Tertiary sector	**1.6%**	**1.2%**	**0.6%**	**2.4%**	**0.8%**	**1.3%**
Trade	1.5%	1.5%	1.0%	2.3%	-1.2%	1.0%
Transport	1.8%	0.5%	1.1%	2.8%	-0.5%	1.4%
Administration	1.7%	1.0%	-0.2%	2.5%	3.5%	1.7%
Others	1.2%	2.5%	0.5%	1.3%	2.5%	1.3%

Source: Ministry of Finance/ WAMA

3.2.2.5.2. Public finance

At-end December, 2OO9, State financial transactions resulted in a deficit on commitment basis, excluding grants of 14.4% of GDP compared to 7.5% in 2009.This worsening of the deficit in comparison to the previous year is essentially due to a significant increase in expenditure compared to revenue mobilisation as a result of depressed economic activity. In fact, total revenue excluding grants mobilised came up to GNF 4154.87 billion, representing 15.4% of GDP. On the other hand, total expenditure jumped 62.3% to stand at GNF 8 041.10 billion, 73.8% of which went to internally financed capital expenditure and 64.5% to operating expenditure. The increase in these two items may be linked to the continued construction and elaborate works on the military barracks and adjustment of civilian and military salaries by about 50%.

In order to finance the deficit, the government resorted to the banking system, notably to monetary financing by the Central Bank to the tune of GNF 6,455.74 billion, in spite of the provisions of article 36 of ordinance N°0/2009/046/CNDD on the statutes of the Central Bank, and to this was added the accumulation of arrears on payment of both domestic and external debts.

Table 3.50: SELECTED BUDGETARY INDICATORS (VARIATION IN %)

	2008	2009	2010	2008	2009	2010
	In GDP percentage			Variation in Percentage		
BUDGET REVENUE	**15.7**	**15.7**	**15.4**	**31.8**	**4.5**	**21.8**
Tax revenue	14.7	15.2	14.7	30.4	8.0	20.3
Non-tax revenue	1.0	0.5	0.7	57.8	-47.2	66.0
GRANTS	**0.5**	**0.4**	**0.4**	**-32.3**	**-23.4**	**13.9**
TOTAL EXPENDITURE	**17.4**	**23.2**	**29.8**	**41.9**	**39.5**	**62.3**
CURRENT EXPENDITURE	**13.4**	**16.1**	**20.6**	**42.1**	**26.1**	**64.5**
Salaries and Emoluments	4.1	5.0	5.7	41.0	26.3	43.5
CAPITAL EXPENDITURE	**4.0**	**7.1**	**9.2**	**41.1**	**84.1**	**57.7**
From domestic resources	1.9	5.8	8.1	43.6	213.8	73.8
From external resources	2.1	1.2	1.0	39.0	-39.6	-5.2
OVERALL BALANCE (commitment basis excluding grants)	**-1.7**	**-7.5**	**-14.4**	**-290.4**	**-366.7**	**-151.8**

Sources: MEF / WAMA

3.2.2.5.3. Monetary situation

During the period under review, 2010, the monetary situation was characterised by massive expansion in (M2) broad money supply of 74.4% compared to end December, 2009. This increase essentially stems from the expansion of net domestic assets by 97.6%. In effect, net credits on the State rose from GNF 4,147.37 billion in 2009 to GNF 8, 368.96 billion in 2010, representing a 101.80% increase. This increase is primarily attributed to the monetary financing of the State budget deficit to the tune of GNF 6, 455.74 billion by the Central Bank. Meanwhile, the effect of this increase on net domestic assets was mitigated to a lesser extent by a decline in net foreign assets of about 29.5%. This decline in net foreign assets resulted from the combined effect of increased foreign currency expenditure by the state, the sale of non-monetary gold and decline in foreign currency deposits by commercial banks with the Central Bank.

The proportion of deposits in GNF in the composition of money supply accounted for 46.45%, while those of currency circulation and foreign deposits represented 38.46% and 13.21% respectively.

It is worth noting that the monetary policy was relaxed and was unable to address the worsening monetary situation, in spite of the upward adjustment of the key rate from 9% to 13.42%.

Table 3.51: TRENDS IN THE MAIN MONETARY AGGREGATES 2004-2010

Year	2004	2005	2006	2007	2008	juin-09	déc-09	juin-10	déc-10	Variation Déc 09- Déc 10	
										mds	%
Net For. Assets	**169.9**	**300.5**	**358.0**	**381.1**	**889.2**	**1 006.8**	**1 084.7**	**1 436.2**	**765.01**	**-319.7**	-29.5
incl.											
Central Bank	-15.1	23.05	-137.53	-148.66	-54.79	294.826913	475.405	949.496	240.92	**-319.7**	-49.3
Deposit Bank	185	277.48	495.55	529.72	943.95	711.955	609.3	486.71	524.09	**-319.7**	-14.0
Net Dom. Assets	**1 314.7**	**1 736.2**	**2 889.3**	**3 020.6**	**3 838.0**	**3 413.2**	**4 860.4**	**6 642.6**	**9602.92**	4 742.5	97.6
incl.											
Net credits to government	977.1	1129.49	1998.83	2086.23	2934.07	2646.39049	4147.373	5845.699	8368.96	4 221.6	101.8
Credits to the Economy	385.5	699.63	960.92	947.99	986.97	913.973878	1138.919	1517.393	1711.02	572.1	50.2
Money supply	**1 484.6**	**2 036.8**	**3 247.3**	**3 401.7**	**4 727.2**	**4 420.0**	**5 945.1**	**8 078.8**	**10367.93**	4 422.8	74.4
Money in circulation						1 675.6	2 120.0	2 920.6	3987.51	1 867.5	88.1
Demand deposits gnf						1476.57296	2607.309	3727.515	4816.40	2 209.1	84.7
Fixed term deposits						275.466	152.697	150.649	193.51	40.8	26.7
						992.343894	1065.079	1280.072	1370.51	305.4	28.7

Sources: BCRG/ WAMA

3.2.2.5.4. External sector

External transactions at the end of the year 2010 resulted in a current account deficit of US$326.93 million equivalent to 6.66% of GDP against a deficit of 8.84% of GDP in 2009. This deficit affected mainly the service balance which deteriorated by about 28.83% compared to the previous year. The deficit of the revenue balance improved by 51.78% compared to its level last year. The trade balance recorded a surplus of US$ 66.25 million, due to increased exports of bauxite and alumina as a result of the recovery in global demand for both commodities.

This current account deficit could not be offset by inflows into the capital and financial operations account due particularly to the decline in foreign direct investments which slumped from US$ 140.85 million in 2009 to US$ 101.35 million in 2010. This resulted in an overall deficit of the balance of payment of US$ 73.01 million against a surplus of US$ 60.17 million in 2009 which was financed through a levy on foreign currency assets and exceptional operations (accumulation of arrears , debt rescheduling).

As at-end 2010, Guinea's gross official reserves amounted to US$ 253.7 million, representing a CIF import cover of 1.9 months

Regarding exchange rates, the Guinean franc depreciated by 19.92% and 28.89%, on average, against the US dollar on the official and parallel markets, respectively; the end of period premium between the official and parallel markets remained high at 13.93%.

The external debt accrued as at-end 2010 is estimated at US $ 3.02 billion.

Table3.52: KEY BALANCE OF PAYMENTS DEVELOPMENTS 2006-2010							
Item	Year						
	2006	2007	2008	juin-09	déc-09	juin-10	déc-10
	In millions of US dollars (unless otherwise indicated)						
A. Current account	**-221.35**	**-455.57**	**-423.24**	**-164.59**	**-403.46**	**-133.77**	**-326.93**
Current deficit in GDP %	-7.72	-10.97	-9.36	-15.20	-8.84	-10.90	-6.66
Trade balance	76.54	-14.41	-24.06	98.15	-10.37	6.25	66.25
Balance of services	-197.17	-247.42	-337.11	-168.98	-258.57	-106.27	-333.12
Balance of money income	-59.78	-63.15	-80.55	-95.53	-168.24	-32.21	-77.11
Current transfers	-20.61	-130.59	18.48	1.77	15.25	-1.54	17.05
B. Capital account and financial account	**165.83**	**367.93**	**394.52**	**205.33**	**463.67**	**145.71**	**253.94**
Include:							
Capital transactions	27.41	106.5	34.75	7.95	39.53	29.6	47.3
Foreign direct investment directs (FDI)	125	385.9	255.77	68.03	140.85	2.62	101.35
Portfolio investment	22.42	8.31	0	0	0	-0.11	1.31
Other investments	-9	-132.78	104	129.35	283.29	113.6	103.98
C. Errors and net omissions		**0**	**0.01**	**-0.43**	**-0.04**	**4.21**	**-0.02**
D. Overall balance	**-55.52**	**-87.64**	**-28.71**	**40.31**	**60.17**	**11.94**	**-73.01**

Sources : BCRG/ AMAO

3.2.2.6. Macroeconomic Convergence Status

In the course of 2010, an assessment of the extent to which Guinea met the convergence criteria reveals that the country, as in 2009, met none of the primary criteria. This is the result of a marked degradation of monetary and budgetary criteria, notably during the last six months.

Tableau 3.53: Situation de la Convergence en 2010								
	Target	2005	2006	2007	2008	2009	2010*	2011**
Primary Criteria:								
I) Budget Deficit/GDP	≤ 4%	1.6	2.0	0.9	1.5	7.0	14.4	5.1
II) Inflation Rate	≤ 5%	29.7	39.1	12.8	13.5	7.9	20.8	17.1
III) Budget Deficit financing	≤ 10% RF n-1	-8.8	54.0	0.0	5.8	38.7	91.0	4.3
IV) Gross External Reserves	≥ 6 ms of Ms g/s	1.1	0.8	0.4	1.1	1.4	1.9	1.5
Secondary Criteria:								
I) Domestic Arrears		nd	nd	nd	nd	nd	nd	nd
II) Tax Revenu/GDP	≥ 20%	12.2	14.8	13.5	14.7	14.9	14.7	14.7
III) Salary Mass/Tax Revenu	≤ 35% TR	23.2	18.4	25.9	28.0	32.7	39.0	39.0
IV) P. Invest/Tax Revenue	≥ 20% TR	12.6	12.0	11.9	12.9	38.1	55.0	55.0
V) Real Interest Rate	> 0	-23.0	-20.0	1.8	-0.5	8.1	-7.4	-7.4
VI) Real Exchange Rate Stability	± 5%	-22.4	-7.0	32.6	-6.5	4.5	-7.9	-7.9
Number of criteria met		**3**	**2**	**4**	**3**	**4**	**1**	**2**

Sources: BCRG. Ministry of Finance and WAMA

Regarding the primary criteria, the budget deficit on commitment basis excluding grants nearly doubled compared to its level in the previous year to settle at 14.4% of GDP. This increase is the result of the combined effect of the disproportionate relation between government expenditure and revenue and the lack of external support. The situation led to an abusive recourse to monetary financing of up to 90.61% of tax revenue in

2009 by the Central Bank. This contravenes the provisions of the new statutes that require more stringent modalities and conditions for advances to Government. Concerning reserves, the replenishment of the exchange reserves remained a source of concern, by reason of the lack of external support and an ineffective policy on repatriation of export revenues, notably from the mining sector, which is the main source of foreign exchange. The level of inflation remained alarming at 20.8% in 2010.

For the secondary criteria, the country met only one, compared to four in 2009, which is the criterion on internally funded investment, particularly due to the construction and equipment of the military barracks. The indicators concerning tax revenues, wage bill, real interest rate and real interest rate stability were not met. The failure to meet the wage bill/tax revenue criterion is the result of the increase in the civilian and military wage index point, while the level of tax revenue mobilisation did not grow in the same proportion. Interest rates remained negative despite an upward review of the key rate which should have translated into an upswing of other rates.

3.2.2.7. Policy Harmonisation and Institutional Arrangements

Development of payment systems

Implementation of the project initiated by WAMI and financed by the ADB is underway. The premise to house the equipment and data centre is still under construction, but the ground floor which is expected to house the data centre is ready. The model legal text drafted by the WAMZ Committee of Experts and approved by the convergence council for adoption in member countries has been forwarded to the BCRG. Also, the BCRG and commercial banks are taking measures to establish the prerequisites of payment instruments, especially electronic payments and standardization of cheques.

b- National Coordinating Committee (NCC)

The NCC is functioning normally and produces quarterly convergence reports for the ECOWAS Commission. The operating budget for 2011 has already been drawn up with the tripartite allocation key: 25% ECOWAS Commission, 35% Central Bank and 45% Ministry of Finance and Economic Planning.

3.2.2.8. Prospects:

The macroeconomic objectives for 2011 would be based on accelerated economic activities with a real growth rate of 4.0%. This growth is expected to be spurred by all the sectors of activity. Indeed, the primary, secondary and tertiary sectors are expected to grow by 3.9%, 4.3% and 3.8%, respectively.

In terms of inflation, a year-on-year inflation rate of 17.1% is expected, which will represent a three percentage point reduction from the previous year.

Regarding public finance management, there are plans to adopt a formal budget combined with the cash basis budget implementation, the primary target being a budget deficit on commitment basis excluding grants of 5.1%.

Regarding the monetary situation, the projections are banking on a level of money supply of 22% of GDP and strict compliance with the provisions of the Statutes of the Central Bank relating to modalities for the financing of budget deficit.

Regarding external transactions, the overall balance of payments is expected to improve to US$ 106.10 million.

These developments in respect of macroeconomic convergence are expected to lead to compliance with the primary criteria on the budget deficit financing by the Central Bank.

3.2.2.9. Conclusion and recommendations

In 2010, the economic situation in Guinea was marked by a further worsening of the macroeconomic fundamentals due to the combined effect of an expansionary budget policy and a relaxed monetary policy. The preparation and adoption by ordinance of a national budget for 2010 did not facilitate a return to orthodox practices in budgetary and monetary management. This led to a worsening of the budget deficit and an upsurge in inflationary pressures.

To ensure that the country complies with the community macroeconomic convergence targets, the following measures must be implemented:

1. The Authorities of the Republic of Guinea must continue the ongoing efforts to normalize relations with international financial institutions for the implementation of the country's development programmes;
2. Improve transparency in the management of public finances through public expenditure rationalisation and domestic revenue mobilisation, as well as compliance with public procurement procedures;
3. Implement a stringent monetary policy aimed at streamlining currency circulation to better match supply with demand for money;
4. Involve the BCRG on the foreign exchange market with a view to regulating demand and supply, while avoiding multiple exchange rates;
5. Take the necessary measures to complete works on the construction of the premises to house the infrastructure of the payments systems modernisation project;
6. Develop a real capacity building policy in all sectors of public administration to render them more efficient in dealing with the motley challenges;
7. Improve capacity in the mining sector through the establishment of sound research and training centres with a view to developing national expertise and thereby derive maximum benefit from the competitive advantage the country has in this area ;
8. Promote a reassuring legal and security environment for local and foreign investors.

3.2.4. LIBERIA

Liberia implemented a broad-based macroeconomic policy within the framework of the Poverty Reduction Strategy (PRS) spanning over the period 2008-2011, aimed at accelerating reconstruction and development, as well as putting in place strong systems of governance. The major macroeconomic objectives of the Government are to attain sound fiscal, monetary, trade and exchange rate policies geared towards fostering competition, generation of revenues, maintaining price stability, creation of employment opportunities, and encouraging private sector investment. The government of Liberia outlined the following targets for 2010: a real GDP growth rate of 6.3 percent compared to 4. 6 percent in 2009; headline inflation of 4.8 percent, an overall budget deficit of 1.1 percent of GDP, a negative trade balance of 46.3 percent of GDP and gross external reserves equivalent to 2.6 months of imports.

3.2.2.10. Sectoral Analysis

a. Real Sector

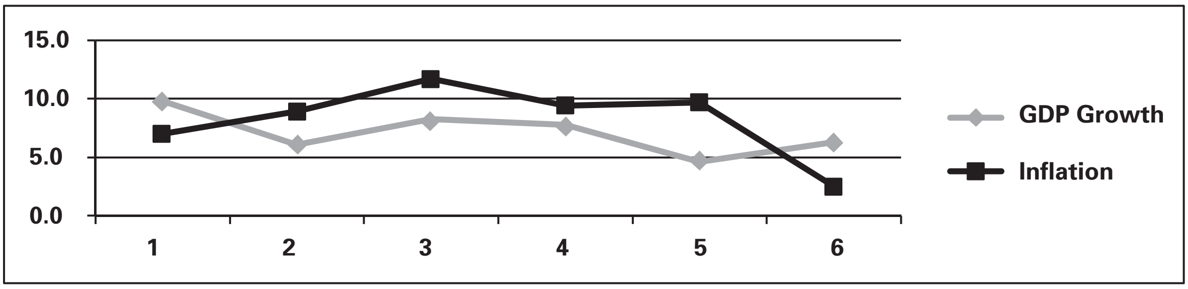
Provisional estimates put real GDP growth rate at 6.3 percent in 2010, compared to 4.6 per cent in 2009. Sectoral growth rates in 2010 were: Primary Sector (7.2 percent), Secondary Sector (7.8 percent) and Tertiary Sector (8.3 percent). The relatively higher growth rate in 2010 could be attributed to the general recovery of the global economy and improved domestic factors including favourable weather conditions and pro-growth real sector policies.

Growth in the primary sector was influenced by the large number of the population engaged in farming activities and Government incentive programmes relating to the provision of seeds and other farming implements. For 2011, a stronger growth is expected in the sector with more support through the intensification of the Government incentive programmes. Growth in the secondary sector could be explained by the large jump in gold production from 16,859 ounces in 2009 to 25, 708 ounces in 2010. Similarly, output of paint significantly increased from 211,694 litres in 2009 to 349,386 litres. There were large increases in candle production and finished water, amongst others. Services sector also improved due to increase in international trade (Exports basically) as well as remittances and other capital inflows.

Year-on-year inflation rate stood at 6.6 percent at end-2010, compared to 9.7 percent in 2009. It was noted that inflation declined to as low as 2.5 percent at end-June 2010 due to exchange rate stability but rose gradually during the second half of the year. The inflationary pressures observed during the second-half of the year largely originated from international developments particularly the hike in crude oil prices on the international market.

	2005	2006	2007	2008	2009	2010
GDP at Current Price	**580.7**	**645.5**	**699.7**	**850.7**	**879.0**	**976.6**
GDP at Constant Price	557.7	591.7	640.7	690.6	722.4	767.88
Constant GDP Growth Rate	9.8	6.1	8.3	7.8	4.6	6.3
GDP deflator	1.0	1.1	1.1	1.2	1.2	1.3
Inflation Rate- Year on year	7.0	8.9	11.7	9.4	9.7	2.5
Sectoral Distribution of GDP						
Primary Sector	**404.3**	**444.5**	**473.9**	**575.7**	**596.1**	**638.8**
Secondary Sector	**33.2**	**44.0**	**50.4**	**63.2**	**53.8**	**71.3**
Tertiary Sector	**143.2**	**157.0**	**175.4**	**210.7**	**224.2**	**242.8**

Sources: Liberian Authorities and WAMA Estimates



b. Monetary Sector

Monetary policy during the period under review was essentially contractionary, aimed at containing exchange rate fluctuations as well as ensuring low inflation. Broad money supply (M2) rose on year-on-year basis by 36.1 percent at end-December 2010, compared to a growth of 46.4 percent in the corresponding period of 2009. The moderation in monetary growth was due to the significant reduction in net domestic assets (NDA) which in turn was a reflection of the sharp decline in net claims on government by 84.1 percent (due to payment of long outstanding arrears).

Net foreign assets (NFA) position improved by 125.9 percent as at end 2010, driven by an increase in foreign assets (27.2 percent) and decline in foreign liabilities (75.1 percent). This was largely due to the HIPC relief obtained as the country reached HIPC completion point in June 2010.

Credit to the private sector increased by 40.2 percent during the review period. The trade and commerce sector was the main beneficiary. The key factors responsible for this development were the general increase in economic activities and increase in the number of credible borrowers. Efforts by the CBL to extend medium-term facilities to the SMEs did not yield much result as the amount placed with the DMBs by the CBL could not be loaned out to the intended beneficiaries. This was due to sometimes poor credit culture of most SMEs which lack credible business plans.

Average commercial bank lending rate increased marginally from 14.1 per cent in December 2009 to 14.2 percent in December 2010, while average time deposit rate declined from 4.3 percent to 2.9 percent during the same period. The spread increased marginally in nominal terms but appreciably in real terms. This development was attributed to the excess liquidity in the banking system as demand and savings deposits increased substantially (43.5 and 26.7 percent), respectively.

The Banking System remained relatively sound and stable during the period under review as the CBL discharged its oversight responsibilities by adopting risk-based supervision (RBS) as well as the International Financial Reporting Standards (IFRS) as the accounting standard for the banking industry. Several prudential regulations were also issued during the review period. However, low profitability remained one of the major concerns of the banking sector as returns on assets (ROA) and returns on equity (ROE) assumed negative values during the last quarter of 2010. The ratio of non-performing loans to total loans also rose sharply to 25.1 percent by end-December 2010 which is high by regional standards.

	2008	2009	2010
Broad money (12 month change in %)	37.2	27.8	36.1
Net foreign assets growth (in %)	8.6	137.8	150.5
Net Domestic Assets growth (in %)	16.5	-87.3	-89.3
Deposits/Broad Money (in %)		60.0	58.5
Reserve money (12 month change in %)	30.0	19.5	34.8
Ratio (Currency/Broad money)	18.2	13.7	16.1
Velocity (GDP/broad money)	2.7	1.3	2.1
Money multiplier (M2+/RM)	2.2	2.4	2.2
Currency-to-deposit ratio (%)	22.3	15.9	19.2
GDP at market prices	61969.5	35279.7	66337.7

Sources: CBL and WAMA

Fiscal Sector

The government maintained the operation of a cash-based budgeting, limited transfers between budget lines without legislative approval to a cumulative total of not-more-than 20 per cent, and improved domestic revenue mobilisation during the year 2010. Total domestic revenue as a proportion of GDP stood at 33.5 percent, compared to 29.9 percent in 2009. Total expenditure as a ratio of GDP was 26.9 percent in 2010, as against 28.7 percent in 2009. The overall fiscal balance excluding grants on commitment basis indicated a surplus of 4.6 percent during the review period, compared to a deficit of 2.0 percent in 2009.

Fiscal Indicator	2006	2007	2008	2009	2010
Total Revenue and Grants/GDP	**31.6**	**31.2**	**24.9**	**29.9**	**33.5**
Total Domestic Revenue/GDP	31.3	31.0	24.2	26.7	31.4
Tax revenue/ GDP at Current Market Prices	30.2	28.0	21.9	23.2	24.7
Total expenditure/GDP	19.1	23.5	26.9	28.7	26.9
Total expenditure + Net lending/GDP	19.1	23.5	26.9	28.7	26.9
Primary balance / GDP	12.4	4.5	-4.7	-1.8	4.4
Overall deficit(comm. basis excl. grant) / GDP	**12.2**	**7.5**	**-2.7**	**-2.0**	**4.5**
Overall deficit(comm. basis incl. grant) / GDP	12.4	7.7	-2.0	1.1	6.6
Tax revenue/ GDP at Current Market Prices	30.2	28.0	21.9	23.2	24.7
Wages and Salaries/Tax revenue	20.9	33.7	31.7	39.9	37.0
Domestic investment expenditure/Tax Revenue	0.0	10.2	11.2	12.5	8.8
Central Bank financing/Previous yr.'s tax revenue	0.0	0.0	0.0	0.0	0.0
Nominal GDP Current market prices (in million f USD)	642.5	696.5	850.7	879	976.6

Sources: Ministry of Finance and WAMA Estimates

External Sector

There was significant expansion in the country's external trade as export-GDP ratio stood at 39.8 per cent during the period under review, compared to 27.0 percent recorded in 2009. Exports grew by 64.6 percent in 2010, while import grew by 28.8 percent. Increase in exports was driven mainly by increase in demand for primary commodities as the global economy recovered. The rise in imports was attributed to a hike in crude oil prices on the international market during the latter part of the review period. The trade deficit deteriorated ($465.0 million), compared to ($402 million) in 2009. The overall balance was projected to record a surplus as more donor assistance and remittances flew into the country. Gross external reserves in months of import cover stood at 4.0 at end-December 2010, compared to 3.6 months in 2009.

The nominal exchange rate of the Liberian dollar vis-à-vis the US dollar depreciated by 1.4 percent on year-on-year basis during the review period. The appreciation of the nominal exchange rate during the second-half of the year (1.1 percent) was also noted and could be linked to increased inflows of remittances.

3.2.4.2Status of Macroeconomic Convergence

Liberia satisfied two primary criteria namely budget deficit and central bank financing of the deficit and two secondary criteria in respect of tax revenue – GDP ratio and real exchange rate stability as detailed in the table below.

Table 3.54: LIBERIA: STATUS OF CONVERGENCE IN 2010

	Target	2005	2006	2007	2008	2009	2010*	2011**
Primary Criteria:								
I) Budget Deficit/GDP	≤ 4%	0.9	-3.0	3.4	2.0	-2.0	4.5	4.5
II) Inflation Rate	≤ 5%	7.0	8.9	11.7	9.4	9.7	6.6	6.6
III) Budget Deficit financing	≤ 10% RF n-1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IV) Gross External Reserves	≥6 ms of Ms g/s	0.1	0.1	0.7	0.7	3.7	4.3	4.3
Secondary Criteria:								
I) Domestic Arrears		na	na	na	na	na	0.0	0.0
II) Tax Revenu/GDP	≥20%	14.7	13.2	12.6	12.5	23.2	24.7	24.7
III) Salary Mass/Tax Revenu	≤ 35% TR	59.2	34.5	32.9	28.7	39.9	37.0	37.0
IV) P. Invest/Tax Revenue	≥20% TR	18.3	14.9	13.8	12.5	12.5	8.8	8.8
V) Real Interest Rate	>0	-3.9	-6.2	-9.1	-7.2	-7.7	-4.6	-4.6
VI) Real Exchange Rate Stability	± 5%	-3.1	-4.6	2.5	2.7	2.5	2.6	2.6
Number of criteria met		**3**	**4**	**4**	**4**	**4**	**4**	**4**

Sources: CBL. Ministry of Finance and WAMA

3.2.4.3 Policy Harmonization and Institutional Framework

ECOWAS Trade Liberalisation

Liberia is yet to implement the ECOWAS Trade Liberalisation Scheme (ETLS). The country is however interested in the scheme and is soliciting technical assistance from ECOWAS Commission and other development partners to undertake an impact assessment studies on the revenue implications of adopting the scheme and the ECOWAS CET. In this regard, the authorities intend to seek clarification from the ECOWAS Commission on some major challenges facing the effective implementation of the scheme such as the revenue compensation process, the security of the certificate of approval for participation under the scheme and the effective application of the rules of origin.

Trade facilitation has been enhanced through the introduction of ASYCUDA, World and the automation of customs procedures at the two major ports, Freeport of Monrovia and LPRC, both of which collect over 85% of total customs revenue and currently account for 90% of the trade volume. This has resulted in significant reduction in average clearance time at these ports. The Liberian authorities intend to roll out the automation and ASYCUDA processes to cover the entire country with technical and financial support from development partners.

Liberia has effectively participated in all regional meetings relating to the formulation and adoption of the ECOWAS Common External Tariff. The government has also indicated willingness to adopt and implement the ECOWAS CET when once the on-going negotiations on its formulation are finalised. The list of products for the fifth band of the CET has been finalised and sent to ECOWAS. Negotiations on the tariff lines have reached an advanced stage and the country awaits the final decision on the fifth band. The current customs code was harmonised after the 1997 Household Survey HS) of the World Customs Organisation and ECOWAS but country acceded to the HS 2007 in June 2010.

National Trade Policy Document

The Government formulated a National Trade Policy and has received financial assistance from the ECOWAS Commission to ensure its effective implementation. An automated state-of-the-art Business Registration System has also been established which has significantly improved the business environment and enhanced the ease of doing business. As the result of the new business registry, businesses will be registered within 48 hours as opposed to 99 days only three years ago. The Government became eligible for participation in the AGOA trade arrangement in February 2011 and the formulation of policies to promote the development of manufacturing industries and small- and medium-scale enterprises (SMEs) have expanded business opportunities in the country. However, it was noted that a significant deficiency in the production and dissemination of reliable and timely trade statistics was due to the lack of connectivity and the non use of ASYCUDA-World in the operations of the Ministry of Commerce and Industry.

Economic Partnership Agreement (EPA)

ECOWAS Commission is representing the interest of the Liberian government at the on-going negotiations on the Economic Partnership Agreement (EPA) with the European Union. The country participates in all regional meetings of ECOWAS on the EPA negotiations which are yet to be concluded.

Free Movement of Goods, Persons and Right of Residence and Establishment of Business

Liberia is making progress in the implementation of the ECOWAS protocol relating to free movement of persons, right of residence and establishment. If an ECOWAS citizen desires to establish any business, the general investment code of the country relating to non-nationals is applied. Concerning the right to establish, community citizens or institutions desiring to establish companies in the country pay the same registration fees and are allowed entry into all spheres of business. However, challenges relating to the proliferation of numerous road blocks along the transit corridor still persist, especially along the two major transit routes of Ganta and Bo-Water-side

Common Investment Market

Liberia is actively participating in policy dialogue and consultations in the formulation of the regional investment code which will serve as a building block for the ECOWAS common investment market.

Payments System Development

There has been a significant expansion in the banking system in Liberia in recent years. There are currently eight commercial banks with seventy four branches distributed in the various parts of the country. The main system of payments of large value amounts is through the SWIFT system whilst cheques are largely utilized for small value payments. In addition to these major modes of payments, a few commercial banks operate western union and money transfer schemes as well as the visa card and automatic teller machine systems which are not interoperable. Furthermore, the African Development Bank (AfDB) funded WAMZ payment systems modernisation project being currently implemented in The Gambia, Guinea and Sierra Leone has been extended to Liberia. In November 2010, the Board of the AfDB approved a grant of UA 5 million (approximately US$7.5 million) for the extension of the WAMZ payments system modernization project to Liberia. The Project is expected to commence in January 2011 and targeted to be completed in December 2012.

Banking Supervision

The Central Bank of Liberia (CBL) made significant progress with the implementation of its risk-based supervision programme during the course of 2010. In keeping with this policy, the Bank concluded a review of the risk management programme of commercial banks and issued out risk management and internal control guidelines for commercial banks in developing their own risk management programmes. Furthermore, an institutional profile was developed for each bank, focusing on corporate profile, risk management system, risk profile and other regulatory and supervisory issues. A successful transitioning to risk-based supervision will prepare the CBL towards the adoption of Basel II Supervisory Standards in line with regional and international best practices.

During the period under review, the CBL also collaborated with other central Banks of the WAMZ in setting up a College of Supervisors in the WAMZ. The College aims at reducing regulatory duplication and inconsistencies among regulators and supervisors as well as enhancing dialogue and cooperation among supervisors regarding the activities of international banking organizations operating in WAMZ member countries.

Financial Sector Integration

A major development in the financial sector was the granting of approval for the opening of several new bank branches throughout the country in 2010, bringing the total number of branches in the country to 74. Another significant development in the financial sector relates to the transition towards the adoption of the International Financial Reporting Standards (IFRS) by all commercial banks by end-December 2012. This is expected to present a uniform basis for the recognition, classification and measurement of financial assets and liabilities, and the related income and expenditure of financial institutions.

In 2010, the Government also issued several directives, guidelines and regulations aimed at enhancing financial intermediation and strengthening the regulatory activities of the Central Bank. These included: the Regulation on Deposit-Taking Microfinance Institutions; Regulation on creation of a Credit Reference Bureau; Guidelines on Due Diligence concerning prospective and existing employees; and Directives concerning Security & Surveillance Systems at financial institutions.

National Coordinating Committee (NCC)

The ECOWAS National Coordinating Committee (NCC) in Liberia was inaugurated in May 2008 and a Macroeconomist and a bilingual secretary were employed in April 2010. An office space has been secured for the NCC Secretariat in the Central Bank of Liberia and additional staff (Policy Analyst and Administrative Officer) were recruited to complement the activities of the Macroeconomist and the Bilingual Secretary. The Macroeconomist works directly with the core group of the NCC in drafting the quarterly country economic reports before it is finalised and validated by the general membership of the Committee. The NCC Secretariat is benefiting from financial, technical and institutional support from the ECOWAS Commission through the organization of training programs relating to the ECOWAS Multilateral Surveillance Mechanism, provision of computer equipment, printer and related accessories and the disbursement of an annual ECOWAS Subvention to facilitate its operations. A draft legal text to institutionalize the NCC has also been prepared but is yet to be approved and enacted by the relevant authorities.

Statistical Harmonisation and the ECOMAC Database

The country is actively participating in the ECOWAS Database for Multilateral Surveillance (ECOMAC) and the ICP-Africa project supported by ECOWAS and the AfDB. The ECOMAC database is currently being populated but significant gaps still persist in the compilation of reliable and up-to-date national account statistics. However, the IMF is supporting the Liberian Institute of Statistics and Geo-Information Services (LISGIS) in finalising reliable and credible national accounts statistics.

The country is planning to conduct a household income and expenditure survey (HIES) in 2012 with a view to revising the number of items in the CPI basket and their weights to reflect current consumption patterns. Moreover, the methodology for calculating the CPI is being modified and plans are underway to adopt the PRIMA software and expand the coverage of the CPI from the Monrovia metropolis to the entire country. Officials of the Liberian Institute of Statistics and Geo-Information Services (LISGIS) have received general training on the PRIMA software and modalities for further country specific training from ECOWAS on the software are being worked out. Production of accurate and timely data remains a major challenge; however, the country is receiving technical assistance from the IMF in the area of national account statistics.

Sensitisation

There was no sensitization activity on the multilateral surveillance mechanism during the period under review. However, sensitization activities were undertaken on revenue mobilization aimed at enhancing tax compliance.

Inter-State Road Transit (ISRT)

Liberia is yet to effectively implement the ECOWAS Inter-State Road Transit scheme and there are no immediate plans to implement satellite tracking of vehicular transit consignments. However, the ASYCUDA process used in customs operations has a tracking system (T1) that monitors declarations for goods in transit. The system will be fully utilised when the automation is rolled out to other customs ports, especially the ones currently processing transit transactions like Ganta, Bo Water-side and RIA.

3.2.4.4Perspective for 2011

Liberian economy is expected to grow by 8.8 percent in 2011 on the background of expansion in mining and quarrying by 163.0 percent. With the development of public sector investment plan (PSIP), it is expected that adequate investment in infrastructure, mining, and agriculture will be undertaken in 2011. Though the external sector is clouded by a lot of uncertainties resulting from the North Africa and Middle-East Crisis, the real GDP growth projections are likely to be realized. However, the declining trend of inflation is likely to be reversed as crude oil prices soar on the international market.

The external sector performance is likely to be mixed. The export sub-sector looks promising given the huge expansion that is expected in the mining sector. However, the value of imports will likely go up on account of the hike in global crude oil prices as a result of the developments in the Middle-East and North Africa. The reserve position is likely to deteriorate and the stability of the exchange rate is likely to be challenged if the current hike in crude oil prices on the global market persists.

The budget for the 2010/11 fiscal year is focused on restoring and improving public services such as health, education, security and the justice system, which will include increasing salaries and minimum wage for civil servants. In addition, the size of the civil service will increase as the government employs more teachers and health workers to implement its programmes in these sectors. Reconstruction and development programmes will still be funded and managed largely by donors. However, the fiscal balance may face a challenge from the refugee problem arising from the political upheaval in La Cote d'Ivoire.

Another important challenge is the alignment of the fiscal year to a calendar year in line with the rest of ECOWAS countries. Currently, Liberia's fiscal year ends in June of the following year and makes it difficult to assess convergence as well as permit comparative analysis with the rest of the other ECOWAS countries.

In order to achieve sustainable growth, infrastructure and security are two important challenges that have significantly raised the cost of doing business in Liberia. Employment generation capacity has in the process been undermined and income earning capacities have been negatively impacted upon. Power supply situation in the medium term will depend on continuous capital inflows to provide enough fiscal space for the Government to address this challenge.

Implementation of the ETLS, the design of a compensation mechanism and transition from GST to a VAT regime will require some legal and regulatory amendments. There is also a significant challenge for Liberia to implement the ECOWAS CET. There is an indication that such an alignment will cause tariff rates to fall from as high as 72 per cent (imported beer) to a 20 per cent for the CET finished products and from as low as 1.5 per cent on finished food stuff or building materials (5 per cent) to CET 20 per cent for finished products.

The existence of a dual currency in the country also poses challenges in making comparative analysis and assessment of Liberia's macroeconomic performance and the rest of ECOWAS. It is therefore expedient to conduct a comprehensive study to bring out the advantages and disadvantages of the current currency regime with a view to identifying the implications if any on the cost of doing business and of acceding to the single currency.

The excess liquidity in the banking system and inadequate investment opportunities present a challenge to profitability of the banking system.

Inadequate capacity at sector ministries remains another challenge in designing and implementing key programmes and policies.

3.2.4.5 Conclusion and Recommendations

The prospects for the Liberian economy are promising despite the challenges that are likely to emerge on the external front. The maintenance of the country's performance on the convergence scale is doubtful as the single-digit inflation criterion is likely to be missed. The current developments in La Cote d'Ivoire and the associated refugee problems (unless resolved quickly) will put upward pressure on the budget for 2011. The security, infrastructural and financial market challenges look daunting but it is hoped that as the Authorities take steps to implement the afore-mentioned recommendations, the domestic macroeconomic environment will remain stable and buoyant in the medium term. In view of the afore-mentioned challenges, the following recommendations may be considered by the Liberian authorities:

- The fiscal Authorities are urged to work on the Public Sector Investment Plan (PSIP) that seeks to identify investment projects of utmost priority. With PSIP, adequate concessional funding should be sourced to address the large deficits in infrastructure and capacity building needs. Steps should be taken to improve upon public sector efficiency and effectiveness. As the country has reached HIPC completion point, there will be need to consider the adoption and domestication of the WAMZ Model Fiscal Responsibility Act.
- The CBL is urged to consider relaxing the constraints on the placement of excess foreign liquidity in the banking system. With the recovery in the global financial system, the CBL could allow banks to place the excess foreign reserves with their parent banks abroad. Infrastructure development bonds and securities should be designed with the fiscal authorities to create some investment conduit for the banking system.
- The bringing of insurance industry under the regulatory ambit of the CBL is in the right direction. The CBL is urged to continue deepening its regulatory framework and risk-based supervision in order to sustain the stability of the financial system
- Sensitisation of members of the Legislature on their role in the implementation of the ECOWAS Monetary Cooperation Programme is pertinent. Also, private sector operators and other key stakeholders as well as the general public should benefit from such sensitization activities to ensure ownership and support for the project. Accordingly, it is recommended that the National Sensitization Committee (NSC) be constituted and the appropriate Government agency be determined to spearhead a nation-wide sensitization programme for both the public and private sectors on the ECOWAS integration agenda.
- A concerted effort should be geared towards a policy that would minimize the cost of doing business in the country, especially in the manufacturing sector. Supporting the manufacturing sector to trade more efficiently domestically and in the ECOWAS sub-region, under the ETLS would help create more employment and increase foreign exchange earnings.
- To speed up the process of implementation of the ETLS and ECOWAS CET, the Authorities are urged to seek technical assistance from the ECOWAS Commission for the necessary impact-assessment studies to be undertaken and to also build the needed capacity. To further promote trade integration, the country is encouraged to inaugurate the National Approval's Committee for the implementation of ETLS.
- There is need to harmonise standards in order to promote quality production of goods and services. Also, there is the need to establish a single window customs policy as a component of ETLS now that CET is agreed upon in the region. The establishment of an electronic tracking system will be very helpful in cutting down delays and facilitate trade in the region, particularly the effective implementation of the Inter-state Route Transit (ISRT).
- There is need to expedite the ratification and implementation of ECOWAS Protocols on regional integration programmes, especially those relating to ETLS and free movement of goods and persons.
- To resolve the statistical challenges confronting the authorities, it is imperative to adequately resource LISGIS and build its capacity. In this regard, the Authorities will have to seek donor assistance for the implementation of the Action Plans under the National Strategy for the Development of Statistics (NSDS).

Finally, the Authorities are urged to pursue all the legal and constitutional arrangements and amendments that are needed for resolving the dual currency system as well as aligning the fiscal year to calendar year in conformity with other ECOWAS member countries.

Annex 1: LIBERIA – KEY MACROECONOMIC INDICATORS

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Real GPD Growth (in%)	7.8	-23.1	20.9	9.4	6.1	8.3	7.8	4.6	6.3
Inflation. End Period (in%)	11.1	5.0	16.1	7.0	8.9	11.7	9.7	9.7	6.6
Exchange Rate (%+ Depreciation)	23.8	-30.0	3.7	3.9	4.0	4.8	2.3	9.2	1.4
Money Supply (M2 Growth in%)	32.9	14.7	43.1	35.7	34.4	40.1	42.8	46.4	26.4
Domestic Revenue (% of GPD)	13.0	10.4	13.9	17.7	17.8	31.3	27.3	25.1	32.4
Total Expenditure and net lending (%GPD)	14.3	10.3	14.2	17.8	23.7	19.1	30.3	27.0	27.8
Fiscal deficit incl grants (% of GPD)*	-1.3	0.7	-0.1	-0.5	12.4	12.4	-2.3	1.1	6.8
Import (% of GPD)	30.7	39.0	63.6	52.8	72.3	71.6	83.3	60.1	70.8
Export (% of GPD)	26.2	25.0	19.6	22.6	24.5	28.6	29.9	16.3	22.3
Overall BOP ($m)	-80.8	-68.9	-72.8	3.0	26.3	-156.0	-75.0	67.0	741.00
Overall BOP (% of GPD)	-14.3	-15.8	-13.7	0.5	4.1	-22.3	-8.8	7.2	79.9
Gross International Reserves ($m)	25.8	6.0	5.3	7.8	46.2	85.0	107.8	171.0	255.5
Gross Reserves (in months of import)	1.8	0.3	0.2	0.3	1.2	2.0	0.0	3.6	4.0
Total External Debt Outstanding ($m)	3363.8	3620.0	3485.7	3896.9	3560.2	4892.9	3162.9	1638.5	222.8
Nominal GPD ($mil)	563.9	435.4	529.5	580.7	645.5	699.7	850.7	936.1	927.8

Source: Liberian Authorities and WAMA

3.2.5. NIGERIA

The thrust of the 2010 budget was to accelerate economic recovery through targeted fiscal intervention intended to stimulate the economy and support private sector growth. The authorities embarked on implementation of key economic reforms that would bridge critical infrastructure gaps that would reduce the cost of doing business in the country. It was also aimed at consolidating macroeconomic gains and tackling the main challenges in the process of enhancing macroeconomic performance as well as meeting the convergence criteria.

Nigerian macroeconomic performance exhibited noticeable resilience in 2010, with macroeconomic stability reasonably sustained. In the review period, Gross Domestic Product recorded a growth rate of 7.87 percent. The growth was driven mainly by the non-oil sector, which grew by 8.43 percent. The year-on-year headline inflation decreased from 13.9 percent in 2009 to 11.8 percent in 2010. The exchange rate remained stable in 2010, with a marginal depreciation of the Naira against the U.S dollar, at the WDAS (Wholesale Dutch Auction System) of 0.5 percent.

With regards to macroeconomic convergence, the country met four criteria in 2010 against five in 2009.

3.2.5.1 The Real Sector

Nigeria's Gross Domestic Growth (GDP) grew by 7.87 percent in 2010, as against the 6.96 percent recorded in 2009. The growth was driven mainly by the non-oil sector, which grew by 8.43 percent, compared to the growth of 8.32 percent recorded in 2009. Agriculture continued to be the dominant sub-sector in the economy; it contributed about 40.84 percent to GDP and grew by 5.64 percent in 2010, compared to the growth of 5.88 percent in 2009. The slowdown in agricultural sector performance in 2010 was mainly due to the delay in rainfall. Within the non-oil sector, telecommunication and post is the fasted growing sector, with a growth of 34.47 percent in 2010, compared to 34.18 percent in 2009. It however contributed only 4.56 percent to GDP in 2010 and 3.66 percent in 2009. In terms of contribution to GDP within the non-oil sector, following the agricultural sub-sector is the Wholesale and Retail Trade, which contributed about 18.7 percent and 18.14 percent to GDP in 2010 and 2009 respectively and grew by 11.19 and 11.48 percent in 2010 and 2009 respectively.

The oil sector grew by 4.98 percent in 2010 from a growth of 0.45 percent in 2009. The development in the oil sector was attributed largely to the restoration of peace in the Niger Delta region following the amnesty programme to the Niger Delta militants and post-amnesty development programmes in the region, which improved oil and gas output.

The non-oil sector also witnessed significant growth during the period. Non-oil GDP grew by 8.4 per cent in June 2010 relative to 8.1 per cent in the corresponding quarter of 2009. The sector continued to be the major driver of the economy as it grew by 8.4 percent, compared with 8.1 percent growth in the corresponding period of 2009.

In the secondary sector, industrial activities decreased in 2010. The manufacturing sub-sector experienced a growth of 7.64 percent, compared to the growth of 7.85 percent in 2009. The relatively slow growth was attributed to the delay in the passage of the 2010 budget and the lingering structural constraints, including inadequate electricity supply.

In the tertiary sector, the drivers of growth were the wholesale & retail trade, telecommunications and post sub-sectors. Specifically, telecommunication and post continued to perform impressively and has remained one of the major drivers of growth in the Nigerian economy. Following intensive marketing strategies and value adding services by telecommunication companies in Nigeria, the sub-sector recorded a growth rate of 34.47 percent in 2010 compared to 36.08 percent in 2009.

Table 3.54: THE PERFORMANCE OF THE NIGERIAN REAL SECTOR

	2009		2010		2011*
GDP at Current Prices (Millions of Naira)	24.794.238.66		29.108.000.00		33.994.612.83
GDP at Constant 1990 Price (Millions of Naira)	718.977.33		775.525.71		837.258.49
Growth of Real GDP	6.96		7.87		7.96
	Contribution to GDP (%)		Growth (%)		
	2009	2010	2009	2010	2011*
Agriculture	41.17	40.84	5.88	5.64	5.68
Solid Mineral	0.32	0.34	12.08	12.28	12.30
Crude Petroleum & Natural Gas	14.9	15.85	0.45	4.98	3.40
Manufacturing	7.14	4.16	7.85	7.64	7.49
Telecommunication & Post	3.57	4.56	34.18	34.47	34.66
Finance & Insurance	3.2	3.57	4.01	3.95	4.08
Wholesale and Retail Trade	18.57	18.7	11.48	11.19	11.31
Building and Construction	1.85	2	11.97	12.08	12.28
Hotel and Restaurants	0.42	0.5	11.89	12.01	12.08
Real Estate	1.55	1.74	10.94	10.66	10.65
Business and Others Services Others	0.78	0.9	9.39	9.37	9.59
Others	6.52	6.84	5	5.01	5.07
Non-Oil Sector	85.1	84.15	8.32	8.43	8.84

Source: Nigerian Authorities and WAMA Staff * Projection

Headline inflation moderated to 11.8 percent in 2010 from 13.9 percent in 2009. The decline in food prices, emanating from relatively good harvest, and stable exchange rate as well as slower growth in monetary aggregate, were the key factors for the downward trend in prices.

3.2.5.2 The Fiscal Sector

The fiscal policy objective of government was to stimulate the economy through targeted fiscal interventions with emphasis on capital expenditure, particularly the power sector and the development of the Niger Delta region, among others. The fiscal operations of the Federal Government resulted in an overall deficit of 3.8 percent of GDP in 2010, compared to 3.3 percent in 2009.

Oil revenue constituted 84.81 percent of total revenue (18.5 percent of GDP) against 65.9 percent of GDP in 2009. The upward trend in the revenue receipts was largely attributed to the amnesty in the Niger-Delta, which led to oil production and increase in receipts from petroleum profit tax and royalties.

Table 2 shows the fiscal performance of Nigeria. Tax revenue in 2010 was N 2920.1 billion, which was 10.0 percent of GDP, compared to the value of N 2909.3 billion, 11.8 percent of GDP, in 2009. The increase in tax revenue was mainly due to increase in customs and excise duties and company income tax and the strengthening of tax enforcement and intensification of recovery in arrears as well as computerization of tax operations. Non-tax revenue increased from N 1935.3 billion (7.8 percent of GDP) in 2009 to N 3442.5 billion in 2010 (11.8 percent of GDP). Total revenue increased from N 4844.6 billion (19.6 percent of GDP) in 2009 to N 6362.6 billion (21.9 percent of GDP) in 2010. Increase in non-tax revenue was the key factor behind the increase in total revenue, though tax revenue also experienced an increase in 2010.

Total expenditure of the federal government, including net lending (and transfers to states and local governments) stood at N 7468.1 billion, 25.7 percent of GDP, in 2010, compared to N 5654.5 billion, 22.9 percent of GDP, in 2009. The increase in total expenditure relative to the corresponding period of 2009 was attributed largely to the increase in capital expenditure in the form of transfers to state governments and other agencies. Recurrent expenditure rose from N 2128.0 billion (8.6 percent of GDP) in 2009 to N 2961.9 billion (10.2 percent of GDP) IN 2010. The increase in recurrent expenditure was attributed mainly to increase in interest payments, which increased by 70 percent in 2010. Capital expenditure stood at N 4506.2 billion (15.5 percent of GDP) in 2010, compared to N 3526.5 billion (14.3 percent of GDP) in 2009. Capital expenditure was 60.3 percent of total expenditure in 2010, compared to 63.4 percent in 2009. The increase in capital expenditure was attributed to the increase in spending for the provision of infrastructure, which was based on the policy thrust of the 2010 budget. The policy thrust of the budgets was: to focus expenditure towards the five (5) key primary sectors: namely, critical infrastructure, human capital development, land reform and food security, physical security, law and order, and Niger Delta.

The fiscal operations of the Federal Government resulted in an overall deficit of 3.8 percent of GDP in 2010, compared to 3.3 percent in 2009. The increase in budget deficit in 2010 was attributed to government's determination to stimulate the economy out of the recent global economic crisis through targeted fiscal interventions. The deficit was financed mainly from domestic sources (90 percent) with only 10 percent of it financed from external sources. The banking system was not used for fiscal deficit financing in 2010, unlike in 2009 when 20 percent of domestic financing was done through the banking system. The non-bank public, by issuing of FGN bonds and Treasury bills was the key sources of the financing.

Table 3.55: THE FISCAL PERFORMANCE OF NIGERIA								
	2008	2009	2010	2011*	2008	2009	2010	2011*
	(billions of Naira)				Percentage of GDP			
TOTAL REVENUE	7.866.6	4.844.6	6.36.6	8.356.2	32.38	19.6	21.86	24.58
Tax Revenue	4.148.3	2.909.3	2.920.1	2.930.9	17.07	11.77	10.03	8.62
Non Tax Revenue	3.718.3	1.935.3	3.442.5	6.123.5	15.3	7.83	11.83	18.01
Grants	0	0	0	0.0	0	0	0	0.00
TOTAL EXPENDITURE	7.914.1	5.654.47	7.468.1	9.863.4	32.57	22.88	25.66	29.01
Current expenditure	2.117.4	2.128	2.961.9	4.122.6	8.71	8.61	10.18	12.13
Wages and Salaries	942.5	952.6	1.380.5	2000.6	3.88	3.85	4.74	5.89
Others	1.174.9	1.175.4	1.581.4	2.127.6	4.84	4.76	5.43	6.26
Investment Expenditure	5.796.7	3.526.47	4.506.2	5.758.1	23.86	14.27	15.48	16.94
Domestic	960.9	1.152.8	883.9	677.7	3.95	4.66	3.04	1.99
External	0	0	0	0	0	0	0	0
BUDGET DEFICIT/SURPLUS (Commitment) (Excluding grants)	47.5	809.87	1.105.5	1.509.0	0.2	3.28	3.8	4.44
								0.00
FINANCING	47.5	809.9	1.105.5	1.509.0	0.2	3.28	3.8	4.44
External sources	0	29.8	75	366.7	0	0.12	0.26	1.08
Domestic	47.4	780.1	1.030.5	1.142.3	0.2	3.16	3.54	3.36
Banking system	0	175.6	0	0.0	0	0.71	0	0.00
Central Bank	0	0	0	0.0	0	0	0	0.00
Commercial Banks	0	175.6	0	0.0	0	0.71	0	0.00
Non Bank Public	0	402	1.016.7	1.127.0	0	1.63	3.49	3.32
Others (including Privatization proceeds)	47.4	202.5	13.8	15.3	0.2	0.82	0.05	0.04

Source: Nigerian Authorities and WAMA Staff
*** Projections**

Total public debt outstanding stood at U.S 35.09 billion at the end of December 2010, which was 35.90 percent higher than the outstanding debt of U.S 25.82 billion at the end of December 2009. Domestic debt constituted the bulk of public debt (about 86.96 percent) and it increased mainly due to the issuance of new FGN bonds for fiscal deficit financing in 2010 and special projects aimed at stimulating growth and poverty reduction. Domestic debt increased from N 3228.03 billion at the end of December 2009 to N 4551.82 billion at the end of December 2010, which represented an increase of 41.0 percent. In terms of instruments, FGN bonds, Nigerian Treasury bills, Treasury bonds and Development stock constituted 63.75, 28.06 %, 8.19 % and 0.005 % respectively, of total domestic debt portfolio.

3.2.5.3 The Monetary Sector

The Central Bank of Nigeria continued to maintain a tight monetary policy during the first half of the year. As in the preceding year, the monetary operations were mainly anchored on open market operations and complemented by the discount window, auctioning of treasury securities as well as interventions in the foreign exchange market.

Monetary policy faced significant challenges characterized by the extension of net credits to government by the deposit money banks (DMBs) and a significant drawdown in net foreign assets, arising from an increasing demand for government borrowing to finance its fiscal operations.

Reserve money, which is the key liquidity management tool of the Central Bank of Nigeria, declined by 9.1 percent in 2010, compared to 6.8 percent in 2009. Broad money supply grew by 7.1 percent, compared to the growth of 13.1 percent in 2009. The moderation in the growth of broad money supply was mainly due to the decline in net foreign assets and the slow down in credit to the private sector. Net foreign assets declined by 16.9 percent, which was higher than the decline of 11.2 percent in 2009. Credit to the private sector declined by 4.9 percent, from a growth of 26.6 percent in 2009. The contraction in credit to the private sector reflected the reluctance of the DMBs in lending to the private sector, in the light of fear of risk of default.

Table 3.56: TREND IN THE GROWTH OF KEY MONETARY AGGREGATES

	Growth Rate							
	2004	2005	2006	2007	2008	2009	2010	2011*
Reserve Money	6.34	4.16	27.81	22.61	29.60	6.76	9.08	12.19
Broad money supply (M2)	12.26	16.59	52.81	43.21	54.49	13.11	7.07	3.82
Narrow money (M1)	8.58	15.51	48.38	36.64	55.86	3.02	10.60	18.19
Currency in circulation	11.27	22.86	15.54	13.36	20.97	3.87	16.71	29.56
Demand deposits	7.21	11.64	67.39	45.94	66.69	2.83	9.21	15.60
Quasi money	22.81	16.78	60.38	54.16	59.99	33.74	3.31	3.31
Foreign currency deposits	40.75	9.26	60.40	56.89	94.79	56.30	4.29	4.29
	Contribution to the Growth of M2							
Net Foreign Assets	66.4	66.9	90.7	25.4	24.1	-11.6	-13.8	16.0
Net claims on government	-5.7	-8.6	-92.0	-11.6	-13.9	9.8	16.8	23
Claims of Private sector	17.3	22.6	26.4	64.6	56.3	26.0	-5.4	-5.4
Net other items	-65.7	-64.31	27.7	-35.2	-12.0	-11.8	10.1	-29.8

Source: Central Bank of Nigeria and WAMA Estimate
*** Projection**

In spite of the upward pressure on liquidity creation, arising from the fiscal operations of government, the mopping-up function of the CBN remained effective as the growth of broad money (M2) declined in 2010, despite increases in the growth of currency and demand deposit. Currency with the public increased by 16.71 percent, compared with 3.87 percent in 2009 and the growth of demand deposit increased from 2.83 percent to 9.21 percent in 2010. The growth of quasi-money and foreign currency deposits declined to 3.31 percent and 4.29 percent respectively in 2010, from 33.74 percent and 56.30 percent respectively in 2009.

The growth of broad money (M2) was detracted by net foreign assets, which contributed to the M2 growth of 7.1 percent a value of -13.8 percent.Net claims on the government, private sector lending and net other items contributed to the growth of M2 at the following rates: 16.8 percent, -5.4 percent and 10.1 percent respectively. This implies that government borrowing was the key factor in monetary expansion.

Interest rate developments in the money market were mixed as the spread between the weighted average term deposit and maximum lending rates widened and the spread between deposit and maximum lending rates narrowed. The real interest rates on all deposits remained negative.

3.2.5.4 The External Sector

The pressure in the balance of payments eased considerably in 2010 as the overall deficit on the balance of payments narrowed to 5.4 percent of GDP from 6.4 percent of GDP in 2009. The improvement in the overall balance of payments was due to both quantity and price effects following an increase in exports and a relative rebound of crude oil price on the international commodities market.

The current account balance, unlike the overall balance of payments, was in surplus at a value of U.S $ 7830.42 millions (4.0 percent of GDP in 2010), compared to U.S $ 21899 millions (13.3 percent of GDP) in 2009. The deterioration in the current account was attributed to increase in import bill as well as deterioration in net service and net current transfers in spite of the favourable developments on the merchandise trade account. Both oil and non-oil exports expanded recording values of 36.9 percent of GDP and 1.3 percents of GDP respectively, compared to 35.1 percent and 1.2 percent of GDP respectively in 2009. Table 4 shows the external sector performance of Nigeria. A relative rise in the demand for crude oil following the resurgence of global economy, restoration of peace and security in the Niger Delta as well as increased output in the real sector were the factors behind the expansion in exports. Both non-oil imports and oil imports increased in 2010, thereby increasing aggregate import. Aggregate import increased from 18.5 percent of GDP in 2009 to 25.7 percent in 2010.

Table 3.57: EXTERNAL SECTOR PERFORMANCE OF NIGERIA

	2008	2009	2010	2011*	2008	2009	2010	2011*
	Millions of U.S Dollars				Percentage of GDP			
Current Account	42262.09	21899	7830.42	13425.268	22.0	13.3	4.0	6.0
Trade balance	47232.74	29362.99	24131.42	41438.084	24.6	17.8	12.5	18.4
Merchandise Exports(FOB)	84118	59974.29	73996.1	91302.764	43.8	36.3	38.2	40.5
Oil	82013.79	58010.87	71461.71	88031.364	42.7	35.1	36.9	39.1
Non-Oil	2104.21	1963.42	2534.39	3271.4002	1.1	1.2	1.3	1.5
Merchandise Imports (FOB)	-36885.26	-30611.3	-49864.68	-49864.68	-19.2	-18.5	-25.7	-22.1
Oil	-8184.96	-6910.77	-9427.08	-9427.08	-4.3	-4.2	-4.9	-4.2
Non-Oil	-28700.3	-23700.53	-40437.6	-40437.6	-14.9	-14.4	-20.9	-18.0
Services (Net)	-12260.6	-15509.13	-18032.48	-20966.381	-6.4	-9.4	-9.3	-9.3
Income (Net)	-12005.18	-10130.41	-15210.91	-22839.331	-6.2	-6.1	-7.9	-10.1
Current Transfers(Net)	19295.13	18175.55	16942.39	15792.896	10.0	11.0	8.7	7.0
Capital Account	0	0	0	0	0	0	0	0
Financial Account (Net)	-10741.42	17271.45	12641.35	2598.11	-5.6	10.5	6.5	1.2
Direct Investment abroad	0	0	0	0	0	0	0	0
Direct Investment in Nigeria	3557	5709.68	4004.91	4004.91	1.9	3.5	2.1	1.8
Portfolio Investment (net)	-6666.47	-189.87	1877.34	1877.34	-3.5	-0.1	1.0	0.8
Other Investment Assets (net)	-5964.75	1133.74	-3284.14	-3284.14	-3.1	0.7	-1.7	-1.5
Overall Balance	1667.21	-10617.87	-10043.2	-9499.6328	0.9	-6.4	-5.2	-4.2
Memorandum Items								
Average exchange rate (N/S)	126.48	149.69	150.3	150.91				
End of Period exchange rate (N/S)	132.56	149.58	150.66	151.75				
Stock of External Reserves (in US$ millions)	53000.36	42382.49	32339.25	52163.21				
Months of Import cover	17.24	16.61	7.78	7.71				
Import of goods (CIF)	36885.26	30611.3	49864.8	81227.727				
Nominal GDP	24296.33	24712.669	29108.02	33994.61				

Source: Central Bank of Nigeria and WAMA Estimate
*** Projection**

The services account improved marginally from a deficit of 9.4 percent of GDP in 2009 to a deficit of 9.3 percent in 2010. Net income worsened from a deficit of 6.1 percent of GDP in 2009 to 7.9 percent in 2010 and net current transfers worsened from a surplus of 11.0 of GDP in 2009 to a surplus of 8.7 percent of GDP in 2010.

The capital and financial account deteriorated from a surplus of U.S $17271.45 million (10.5 percent of GDP) in 2009 to U.S $12641.35 million in 2010 (6.5 percent of GDP) in 2010. The deterioration in the financial and capital account was mainly due to reduction in foreign direct investment in the country, which reduced from 3.5 percent of GDP in 2009 to 2.1 percent in 2010 and reduction in other investment assets. Portfolio investment increased from a deficit of 0.1 percent of GDP in 2009 to a surplus of 1.0 percent of GDP in 2010. The improvement in portfolio investment reflected in the recovery of the capital market in the aftermath of the global financial crisis experienced in 2009.

The stock of external reserves decreased from U.S $ 42382.49 million in 2009 to U.S $ 32339.25 million in 2010. In terms of import cover, external reserves declined from 16.61 in months in 2009 to 7.78 months in 2010. The external debt stock as at 2010 stood at US$4.6 billion, 20.7 percent of GDP. At this level, the external debt position is sustainable.

Despite the decrease in external reserves in 2010, the Naira remained relatively stable, depreciating marginally by 0.73 percent against the US dollar from December 2009 to December 2010, compared to the 12.83 percent in 2009.

3.2.5.5 Performance of the Convergence Criteria

Under the macroeconomic convergence programme, the country met four targets in 2010, which is one less than the number of targets met in 2009. The details of the performance of the primary and secondary criteria were as follows:

Primary Criteria

Nigeria met three primary criteria i.e. budget deficit/GDP, gross external reserves and central bank financing of government fiscal deficit. These were the targets the country met in 2009. The country slipped off the single digit inflation criterion. The end-period inflation stood at 11.6 percent, which was however lower than the 12.0 percent registered in 2009.

Table 3.58: NIGERIA – STATUS OF CONVERGENCE								
	Norme	2005	2006	2007	2008	2009	2010*	2011**
Primary Criteria:								
I) Budget Deficit/GDP	≤ 4%	1.3	0.5	0.6	0.2	3.3	3.8	3.8
II) Inflation Rate	≤ 5%	11.6	8.5	6.6	14.0	14.0	11.8	11.8
III) Budget Deficit financing	≤ 10% TR n-1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IV) Gross External Reserves	≥6 ms of Ms g/s	11.8	15.1	17.4	13.0	13.0	7.8	7.8
Secondary Criteria:								
I) Domestic Arrears		nd	nd	nd	nd	nd	nd	nd
II) Tax Revenu/GDP	≥20%	17.2	15.1	13.3	17.1	11.8	10.0	10.0
III) Salary Mass/Tax Revenue	≤ 35% TR	17.9	18.8	27.6	22.7	32.7	47.3	47.3
IV) P. Invest/Tax Revenue	≥20% TR	20.6	19.6	27.6	23.2	39.6	30.3	30.3
V) Real Interest Rate	>0	-10.1	-6.5	-3.0	-12.0	-10.0	-6.7	-6.7
VI) Real Exchange Rate Stability	± 5%	14.2	7.0	-1.9	11.0	-6.0	9.3	9.3
Number of criteria met		**5**	**4**	**6**	**5**	**5**	**4**	**4**

Source: Ministry of Finance and Central Bank of Nigeria

Secondary Criteria

Performance on the secondary criteria was not very encouraging as the country met only one of the criteria. That is, the criterion on public investment. Public investment financed from domestic sources was 21.0 percent against 39.6 percent recorded in 2009. The criterion on domestic arrears could not be assessed due to inadequate data. Real interest rates remained negative due to the high inflationary pressures, standing at -8.6 percent and the criterion on real exchange rate stability was also not satisfied.

3.2.5.6 Policy Harmonisation and Institutional Arrangements

Payments System Development

Nigeria's payments system is well advanced as the country has taken the lead and progressing to second generation Real Time Gross Settlement System (RTGS).

The Central Bank of Nigeria issued a circular imposing a cap of N10 million maximum value on cheque and other paper-based payment instruments, with effect from January 1, 2010. This was introduced to facilitate the movement of large value payments from manual to electronic payment system that is more efficient and secured in line with international best practice.

In its effort to facilitate ease of contact and rapid response to complaints on electronic card transactions, the CBN mandated all Deposit Money Banks (DMBs) to set up help desks for handling card-related complaints. The Bank equally set up a help desk for receiving public complaints on card-related transactions with a view to fast-tracking resolutions and monitoring compliance with the 72 hours timeline. The CBN also mandated all ATM Consortia to remove their ATMs from public places on or before April 1, 2010, defaulters pay penalty in monetary terms per day.

In its drive to implement the Mobile Payments services as a means of increasing access to financial services for low income earners, a "Request For Proposal" (RFP) for the issuance of Mobile Payments license was advertised in some of the National dailies during the period. In the same vein, the CBN is also collaborating with relevant agencies such as Nigeria Communication Commissions, Consumer Protection Council to develop a strategy towards the successful implementation of the mobile payments system.

Developments in the Emerging Customs Union

Nigeria is making progress in the implementation of the ECOWAS protocol relating to free movement of persons, right of residence and establishment. Except for citizens of Cote d'Ivoire and Togo, for whom residence permit fees are charged on reciprocal basis, a uniform fee is charged for all the other Member States' citizens requiring residence permit in Nigeria. The country is also making efforts towards the dismantling of numerous road blocks and its reduction to three along the transit corridors. A joint-border post is being constructed at the Seme/Badagry border post under the ECOWAS/EU/World Bank Lagos-Abidjan Transit Corridor Project during the period 2009-2012.

The Federal Ministry of Commerce and Industry has initiated the idea of creating transnational border markets in the six geopolitical zones to capture informal trade statistics and a pilot market boarder has been established in Orekete, Oyo State.

ECOWAS Trade Liberalization Scheme (ETLS), Common External Tariff (CET) and Economic Partnership Agreement (EPA)

The country is implementing the ETLS in spite of the challenges relating to determination of rules of origin and security features of ETLS certificates. Many economic operators in the country are aware of the ETLS as evidenced by the large number of products and companies registered under the scheme. The Federal Executive Council has delisted the products registered under the ETLS from the prohibition list. Also, ECOWAS Commission has decentralised the approval of ETLS applications to the National Approvals' Committee. Henceforth, National Approvals' Committees can receive applications and grant approval without request for no-object from the ECOWAS Commission. Moreover, the ECOWAS-Commission constructed-website for the ETLS (www.etls.ecowas.int) is expected to reduce the problems associated with the determination of rules of origin and security features of ETLS certificates.

With regards to the Common External Tariff (CET), Nigeria has adopted the ECOWAS four-band classification as well as the 5th band of 35%. It has submitted to the ECOWAS Commission its list of products for inclusion in this band and will be required to provide justification for the inclusion on the basis of consensus. The country is participating actively in all the negotiations on the CET and is synchronizing and realigning its trade and tariff regime to be consistent with that of the CET.

New import clearance procedures have been put in place. This simplifies cargo clearance and post clearance audit mechanism that eliminates delay and protects revenue. Moreover, the time spent at physical inspection of goods has been reduced by the installation of the X-RAY scanning machines at selected entry and exit points. The development of the ASYCUDA 3.0 +++, for automated declaration, has also helped in the efficiency of goods inspection.

On the free movement of goods, Nigeria has made substantial improvement in trade facilitation in the following areas. First, new import clearance procedures which harmonise and simplify cargo clearance have been put in place and secondly, post clearance audit which eliminates delay and protects revenue through detailed scrutiny of documentation after clearance has also been established.

Concerning the Economic Partnership Agreement (EPA), the officials in the Ministry of Commerce and Industry stated Nigeria is committed to the regional approach to the negotiations on the EPA. The ECOWAS Experts' Committee had reservation regarding the proposal put forward by the EU in respect of the liberalization threshold, transition period, tariff dismantling calendar, rule of origin as well as the resource envelop for the EPA development programme.

Statistical Harmonization

Nigeria is in compliance with the Classification of Individual Consumption by Purpose (COICOP) for compilation of price statistics. CPI has been rebased to 2009 following a consumer household survey conducted in 2006. The weights were re-adjusted to be more representative and reflective of current developments. Nigeria is among a few ECOWAS Member States that produces quarterly GDP. The country participates in the ECOWAS Database for Multilateral Surveillance (ECOMAC) and the ICP-Africa project supported by ECOWAS and the ADB. Efforts are at an advanced stage to produce statistics on employment and inter-regional trade on a regular basis. Moreover, there are plans to produce sub-national GDP and inflation rate for major capital cities.

National Coordinating Committee

The Macroeconomist and a Bilingual Secretary who were recruited towards the end of 2009 resumed duty in January, 2010. The NCC is now fully operational and has its secretariat located at the Federal Ministry of Finance. The macroeconomist participated in the multilateral surveillance mission in March 201, for assessment of the 2010 convergence performance.

3.2.5.7 Prospects and Challenges

The outlook for economic development of Nigeria in 2011 is bright as the overall growth which is 7.78 in 2010 is expected to improve. This is because of the prospects for continued stability in the Niger Delta region and the increase in prices at the international oil market. The country's production level is improving and gradually.

The economy's growth prospects are robust as the agricultural sector is expected to perform very well. This is because of the government's current initiatives to improve the infrastructure. Thus, economic activity will be stimulated on account of substantial capital investment in infrastructure.

Given the high total revenue and high external reserves, it is likely that Nigeria would continue to meet the external reserve targets in the foreseeable future. However, a major risk to inflation outlook is the worsening fiscal performance. Bringing down inflation to a single digit in 2011 is unlikely given the high capital investments especially in the power and oil sectors, which is not expected to have full output impact immediately.

Government's efforts at improving the infrastructure are evidenced in the allocation of resources to the five (5) critical sectors of the economy. In the same vein, the establishment of the Infrastructure Concessioning Regulatory Commission (ICRC) was set up with a clear mandate and legal framework of operations. When this is fully operational, it will boost the infrastructural base and maintenance culture among the people.

In order to sustain the growth trajectory, there is need to sustain the stability in the Niger Delta region in order to ensure the flow of crude oil to meet Nigeria's desire to demand for increase in OPEC quota as well as guarantee the flow of gas to fire the power plant.

Despite the robust growth largely driven by the non-oil sector, underpinned by agriculture and the services sectors, there has been no observed reduction in unemployment which is currently estimated at 20 – 30 percent. This is a great challenge to the country. Also, the containment of rising level of credit to government poses a challenge to the monetary authorities.

High lending rates, negative deposit rates in real terms and the build-up of domestic debt are important issues for consideration.

3.2.5.8 Conclusion and Recommendations

3.2.5.8.1 Conclusion

Overall, the economy performed satisfactorily in the face of a global economic downturn. The country satisfied the three primary convergence criteria and one out of the six secondary convergence criteria. Nigeria's prospect of meeting all the primary criteria by the end of 2010 is unlikely. The country is also on track in complying with the policy harmonization issues. The country is participating in the ETLS and is implementing the protocol on free movement of persons and goods.

The Government of Nigeria is enjoined to adopt the understated policy measures so as to strengthen and increase efficiency in public expenditure management, accelerate revenue drive, diversify the economy, employment generation and sustain peace in the country.

3.2.5.8.2 Recommendations

In the light of the above developments, the following recommendations are worthy for consideration:

1. There is need to rationalize expenditure in favour of growth promoting activities with wide multiplier effect on the economy. Government spending on utilities (telephone, electricity and water) should be on pre-paid basis for all government agencies. Government may consider setting up a central procurement agency at federal and state level to obtain value for money for goods and services purchased.

2. The Federal Ministry of Commerce and Industry is urged to expedite the process of reviewing the current trade policy with the view to mainstreaming industrial related issues in the national trade policy.

3. The government is urged enhance access to finance and other supporting services which were the major constraints to the development of the private sector of the economy. This would inevitably play a pivotal role in the investment and job creation for the populace.

4. The government is urged to step up efforts at addressing infrastructure inadequacy in an effort to boost investment, and hence economic growth.

5. The country should put in place measures intended to nullify the cost in terms of revenue loss, following the implementation of the CET as there is no provision for compensation from loss of revenue.

6. The Nigerian authorities are encouraged to gazette products that have been removed from the banned list of the CET.

3.2.5. SIERRA LEONE

The key objective of macroeconomic policy in 2010 was the attainment of price stability and sustainable growth geared towards poverty reduction. The macroeconomic performance of Sierra Leone in 2010 was encouraging. This was mainly due to the fact that the authorities embarked on implementation of key economic reforms aimed at consolidating macroeconomic gains and tackling the main challenges in the process of enhancing macroeconomic performance.

Real GDP growth was 5.0 percent in 2010, an improvement on the 3.2 percent recorded in 2009. Agriculture and services sectors were the growth drivers, contributing 46.6 and 43.4 percent respectively, to this growth. The mining sector experienced the highest growth rate compared to all the sub-sectors of the economy but given its relatively low contribution to the GDP, unlike agriculture and services it could not stand to be among the growth drivers of 2010. Construction activities, especially roads, were on the increase, with improved supply of electricity and investment in basic infrastructure. Inflation rate rose from 12.2 percent at the end of December, 2009 to 17.8 percent at the end of December 2010. The Leone was relatively stable in 2010, with a depreciation of 7.7 percent, compared to the depreciation of 28 % in 2009. The country met two criteria 2010 as in 2009.

3.2.5.9 SECTORAL ANALYSIS

3.2.5.9.1 Development in the Real Sector

Real GDP growth was 5.0 percent in 2010, which is an improvement on the 3.2 percent achieved in 2009. The increase in growth rate was predicated on government's policies to consolidate macroeconomic stabilization, expand basic public infrastructure and improve the business environment for private sector development. In terms of the sub-sectors' growth, the industrial sub-sector experienced the highest growth, with a growth rate of 11.20 percent, followed by services with 5.33 percent and agriculture, a growth of 3.96 percent. However, agriculture was the greatest contributor to the 5 percent growth observed in 2010, with 46.6 percent share of real GDP growth, followed by services with 43. 4 percent while industrial contribution, which includes the mining sector, was only 7.2 percent. The commercialization of agriculture, the Agenda for Change' targets in the education and health services, especially the free health care initiative improved agriculture and services sectors respectively. The resumption of mining activities 2010 was the factor behind the boost in the performances of this sector.

The growth of the primary sector was 3.96 percent in 2010 compared to the observed growth of 3.79 percent in 2009. The crop, livestock, forestry and fishery sub-sectors grew by 5.99, 1.52,-3.88, and 1.66 percent respectively in 2010 compared to the growth by 4.93, 1.27, 1.1.38 and 1.25 percent respectively in 2009.

The secondary sector which experienced a dismal performance in 2009 with growth of -12.19 percent grew by 11.20 percent in 2010. Specifically, the Mining and Quarrying, Manufacturing and Handicrafts, Electricity and Water supply and the Construction sub-sectors grew by 8.54, 12.83, 4.23 and 13.96 percent respectively compared to their respective growth of -26.38, -1.43, -4.72, -2.57 percent in 2009.

The growth of the electricity and water supply sub-sector outweighed the growth of the other sub-sectors of the secondary sector flowing from the fact that a 10MW machine was secured. Diamond production increased by 9.2 percent compared to -40.1 percent in 2009 and gold and bauxite production increased by 52.6 and 64.2 percent respectively. However, the production of rutile declined by 1.8 percent, the output of other minerals (bauxite and gold) which declined by 12.6 percent in 2009 declined by only 4.1 percent in 2010 Quarrying grew by 27.9 percent compared to the decline of 7.1 percent in 2009. Thus, apart from the deterioration in water output, which declined from a growth of 4.3 percent to -33.3 percent, the output of all the subsectors of the industrial sector was better in growth terms than their performances in 2009.

The performance of the mining sub-sector is mainly due to the fact that Koidu Holdings, which is the key player in the mining industry and was suspended in 2009, was fully operational in 2010 and bauxite mining resumed in 2010.

In the manufacturing sub-sector, output of beer and stout, maltina, soft drinks and cement were higher than their values in 2009 by 9.4, 3.7, 27.2 and 27.4 percents respectively. However, the output of common soap, flour and confectionery were lower than their values in 2009 by 28.0 and 29.0 percents respectively. The increase in the output of the manufacturing sector was driven by the improvement in electricity supply to Freetown under the Bumbuna project. Construction activities, which are proxied by the volume of cement production, were 13.96 percent higher than its value in 2009. Electricity generated during the review period was 170 GW amounting to 30.2 percent over the 132 GW in 2009. This increase in the power supply was due to the procurement of two diesel-powered-machines, which were funded by the Arab Bank for Economic Development in Africa (BADEA), in an effort to complement the output from the Bumbuna Hydroelectric Plant.

The service sector grew by 5.33 percent in 2010, which is lower than its growth of 6.24 percent in 2009. The transport, storage and communication sub-sectors grew by 6.37 percent, trade and tourism grew by 4.90 percent, and finance and insurance grew at 2.72 percent. Administration and Public Services, education and health grew by 3.00 percent, 6.00 percent and 12.00 percent respectively. The slow growth of the services sector in 2010 relative to its growth of 6.2 percent in 2009 was mainly on account of the fact the significant reduction in the growth of administration and public services, being 3.0 percent compared to the 23.4 percent growth registered in 2009.

Aggregate consumption took 90.1 percent of GDP while investment took 19.5 percent of GDP. As in the case of 2009, aggregate demand was led by private consumption, which increased to Le 5905157 millions in 2010, from Le 5691121 millions in 2009 (a growth of 3.8 percent). Public consumption being lower than private consumption, it however grew by far more than the growth of private consumption, a growth of 62.9 percent. All the components of aggregate demand increased in 2010.

Table 3.59: REAL SECTOR GROWTH IN SIERRA LEONE				
	2008	2009	2010	2011*
1. GDP (Le millions)				
GDP at Current Price	6 538 014	7 340 900	8 539 392	9 931 313
GDP at Constant 2001 (Le millions)	4 248 218	4 382 580	4 599 526	4 912 294
	5.5	3.2	5.0	6.8
3. SECTORAL GROWTH RATES (%)				
Agriculture	**4.5**	**3.79**	**3.96**	**4.13**
Crops	5.8	4.93	5.99	7.05
Livestock	1.2	1.27	1.52	1.77
Forestry	2.9	1.38	-3.88	1.38
Fishery	1.5	1.25	1.66	2.07
Industry	**-17.6**	**-12.19**	**11.20**	**13.00**
Mining and Quarrying	-35.7	-26.38	8.54	10.34
Manufacturing and Handicrafts	1.2	-1.43	12.83	14.6
Electricity and Water Supper	114.9	-4.72	4.23	6.03
Construction	2.4	-2.57	13.96	15.76
Services	10.3	6.24	5.33	7.13
Trade and Tourism	4.4	4.27	4.90	5.53
Transport, Storage and Communication	26.0	6.51	6.37	8.17
Finance, Insurance and Real Estate	8.5	-0.98	2.72	3.52
Administration of Public Services	-16.0	23.35	3.00	4.80
Other Service	3.8	3.10	3.02	4.82
Education	20.6	8.82	6.00	7.80
Health	22.0	11.08	12.00	13.8
Non-profit Institutions Serving Households	9.5	10.99	6.60	8.40
Financial Intermediation Services Indirectly Measured	39.6	15.78	9.21	11.8
4.SECTORAL CONTRIBUTION TO GDP				
Agriculture	46.71	46.99	46.55	46.81
Industry	7.95	6.72	7.12	7.62
Services	41.88	43.13	43.28	44.78
5.DEMAND (Millions of Leones)				
Private Consumption	4 768 538	5 691 121	5 905 157	6 125 859
Public Consumption	941 478	1 103 894	1 798 606	2 929 858
Gross Capital formation	1 965 742	1 417 097	1 664 424	1 954 476
Export of Goods and Services	1 082 595	1 059 017	1 645 869	2 557 346
Import of Goods and Services	2 342 461	2 130 118	3 053 964	4 377 499
NPISH	**4 768 538**	**5 691 121**	**59 051 57**	1 678 509

Source: Statistics Sierra Leone and WAMA
*** Projection**

The year on year inflation rate stood at 17.8 percent by end December, 2010 compared to 12.2 percent by end December 2009. Annual average inflation rate in 2010 was 16.8 percent, compared to 8.9 percent in 2009. The rise in the general price level in the review period was due to the increase in the prices of goods following the introduction of the Goods and Services Tax (GST) in January, continued increase in international food and oil prices, depreciation of the exchange rate and increase in the pump price of petroleum products. The 28.7 percent increase in International oil price led to an 18.2 percent increase in the domestic pump prices of petroleum products Table 1 shows the growth of the various sub-sectors of the real sector of Sierra Leone.

3.2.5.9.2 Developments in the Fiscal Sector

The Government of Sierra Leone in line with its Agenda for Change made its 2010 budget proposals christened “Confronting the Future” and outlined various strategies for the realization of the dream. The main objectives of the 2010 budget were to:

- Boost investment in infrastructure and eliminate other investment barriers to support private sector activities for job creation;
- Support the productive sectors of the economy to generate high sustainable broad-based growth that will make in-roads into poverty reduction;
- Improve the delivery of health care, education and water services to facilitate the attainment of the Millennium Development Goals (MDGs) and enhancing Sierra Leones’s ranking in the UNDP Human Development Index (HDI).

In pursuance of the above objectives, the Government undertook several measures to raise revenue and outline expenditure priorities and allocations for the financial year 2010. An important new measure introduced in January 2010 was the Goods and Services Tax (GST), a type of value added tax which replaced seven other taxes that had underperformed over the years. The total budget for the year was estimated at Le 1.8 trillion, comprising recurrent expenditure of Le1.1 trillion (61.1 %) and capital expenditure of Le696.6 billion (38.9 %).

The fiscal operations of the Government resulted in a deficit, including grant, of Le523.5 billion, which is 6.9 per cent of GDP, compared to the 3.0 percent recorded in 2009. With the exclusion of grant, fiscal deficit was Le1066.1 billion in 2010, which is 14.1 percent of GDP, compared to the 10.4 percent recorded in 2009. Total domestic revenue stood at Le955.7 billion, which was 13.3 percent of GDP compared to the 11.6 percent recorded in 2009. This exceeded that of 2009 by le 255.3 billion (36.5 %) and was more than the 2010 revised target by 2.7 %. Tax revenue accounted for 10.2 percent of GDP, compared to 9.8 percent in 2009. Revenue consisted of income tax (Le 303.026 b), Goods and Services Tax (Le 246.362 b), customs and excise duties (Le322.819 b) and non-tax revenue (le83.456). Grants comprised program, budget support and other projects.

The revenue from the newly introduced GST was Le246.4 billion, which contributed more than a quarter of total domestic revenue (25.8 %), though the GST revenue was below the target of Le250.0 billion, by 1.5 %. The target for the GST was not met because the transit banks for the GST revenue did not remit monies collected and banked at the end of December, 2010 into the Consolidated Revenue Fund (CRF). Revenue from Customs and Excise Duties which represented 33.8 % of total domestic revenue, was below its target of Le341.3 billion by Le18.5 billion (5.4 %) mainly on account of the granting of discretionary waivers and existence of over 2000 containers at the port, under stockpiling. Non-Tax revenue was also below its targets, on account of shortfall in royalties from bauxite and diamond, though revenue from mining and exploration licences was above its targets.

Total expenditure was Le2073 billion (27.3 percent of GDP). This exceeded the budgeted amount of Le 1,860.8 billion and the value of Le1452.2 billion (21.4 percent of GDP) in 2009. Recurrent expenditure, which was 16.9 percent of GDP, accounted for 62.0 percent of total expenditure, leaving 38 percent for capital expenditure. Capital expenditure was 10.4 percent of GDP and domestic capital expenditure was 4.7 percent of GDP.

Overall budget deficit including grants was Le 523.5 billion (6.9 percent of GDP) and excluding grant, it amounted to Le1066.1billion (14.1 percent of GDP). These were more than the recorded figures of 3.0 percent and 10.4 percent of GDP in 2009, for budget deficits including and excluding grants respectively. Total financing of the budget deficit in 2010 was Le 638.6 billion and it was financed mainly from domestic sources Le 446.2 billion (69.9 % of total financing) and foreign financing was Le161.7 billion (25.3 %). Bank financing accounted for Le 454.7 billion from the domestic financing of the deficit. A repayment of L8.5 billion was made to the non-bank sector.

Total external debt outstanding at the end of December 2010 was U.S$ 767.86 million, compared to U.S$ 692.58 million. The increase in external debt (10.9 %) in 2010 was on account of increased disbursements from multilateral creditors. These disbursements were U.S $ 42.8 million from IMF for balance of payments supports, U.S $ 29.4 million from the World Bank for budgetary support and U.S$ 16.4 million from The African Development Bank. End Total external debt at the end of 2010 comprised multilateral debt, commercial creditors and bilateral creditors with shares of 61.9 %, 30.1 % and 8.4 % respectively, which were 56.9 %,34.7 % and 7.9 % respectively, at the end of 2009.

Total domestic debt instrument stood at Le 1.16 trillion, which was higher than its 2009 value by 23.8 percent, mainly due to the fact that the stock of Non-Negotiable Non-interest Bearing Bond (NNIB) and Ways and Means Advances to the values of Le177.5 billion and Le45.3 billion respectively were converted to treasury securities. Treasury bills, Treasury bonds and recapitalisation bond accounted for 66.5 %, 9.3 % and 24.2 % respectively of total domestic debt. The commercial banks were the major holders of domestic debt, with 40 % of total domestic debt, followed by the Bank of Sierra Leone, with 39 % and the general public, with 13 %. The National Social Security and Insurance Trust (NASSIT), Other Financial Institutions and Discount Houses held 5 %, 2 % and 1 % respectively.

3.2.5.9.3 Development in the Monetary Sector

As indicated in the 2010 budget statement, monetary operations aimed at maintaining exchange rate flexibility whilst containing inflationary pressures arising from the second round effects of the global financial and economic crisis. In this regard, reserve money was programmed to grow by 13.0 percent in 2010, allowing for adequate expansion in private sector credit and a further build-up of gross foreign reserves. Other policy measures aimed at strengthening its liquidity forecasting framework, deepening of the interbank market and balancing Treasury bill sales and foreign exchange auctions for an optimal monetary policy mix were used.

The implementation of monetary policy faced significant challenges due to the fiscal operations of the government. Reserve money grew by 34.61 percent in 2010, compared to its target of 7.5 percent and the growth of 21.2 percent in 2009. Broad money supply grew by 32.7 percent against its target of 14.0 percent and the growth of 27.5 percent in 2009, driven mainly by rapid expansion in credit to the Government, which grew by 88.3 percent. Table 2 shows performance on some monetary indicators.

Table 3.60: GROWTH RATES OF KEY MONETARY AGGREGATES

Growth Rate								
	2004	2005	2006	2007	2008	2009	2010	2011*
Reserve Money	12.8	24.6	10.7	26.0	7.7	21.2	34.6	48.0
Broad money supply (M2)	20.1	31.3	21.4	22.6	22.5	27.5	32.7	37.9
Narrow money (M1)	17.6	23.1	15.4	12.3	12.8	21.1	29.8	38.5
Currency in circulation	8.6	13.0	19.1	12.5	9.8	23.7	32.4	41.1
Demand deposits	33.7	38.0	10.9	12.1	36.1	18.5	27.0	35.5
Quasi money	20.2	36.6	27.8	29.0	35.8	26.8	35.4	35.5
Foreign currency deposits	30.4	54.9	32.5	42.5	12.4	42.3	50.6	58.9
Percentage Contribution to The Growth In Broad Money Supply (M2)								
Net foreign assets	20.0	34.4	78.9	25.6	0.9	54.1	6.1	7.07
Net claims on government	-10.5	-5.6	10.9	-4.3	4.7	-0.2	15.2	17.62
Claims on private sector	9.2	4.4	4.1	8.5	8.4	7.7	10.7	12.40
Claims on public institutions	0.0	0.2	0.1	0.4	0.6	0.6	1.3	1.51
Claims on rest of economy	0.2	1.1	-0.3	-0.8	0.6	0.9	2.3	2.67
Other items net	1.2	-3.2	-72.3	-6.7	-0.7	-39.1	-2.9	-3.36

Source: Bank of Sierra Leone and WAMA Estimate
*** Projection**

NDA, comprising net claims of the banking system on government, private sector, public institutions, rest of the economy and other items (net), recorded a total growth rate of 313.4 percent compared to -70.7 percent in period in 2009. The contributions of net claims on net foreign assets, net claims on government, and private sector credit the growth of broad money supply stood at 6.1, 15.2,10.7 respectively, compared to 54.1, -0.2 and 7.7 percents respectively in 2009.

The monetary policy operations of the central bank resulted in expansion of the growth in the monetary aggregates compared to 2009. Currency in circulation increased by 32.4 percent, compared to the growth of 23.7 percent in 2009 and demand deposits increased by 27.0 percent, compared to 18.5 percent in 2009 and quasi money and foreign currency deposits increased by 35.4 and 50.6 percents respectively, compared to the rates of 18.5 and 26.8 respectively in 2009.

The movement in interest rates favoured investment in government securities against savings deposits. The interest rates on the 91-days, 180-days, 365-days treasury bills and the 365-day treasury bonds increased from 13.99, 12.21, 14.33 and 12.00 percents respectively at the end of December, 2009 to 24.54, 28.35, 28.98 and 22.50 percents respectively at the end of December, 2010. This development reflected an increasing government borrowing requirement, arising particularly from a higher investment drive initiative. Interest rate on savings deposit remained unchanged at an average of 6.25 while lending rate declined from an average of 25.50 percent in 2009 to 24.50 percent in 2010. Thus, the spread between the savings and lending rates declined by only 1 basis point, from 19.25 percent in 2009 to 18.25 percent in 2010. Time deposit rate also declined from an average of 10.84 percent at the end of December, 2009 to 10.55 percent at the end of December, 2010.

On the Stock Exchange, there was only one listed company in 2010, as in 2009. The slow pace of the privatisation programme, weak sensitisation and delay in the passage of the Securities and Exchange Commission bill are not unconnected to the slow development in the capital market.

3.2.5.9.4 Developments in the External Sector

The overall balance on the balance of payments in 2010 was in deficit, unlike the position of 2009, which was in surplus. The overall balance of payments deficit was U.S $ 57.96 millions (2.70 percent of GDP), compared to the surplus of U.S $ 143.95 million (6.64 percent of GDP) in 2009. The deterioration in the overall balance of payments was on account of the deterioration in the current account and financial account. Table 3 shows performance on the external sector. The current account deteriorated from a deficit of U.S $ 192.89 million (8.9 % of GDP) in 2009 to U.S $ 263.06 million (12.25 percent of GDP) in 2010. This was as a result of deteriorations in all the sub-accounts of the current account, save current transfers which increased from U.S $ 65.75 million (6.81 percent of GDP) in 2009 to U.S $70.35 in 2010 (9.11 percent of GDP). The trade balance, net services and net income of the current account deteriorated from deficits of U.S $ 241.59 million (11.14 percent of GDP), U.S $ 63.22 million (2.92 percent of GDP) and U.S $ 35.76 million (1.65 percent of GDP) respectively, in 2009 to deficits of U.S $ 312.04 million (14.54 percent of GDP), U.S $ 93.50 million (4.36 percent of GDP) and U.S $ 53.10 million (2.47 percent of GDP) respectively, in 2010. Increase in import bills, both oil and non-oil, was the driver of the deterioration in the trade balance since exports were higher in 2010 than 2009. The improvement in the performance of the export sector, with export increasing from 12.51 percent of GDP to 17.03 percent, was due to recovery of mining activities. Total import bill increased in 2010 to US$ 677.64 million, from U.S $512.85 million in 2009 from 512.85. This was precipitated by increase in international petroleum prices and imports of capital equipment.

The capital account improved from a surplus of U.S $ 65.75 million (3.03 percent of GDP) in 2009 to a surplus of U.S $ 70.35 million (3.28 percent of GDP) in 2010, while the financial account deteriorated from a surplus of 269.16 million (12.41 percent of GDP) in 2009 to a surplus of 112.61 million (5.25 percent of GDP) in 2010. The deterioration in the financial account was mainly due to the fall in net other investment as net direct investment in Sierra Leone fell marginally, from 4.68 percent of GDP in 2009 to 4.24 percent of GDP in 2010 while net other investments fell from 7.74 percent of GDP in 2009 to 1 percent of GDP in 2010.

In spite of the increase in international reserves in 2010, the months of import which the stock of international reserve can finance decreased. Gross external reserves at the end of December 2010 was U.S $ 345.22 million (6.4 months of import cover), compared to U.S $ 336.27 million (5.4 months of import cover) at the end of December 2009. The decrease in import cover was due to the increase in import bill, arising mainly from importation of heavy duty equipment for the mining sector. The exchange rate was relatively stable in 2010. The Leone depreciated against the U.S dollar by 7.7 percent, compared to 28.0 percent in 2009.The relative stabilisation of the external value of the Leone, under the review period, was achieved through intensive foreign exchange interventions of the Bank of Sierra Leone in the early part of the year, though there was a reduction of the foreign exchange offered at auction by the Bank of Sierra Leone.

Table 3.61: EXTERNAL SECTOR PERFORMANCE OF SIERRA LEONE						
	2009	2010	2011*	2009	2010	2011*
	Millions of U.S Dollars			Percentage of GDP		
Current Account	-192.89	-263.06	-178.88	-8.90	-12.25	-7.72
Trade Balance	-241.59	-312.04	-235.62	-11.14	-14.54	-10.16
Merchandise Exports (fob)	271.26	365.59	391.52	12.51	17.03	16.89
Merchandise Imports (fob)	-512.85	-677.64	-627.14	-23.65	-31.57	-27.05
Services (Net)	-63.22	-93.50	-80.70	-2.92	-4.36	-3.48
Income	-35.76	-53.10	-74.00	-1.65	-2.47	-3.19
Current Transfers (net)	147.68	195.58	211.43	6.81	9.11	9.12
Capital Account	65.75	70.35	75.27	3.03	3.28	3.25
Capital Transfers (Net)	65.75	70.35	75.27	3.03	3.28	3.25
Financial Account	269.16	112.61	107.13	12.41	5.25	4.62
Direct investment (net)	101.43	91.08	93.75	4.68	4.24	4.04
Portfolio investment (net)	-	-	-	-	-	-
Other investment (net)	167.73	21.53	13.38	4.68	1.00	0.58
Overall Balance	143.95	-57.96	-63.51	6.64	-2.70	-2.74
Memorandum						
Imports of Goods (cif)	582.79	770.04	712.66	26.88	35.87	30.74
Stock of External Reserves (US$mn)	336.27	345.22	335.22			
Month of import cover	6.40	5.40	5.60			

Source: Bank of Sierra Leone and WAMA,* Projection

3.2.5.10 STATUS OF MACROECONOMIC CONVERGENCE

The performance under the macroeconomic convergence programme continued to be challenging in 2010 as the country met none of the primary. However the country met the secondary criteria in respect of public investment and real exchange rate stability.

Primary Criteria

Sierra Leone did not meet any of the primary criteria, unlike in 2009 when it met one of the primary criteria- gross external reserves- which amounted to 6.4 months of import cover but came down to 5.4 months of import cover in 2010. Fiscal deficit (on commitment basis, excluding grants) in 2010 deteriorated to 14.1 percent of GDP against 11.0 percent in 2009.

Similarly, Central bank financing of the budget deficit worsened from 18.8 percent of previous year’s tax revenue in 2009, to 25.7 percent in 2010. Inflation rate increased from 12.2 percent in 2009 to 17.8 percent in 2010 and gross external reserves reduced to 5.4 months on imports from 6.4 months in 2010. Table 4 shows the performance under the macroeconomic convergence criteria.

Secondary Criteria

Sierra Leone met two secondary criteria in 2010. These are the criteria relating to public investments financed from domestic resources, which were 40.4 percent of tax revenue and the depreciation of the real exchange rate at 4.5. Improvement of public investment was due to the government’s shift in policy, geared towards restructuring the budget in favour of capital expenditure at the expense of recurrent expenditure.

Tax revenue in 2010 was 10.2 percent of GDP, which is far below the benchmark of the convergence criteria (20.0 percent) though higher than the value of 9.8 percent recorded in 2009. The wage burden (measured as the ratio of salary mass to tax revenue) was 61.6 percent, which is higher than the benchmark of the convergence criteria though lower than the value of 71.7 percent recoded in 2009. Real interest rate remained negative at -7.5 percent which is an improvement on the value 0f -8.5 percent recorded in 2009 but fell short of the required benchmark of positive real interest rates. The depreciation of the real exchange stood at -8.6, which is an appreciation of the real exchange rate and is out of the 5 percent band of the convergence criteria

Table 3.62: SIERRA LEONE – STATUS OF CONVERGENCE

	Target	2005	2006	2007	2008	2009	2010*	2011**
Primary Criteria:								
I) Budget Deficit/GDP	≤ 4%	9.5	8.5	5.0	8.58	9.56	12.5	12.5
II) Inflation Rate	≤ 5%	13.1	7.3	13.8	12.3	12.0	17.8	17.8
III) Budget Deficit financing	≤ 10% TR n-1	0.0	13.3	0.8	0.3	18.6	37.6	37.6
IV) Gross External Reserves	≥6 ms of Ms g/s	4.8	4.9	0.8	4.2	6.2	4.6	5.6
Secondary Criteria:								
I) Domestic Arrears		nd	nd	nd	nd	nd	nd	nd
II) Tax Revenu/GDP	≥20%	8.1	8.5	7.8	8.5	8.5	10.3	10.3
III) Salary Mass/Tax Revenue	≤ 35% TR	65.5	61.6	60.9	59.8	59.8	60.9	60.9
IV) P. Invest/Tax Revenue	≥20% TR	7.9	10.6	9.1	13.4	13.4	40.4	40.4
V) Real Interest Rate	>0	-7.2	-1.8	-8.3	-8.3	-8.5	-5.5	-5.5
VI) Real Exchange Rate Stability	± 5%	-0.5	-4.7	1.0	6.9	1.7	-4.5	-0.4
Number of criteria met		**2**	**1**	**2**	**1**	**2**	**2**	**2**

Source: Sierra Leonean Authorities and WAMA Staff

3.2.5.11 INSTITUTIONAL ARRANGEMENTS AND POLICY HARMONIZATION

National Coordinating Committee (NCC)

The National Coordinating Committee (NCC) has already been launched and begun preparation of multilateral surveillance reports for the ECOWAS-WAMA Joint Secretariat. A macroeconomist was employed in 2010, following the resignation of the one recruited in 2009. The Macroeconomist was part of the multilateral surveillance mission in March 2011. The NCC Secretariat is based in the Ministry of Finance and Economic Development under the technical supervision of the Director of Economic Policy and Research Unit (EPRU) in the Ministry. The membership of the NCC consists of a core group of senior officials from ministries and public sector institutions who work directly with the Macroeconomist in drafting the country economic reports and a general group that meets to validate the reports.

Statistical Harmonization

The Sierra Leone authorities adopted the ECOWAS Harmonised standard in the computation of CPI and National Accounts and key officials have received training on the use of the PRIMA and ECOMAC software. The CPI basket has been enlarged to 400 commodities from the hitherto 251 items to reflect current consumption patterns. The country has also adopted the System of National Accounts (SNA) 1993 instead of 1968.

Sierra Leone uses the Standard Classification of Individual Consumption by Purpose (COICOP), adopted since 2007. In February 2010, Statistics Sierra Leone revised the CPI base year from 2003 to 2007 and widened its coverage to five urban centres (Freetown, Bo, Kenema, Makeni and Kono) from four (Freetown, Kenema, Makeni and Bo). It was indicated that these five urban centres constitute 80.0 percent of urban household consumption in Sierra Leone, which gives a fair representation of the total population.

Statistics Sierra Leone (SSL) is being supported by the ECOWAS Commission in producing external trade data using the EUROTRACE software. But there are difficulties in the production of reliable and timely external trade and national accounts statistics.

Payments System Development

The Bank of Sierra Leone initiated a payment system modernisation programme in collaboration with the West African Monetary Institute (WAMI) currently being funded by the AfDB with some counterpart contribution. Significant progress was made in 2010 including the setting up of project implementation teams for each component, the formation of national Payments Systems Committee and the development of the required infrastructure. An office has been identified within the Bank of Sierra Leone and individuals have been identified to man the activities of the project. However, there is delay in the implementation of the national switch project, which is very critical to the implementation of the national payments system.

Regarding the ACH-PH, a contract has already been signed and a validation workshop has been conducted. With regard to the RTGS/SSS a validation workshop has also been organised and the relevant questionnaires have been designed.

On the infrastructure project, the server room has been renovated, a contract has been signed with local contractors and an advance payment has already been effected. With respect to the core banking application, however, much progress has not been made and a validation workshop is yet to be organised. Plans are also underway to hold sensitisation workshops on the benefits of a modernised payments system in 2011.

Overall, the WAMZ payments system modernisation project is progressing steadily and all commercial banks have been directed to adopt the WAMZ Cheque Standards in 2010. In respect of this, the Bank of Sierra Leone has printed cheque books that are compliant with the required standard.

There is limited quoting and trading in local currencies among commercial banks with a widespread regional presence. This arises from the fact that there is no mechanism for clearing and settling long positions since the Central Bank is reluctant to get involved as a guarantor for settlements.

ECOWAS Trade Liberalization Scheme (ETLS)

Sierra Leone is implementing the ETLS after briefly suspending its participation in 2007. Participation under the ETLS is not fully operational due to rigid enforcement of the rules. However, the authorities insist that the factors that led to the initial suspension, which included lack of security features on Certificate of Origin, absence of a list of registered companies and products, and loss of revenue have not been fully addressed. The authorities have set up a National Approval Committee but it is not yet operational.

ECOWAS Common External Tariff (CET)

Sierra is a member of the joint ECOWAS-UEMOA CET Committee. Regarding the ECOWAS Common External Tariff (CET), an impact assessment study has been finalized by a consultant to ascertain the possible revenue losses, implications on the balance of payments and the country's industrialization drive.

Implementation of the CET has begun, following an agreement on a fifth band of 35 percent and negotiations on the tariff lines (NB. 70 new product lines proposed) have reached an advanced stage and the country awaits the final decision on the fifth band. The current level of compliance is estimated at about 95 percent.

Economic Partnership Agreements (EPAs)

Regarding the EPAs, it was indicated that the ECOWAS Commission negotiates on behalf of its member countries and the Ministry of Trade actively participates in all these meetings. A meeting was organized in Cape Verde where the national plans of various countries were discussed and this formed the basis of a regional development plan at a cost of Euros 398.0 million. The NCCs would also monitor the implementation of the EPAs. The authorities plan to have a sensitisation workshop, with a view to taking on board the concerns of key stakeholders and this is to be facilitated by the Commission.

3.2.5.12 PROSPECTS

The growth prospect of Sierra Leone for 2011 is bright given government commitment to tighten fiscal policy by raising domestic revenue performance and containing non-priority spending and limiting its resort to central bank credit. GDP growth is expected to increase giving the developments in the mining sector and the improvement in electricity generation as well as the improvement the agricultural, which rests on the modernisation of the sector. The main drivers of this growth are: the agricultural sector, the mining sector and construction and electricity. This is predicated on the Government's ongoing investment in the agricultural sector and the resumption of the operations of Koidu Holdings in the Diamond mining as well as the resumption of Bauxite mining. The service sector is expected to expand, given the improvement in power generation and distribution and this would be led by the banking and telecommunication sub-sectors. The improvement in the business environment would spur the growth of the wholesale and retail trade and storage sub-sectors with the introduction of the Sierra Leone Trade Policy. However, the authorities would be faced with challenges in maintaining macroeconomic stability, which are likely to dampen the growth prospects.

It would be difficult to meet the ECOWAS convergence criterion on inflation (less than 5 percent) in 2011, given the delayed effect of the impact of GST and the expected petroleum price increase, in spite of the efforts of the Bank of Sierra Leone to tighten monetary policy and the government commitment to reduce the huge fiscal deficit and its financing through the central bank.

With the expectation of increase in diamond export, the trade balance is expected to improve. However, there is potential for the deficits on the trade account and the overall balance of payments to widen due to increase in imports for infrastructure development and the possibility of further increases in fuel price on the world market, which may lead to a hike in the import bill.

Given the Government's concern for increasing spending on developing the infrastructure and the free health care initiative, it would be difficult for the country to meet the ECOWAS convergence criterion on budget deficit (excluding grant) as a ratio of GDP, in 2011.

In spite of demand pressures, and a projected decline in gross international reserves, the country is expected to meet the ECOWAS convergence criterion on gross international reserves (at least 6 months of import cover). Also, with the authorities plan to complement monetary policy operations by increasing the amount supplied of foreign exchange on the weekly foreign exchange auction, the exchange rate is expected to be stable.

As the 91 days treasury bills is the main instrument in the financial market, increase in the discount rate arising from the increasing government borrowing requirement may lead to increases in interest rates, especially, the lending rates of the commercial banks. This raises further concerns, for the probability of high interest rates, which may be inimical to the growth prospects.

With regards to the convergence criteria, the available evidence shows that Sierra Leone is not very likely to improve on its performance in 2011..

Sierra Leone may not satisfy any of the primary criteria but may satisfy one secondary criterion (public investment from domestic receipts), which is projected 46.9 %. Sierra Leone would find it difficult to meet the criterion on budget deficit as the budget deficit as a percentage of GDP is expected to be at 12.5 percent.

Due to high public sector borrowing requirement, the country may not meet the target on central bank financing of the budget deficit, which is expected to be 22.3 percent. The rate of inflation is expected to be 15.5 percent which is an indication of missing the targets on inflation and positive real interest rate. The expected stability of the nominal exchange rate with expected double digit inflation would make it difficult for the country to meet the target on the real exchange rate stability. Tax revenue would remain low though in the double digit range, expected to be 10.4 percent of GDP, in spite of the existence of the Goods and Services Tax. Thus, the criteria relating to tax revenue and wage burden would be difficult to satisfy, projected at 51.5 percent.

3.2.5.13 CONCLUSION AND RECOMMENDATIONS

3.2.5.13.1 CONCLUSION

The review showed that fiscal dominance remains a serious problem in Sierra Leone. The weak infrastructure does not support robust revenue mobilization. The desire to resuscitate the economy contributed to the growth in government spending, resulting in high budget deficits. Monetary policy is most often constrained by fiscal excesses which are periodically accommodated by the central bank.

The country experiences intermittent inflationary pressures driven largely by adverse developments in the global economy. The current account is under considerable stress in spite of gradual increase in exports, driven by high domestic demand for imports. A shortage in foreign reserves placed undue pressure on the domestic currency but the intervention of the monetary authorities in the weekly auction led to a stabilisation of the exchange rate. The country is generally vulnerable to external shocks due to the weak infrastructure and foreign exchange earning capacity.

The above developments have impacted negatively on the performance of Sierra Leone under the convergence criteria. Nevertheless, the country is making significant progress in the policy harmonization programmes relating to statistics and payments systems development. However, the authorities should streamline its records on intra-regional trade.

3.2.5.13.2 RECOMMENDATIONS

In the light of the above developments, the following recommendations are worthy for consideration:

1. Consolidation of all revenues collected by all the departments and reconsidering the granting of discretionary waivers and concession. The National Revenue Authority (NRA) should be given the authority to collect all non-tax revenue as well as the granting of duty waivers and concession.

2. Strengthening sensitisation on the operation of the GST in order to increase compliance and reduce misapplication that leads to arbitrary price increases under the guise of GST.

3. Developing a monitoring mechanism to ensure strict compliance with the cash-based budgeting system adopted in 2007 with the view to improving public expenditure management.

4. Introduction of a moratorium on some discretionary spending and further efforts to rationalize the wage bill with the view to maintaining macroeconomic stability within the framework of the current Development strategy of the government.

5. Expediting the privatisation process in an effort to ensure the full operation of the Sierra Leone Stock Exchange in order to mobilize long term funds.

6. Expediting the operation of the Credit Reference Bureau and the Commercial Court to handle credit risk problems.

7. The Monetary and Fiscal committee should expedite the reconciliation of fiscal and monetary data.

8. The Ministry of Trade and Industry should play a greater role in the implementation of ETLS and CET in collaboration with NRA and the Ministry of Finance and Economic Development. With regard to data issues, the Ministry of trade and Industry should also put in place mechanisms for trade data collection and ensure data harmonisation with other key players such as Statistics Sierra Leone and Bank of Sierra Leone. Authorities should fast track efforts to establish the National Approvals Committee to ensure the full operation of the ETLS.

9. Education of the public on the potential benefits of the ETLS should be undertaken in order to get more participation.

10. Paying attention to the diversification of exports in order to improve foreign exchange earnings and build the capacity to produce import competing goods, especially food items while encouraging the current trade liberalization scheme.

3.3 CAPE – VERDE

The economic objectives of Cape Verde for 2010 were to consolidate economic stability and seek broader economic growth through increased public investments. The authorities in Cape Verde also aimed at ensuring a more prudent debt management through the elimination of non-priority expenditure, support for social interventions in favour of the most vulnerable, and improvement of the banking system. These objectives were expected to be achieved against a backdrop of rising inflation. Thus, a 5% target was projected for economic growth and 3% for inflation.

Regarding results, in 2010 economic activity recorded a growth rate of 5.6% compared to 3.9% in 2009. This growth was primarily driven by the expansion in the tertiary sector, thanks particularly to a recovery in tourism and transfers. This growth was recorded amidst rising inflation which stood at 2.1% against 1.0% in 2009. Concerning public finance, the overall balance excluding grants deteriorated significantly, increasing from 13.3% of GDP in 2009 to 19.0% in 2010. This shortfall is chiefly linked to the government's desire to take advantage of lower rates on the international market to raise funds for priority public investments. Hence, drawings from external borrowings more than doubled to hit 16.6 billion escudos (151 million euros). For the external sector, there was an improvement in the current balance, whose deficit fell from 16.7% of GDP in 2009 to 13.1% in 2010. This improvement has to do with recovery in exports, tourism and transfers. For the monetary sector, the M2 aggregate expanded by 6.1%. This expansion is reflected in the increase of demand and fixed term deposits. Money creation was primarily due to increased credit to the private sector. Concerning the macroeconomic convergence criteria, the country met Six (6) criteria.

3.3.1 Sector Analysis

The structure of the economy of Cape Verde is quite different from most countries of the community, because of the weight of the tertiary sector, which represents approximately 69% of GDP comparable to the typical structure of the developed economies. This similarity is just an illusion. It does not translate into real development, but on the contrary, reflects the profound structural limitations of the country.

3.3.1.1 Real sector

The economy of Cape Verde recorded a real GDP growth rate of 5.6% mainly due to the recovery in tourism and transfers. As regards the primary sector, the peculiar climatic conditions of Cape Verde combined with the small size of the territory as well as the continuous trend of soil erosion continue to undermine the development of the agricultural sector. Thus, the drought that continues to plague the country affected the development of the country's agriculture in 2010. It should be noted that Cape Verde is not endowed with significant natural resources of commercial value and that, with the reduction of the continental shelf, due to the volcanic origin of the islands, the potential of the fisheries sector is curtailed. For all these reasons, in 2010, growth in the primary sector, which represents approximately 12% of GDP, was negative and stood at -0.8%. However, the fisheries sub-sector, though fledgedling, holds some prospects. The secondary sector, which only accounted for 19% of GDP in 2010, also experienced a decline. The limited contribution of the secondary sector is due to the small size of the domestic market and the near total absence of industrial exports. The dominance of the tertiary sector is especially the result of poor primary sector performance, due to the structural constraints to agriculture already stated and the lack of natural resources. This sector witnessed a positive growth.

The growth in demand was driven by both domestic and external demand. Private consumption increased by 6.2% against1.4% in 2009. Investments, increased by 5.3% in 2010 compared to a decline of 8.8% in 2009. Foreign demand also surged by 17.6% compared to 6.3% in 2009.

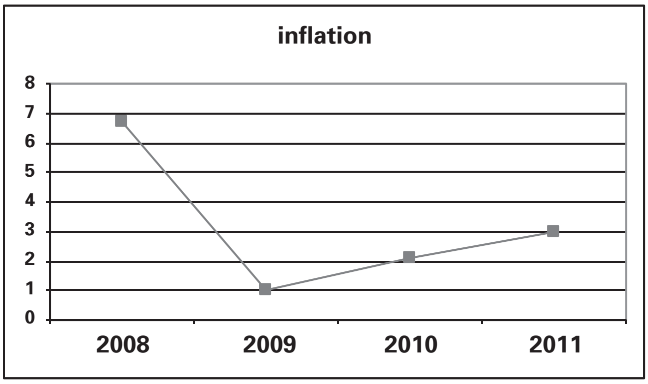
Table 3.63: TRENDS IN GDP AND ITS COMPONENTS

	2007	2008	2009*	2010*	2011**
GDP at current prices(in escudo unit)	107 252.0	115 190.9	115 614.2	123 916.7	133
GDP at constant prices (base year = 2000)	28 521.4	30 269.9	31 471.1	33 230.4	34 712.6
Real GDP growth rate	8.6	6.1	4.0	5.6	4.5
COMPOSITION OF GDP (in %)					
Supply					
Primary sector	-10.6	-10.6	-0.8	-0.04	-0.8
Secondary sector	-2.3	-2.3	-0.2	-0.01	-0.2
Tertiary sector and non financial services	2.9	2.9	0.2	0.01	0.2
Demand					
Public consumption	13.5	4.4	11.2	4.4	15.2
Private consumption	5.0	8.1	1.4	6.2	6.7
Gross fixed capital formation	32.3	8.0	-8.8	5.3	-1.0
Inventory change	-196.3	0.0	0.0	0.0	0.0
Export of goods and services	14.7	16.2	-14.3	17.6	4.2
Import of goods and services	22.1	10.5	-6.3	6.8	2.0
Capacity or financing needs	1547.7	1708.0	-1712.9	-250.8	-1283.8
GDP Deflator	3.8	1.2	-3.5	1.5	3.1

Source: BCEAO/WAMA (*) estimates (**) : Forecast

In 2010, economic activity occurred against the background of marked inflationary tensions with an average annual inflation rate of 2.1% against 1.0% in 2009. This rising inflation may be explained by the economic recovery but especially by rising prices on the international front.

Graphique 3.4 : Evolution de l'inflation de fin de période



3.3.1.2 Public Finance

With regard to public finance, total domestic revenue remained nearly stable compared to their 2009 level. However, the current revenue/GDP ratio dropped marginally, to stand at 24.2% in 2010 against 25.9% in 2009. This marginal drop is due to the decline in tax and non tax revenues. Grants on the other hand, increased by 14.9% in 2010 and reached 7.0% of GDP compared to 6.5% in 2009.

Total expenditure went up by 18.0% to stand at 43.2% of GDP in 2010 against 39.3% the previous year. This expansion is due to the 41.2% increase in public investment. Current expenditure was relatively stable even though interests on the public debt and social security transfers went up in 2010.

These trends translated into a deterioration of the overall balance excluding grants, which jumped from 13.3% in 2009 to 19.0% in 2010. This shortfall was chiefly linked to the Government's desire to take advantage of the lower interest rates on the international market to raise funds for priority public investments. Thus, drawings from external borrowings more than doubled to 16.6 billion escudos (151 million euros). It should be noted here that the forthcoming elections in 2011 could add further pressure to budget expenditure and for that matter on the debt.

On deficit financing, much of it is done with external borrowing, mainly on concessional terms, which limits the impact on reserves.

Table 3.64: TRENDS IN SELECTED BUDGET ITEMS

	2008	2009	2010	2011*	2008	2009	2010	2011*
	In % of GDP				Trend in %			
TOTAL REVENUE	34.4	32.5	31.2	29.3	2.6	-5.4	3.1	1.2
Current revenue	28.1	25.9	24.2	23.6	12.2	-7.5	0.1	5.0
Tax revenue	25.7	22.2	21.3	20.8	12.8	-13.2	2.8	5.0
Non tax revenue	2.5	3.7	2.9	2.9	5.4	51.9	-15.6	5.0
GRANTS	5.0	6.5	7.0	5.6	8.1	31.3	14.9	-14.2
TOTAL EXPENDITURE	36.3	39.3	43.3	43.0	12.3	8.8	18.0	7.0
Current expenditure	21.8	23.4	22.3	24.2	8.3	7.6	2.2	16.9
Salaries and emoluments	9.8	10.8	10.7	11.2	3.9	10.6	5.5	13.0
Capital Expenditure	14.4	15.9	20.9	18.7	18.9	106	41.2	-3.6
BASIC OVERALL BALANCE GLOBAL DE BASE	-1.8	-6.8	-12.0	-13.6	-224.6	277.1	89.0	22.1
OVERALL BALANCE (excluding grants)	6.8	13.3	19.0	19.2	102.5	96.9	52.8	8.8
DOMESTIC FINANCING	-1.8	2.0	0.1	3.1	-63.6	-247.5	-94.5	3143.0
Bank	-1.4	0.6	-1.1	nd	-68.2	-135.1	-298.2	nd
Non bank	0.5	1.4	1.3	nd	-75.2	207.9	-2.4	nd
EXTERNAL FINANCING	2.8	5.5	11.8	10.5	19.5	94.1	131.9	-3.9

Source : BCEAO/AMAO (*)Estimation (**)Prévision

The total indebtedness of Cape Verde increased by 2.5% of GDP from 50.1 % of GDP as against 47.6% at-end 2009, which may be attributed to substantial increase in foreign indebtedness to finance a swelling budget deficit.

Table 3.65: OUTSTANDING DEBT OF CAPE VERDE

CREDITORS	2009	2010	2009	2010
	In thousands of Escudo		in % of GDP	
Multilateral	46 184.54	47 810.75	37.8	37.7
Bilateral	11 258.93	12 566.36	9.2	9.9
Commercial	766.74	3 095.00	0.6	2.4
Total outstanding external debt extérieure	58 210.22	63 472.12	47.6	50.1

Sources: Central Bank and Ministry of Finance of Cape -Verde

3.3.1.3 External sector

This sector saw an improvement. The overall balance of payment deficit excluding grants fell from 7.2% of GDP in 2009 to 5.0% in 2010. Grants included, the overall balance of payment surplus stood at CVE 2185.1 million (1.8% of GDP) compared to a deficit of 1 308.5 million in 2009 (-1.1% of GDP), representing an improvement of 3 493.5 millions. This development stemmed from the improvement of the result of the current account balance of current transactions of 5.4% and that of capital and financial operations of 18.3%. Thus, the deficit of current transactions balance excluding grants stood at 19.9% of GDP in 2010 against 22.7% in the previous year; while the surplus of the capital balance and financial operations was at 18.3% of GDP in 2010 compared to 17.4% of GDP a year earlier.

The deficit of current balance of transactions improved from CVE 3 027.1 million, to 16 242.5 million in 2010 compared to 19 269.6 million in 2009. This trend may be explained by a more significant improvement in the balance of services and current transfers than the deterioration of the trade balance and revenue balance.

The performance of the air transport service as well as the recovery of activities in tourism contributed to an improvement in the surplus position of services, the balance of which grew from CVE 1 3 219.7 million in 2009 to 18 210.8 million in 2010, representing 11.4% and 14.7% respectively.

With respect to the balance of current transfers, the surplus grew from 24 684.9 million in 2009 to 27 950.9 million in 2010, essentially linked to the rise in official transfers, notably in the form of budget support. Private transfers, including remittances, also recorded marginal growth despite increasing employment difficulties in the host countries.

The trade balance deteriorated to stand at 56 641.3 million in 2010 against 53 732.1 the previous year, linked to higher rise in imports than exports. The 12. 8% rise in imports is primarily connected to the implementation of the Multi-year Public Investment Programme (MYPIP) which led to a rise in the buying of construction materials from abroad. Exports expanded by 52.8 3% owing to increased sale of fisheries products abroad and re-exportation of goods. In value terms, this increase is, by far, below the increase in importations. Following these developments, the rate of coverage of imports by exports deteriorated, tumbling from 12.5% in 2009 to 4.6% in 2010.

As regards the revenue balance, there was a deterioration of CVE 2 320.85 million, related to the increase in remuneration of foreign direct investments.

The capital account and financial transactions surplus appreciated from CVE 20 080.9 millions in 2009 to 22 718.4 million in 2010. This improvement in the surplus is due to the increase in the other investments, in an environment characterised by dwindling foreign direct investments and repayment of the public debt.

Table3.66: SELECTED BALANCE OF PAYMENTS INDICATORS OF CAPE VERDE				
	2009	2010	2009	2010
	In % GDP		Change in %	
Trade balance	**-46.5**	**-45.7**	**-6.1**	**5.4**
FOB Exports	6.4	9.1	-14.7	52.8
FOB imports	-52.8	-54.8	-7.2	11.1
Service balance	11.4	14.7	-28.5	37.8
Incl. freight	0.9	5.4	-31.6	528.2
Net revenue	-3.0	-4.7	-2.9	67.4
Incl. interest accrued on debt	-0.9	-0.9	-14.6	4.4
Balance of current transfers	21.4	22.6	3.3	13.2
public	6.0	6.8	-10.9	20.9
private	15.3	15.7	10.2	10.2
Balance of current transactions	**-16.7**	**-13.1**	**4.8**	**-15.7**
Capital account	3.2	2.7	76.1	-9.8
Financial transactions	14.2	15.7	-26.3	18.3
Direct investments	8.2	7.5	-39.7	-2.1
Portfolio investment	0.4	0.0	4405.6	-99.9
Other investments	5.6	8.2	-0.9	56.4
OVERALL BALANCE	**-1.1**	**1.8**	**-168.8**	**-267.0**
Financing	1.1	-1.8	-168.8	-267.0
Variation of net external assets	0.4	-1.3	-119.6	-462.6
Special funding	0.7	0.5	139.4	-33.5

Source: Bank of Cape Verde

3.3.1.4 Monetary sector The Central Bank of Cape Verde continued with its monetary policy with a view to stabilising her foreign reserves, in line with its commitments under the policy support instrument agreed with the IMF. In order to manage excess liquidity in the banking system, several open market transactions were conducted by the issuing institute during 2010. Meanwhile, the key rate and the required reserve rate remained the same at 4.25% and 16% respectively.

The monetary situation of Cape Verde as of 31 December, 2010 was characterised by an expansion in money supply as compared to the situation at-end December 2009, aided by a consolidation of net foreign reserves and credit to the private sector.

(M2) Broad money supply at-end December, 2010 expanded by 6.1% to stand at CVE 111 856.30 million compared to CVE 105 451.75 million in 2009. This growth was reflected in both currency circulation and bank deposits.

In fact, currency circulation recorded a growth of 2.8% in 2010, to settle at 8 599.4 million at-end December, 2010 compared to 8361.66 at-end 2009. Similarly , demand deposits receivable increased from10.5% compared to end 2009 to stand at à 34 797.6 million against 31504.92 million at-end 2009. Near money, on the other hand, also grew, reaching CVE 68 459.2 million at the end of December, 2010 compared to 65 585.16 million at-end 2009, being an increase of 4.4%. Finally, local currency receivable in foreign currency deposits decreased by 11.3% to stand at CVE 4 073.2 million against 4593.04 million at-end 2009.

Following these trends, a slight decrease in the preference for liquidity was observed, with a rise in the share of quota compared to that of currency circulation.

Regarding money supply counterparts, net foreign assets expanded by 5.0%, to settle at 29 851.7 million at-end December, 2010 after reaching CVE 28 430.9 million the previous year. This growth is linked to the expansion of the net foreign assets of the Central Bank by CVE 2 041.5 million, whose impact was mitigated by the decline of CVE 631.7 million of the short position of the money creating banks. The expansion of the net foreign assets of the CBV was primarily accounted for by the increase in the deposit balance in corresponding banks and assets held abroad. The outstanding domestic credit was CVE 128623.10 million against 121497.56 at-end 2009, representing an increase of 5.9%. This trend is accounted for by the increase in credit to the private sector. The net position of government in relation to monetary institutions, improved by 6.4%.

Credit to the private sector, the main source of money creation with a contribution of 6.5% in 2009 and 7.8% in 2010, grew by 9.3% to stand at CVE 81 241.1 million at-end December, 2010 against 74 351.5 million in 2009. This trend is accounted for by increased support provided to individuals to acquire accommodation, to non-financial institutions, notably in the area of civil construction, services, hotels and restaurants.

Table3.67: MONETARY SITUATION AS AT 31ST DECEMBER 2010

	2008	2009	2010	2009	2010
	Change in %			Contribution to lcroissance de M2	
(M2) Money supply	7.9	3.3	6.1	3.3	6.1
(M1)Money supply	4.5	-5.5	8.9	-2.3	3.3
Currency circulation	3.7	-4.0	2.8	-0.3	0.2
Sight deposits	4.8	-5.8	10.5	-1.9	3.1
Near-money	10.4	9.5	4.4	5.6	2.7
Foreign deposits	-19.8	-4.0	-11.3	-0.2	-0.5
ASSETS	11.2	7.4	5.9	8.2	6.8
Credit to Government	-8.1	5.6	-6.4	1.0	-1.1
By the Central Bank	19.6	-34.5	-77.7	-1.6	-2.3
By money creating banks	-15.4	20.6	8.1	2.6	1.2
Credit to public institutions	-48.0	-33.1	-3.5	-0.1	0.0
By the Central Bank	-22.0	-29.9	-47.1	0.0	0.0
By money creating banks	-50.0	-33.5	2.1	-0.1	0.0
Credit to the private sector	29.5	12.0	9.3	7.8	6.5
By the Central Bank	-5.1	0.6	7.0	0.0	0.1
By money creating banks	30.2	12.2	9.3	7.8	6.5
NET FOREIGN ASSETS	-6.3	-1.7	5.0	-0.5	1.3
Central Bank	7.9	-2.5	7.1	-0.7	1.9
By money creating banks	-125.0	-30.7	110.3	0.2	-0.6

Source: Banco de Cabo Verde

3.3.2 CONVERGENCE STATUS IN 2010

In terms of the ECOWAS macroeconomic convergence, Cape Verde's performance remained stable compared to the previous year. The country met two primary criteria and four secondary criteria, the same as last year.

Primary criteria

With regard to the primary criteria, the country met the criteria on inflation and Central Bank financing of the budget deficit. The exchange reserve level per month of exports was stable at 4.2%. On the contrary, the budget deficit worsened, leaping from 13.3% to 19.0%, the highest since 2000.

Secondary criteria

Concerning the secondary criteria, Cape Verde met four (4) of the six; non-accumulation of domestic arrears, the tax pressure rate, real interest rate and real exchange rate stability. The country, meanwhile, still has difficulty with the wage bill and investments funded with domestic resources.

Table 3.68 CAPE – VERDE – CONVERGENCE STATUS

	Target	2005	2006	2007	2008	2009	2010*	2011**
Primary Criteria:								
I) Budget Deficit/GDP	≤ 4%	11.4	10.4	3.6	6.5	13.3	19.0	19.2
II) Inflation Rate	≤ 5%	1.7	4.7	4.4	6.8	-0.4	3.4	3.4
III) Budget Deficit financing	≤ 10% TR n-1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IV) Gross External Reserves	≥6 ms of Ms g/s	3.4	3.6	4.1	4.0	4.2	4.2	4.2
Secondary Criteria:								
I) Arriérés intérieurs		non	non	non	non	non	non	non
II) Tax Revenu/GDP	≥20%	21.5	23.4	24.4	25.7	22.2	21.3	20.8
III) Salary Mass/Tax Revenue	≤ 35% TR	47.1	46.0	41.6	38.3	48.8	50.1	53.9
IV) P. Invest/Tax Revenue	≥20% TR	2.9	2.9	2.0	1.9	2.4	1.9	2.0
V) Real Interest Rate	>0	1.5	-1.5	-1.2	-3.6	2.2	1.0	0.1
VI) Real Exchange Rate Stability	± 5%	-2.8	2.8	2.5	4.3	-2.6	3.9	2.1
Number of criteria met		**6**	**5**	**6**	**4**	**6**	**6**	**6**

Source : Banque Centrale. AFRISTAT. FMI et AMAO **(*)Estimation** **(**)Prévision**

3.3.3 POLICY HARMONISATION AND INSTITUTIONAL ARRANGEMENTS

- ► Statistical Harmonisation: The harmonisation of statistics has improved. A series of comparable data on the GDP was produced. However, the ECOMAC database remains a source of problems regarding its methodology. Concerning harmonised price indices, the Authorities believe that the software used does adequately and correctly process all kinds of statistical information, hence the PRIMA software is not needed.
- ► Cape Verde's Payment System: The payment system in Cape Verde is built around three major pillars: an exchange and settlement system for transactions involving large amounts or of systemic importance with the institution of a Real Time Gross Settlement system (RTGS); a system of exchange and settlement of transactions involving small sums and an interbank card system introduced by the banking sector at the insistence of the BCV. The settlement of mass clearance of payment balances and cleared transactions of the stock exchange are done through the RTGS. For security, however, all transactions are done only at the Central Bank.
- ► Economic Partnership Agreement (EPA): Following the signing of interim agreements with Ghana and Côte d'Ivoire, there were negotiations in 2008 and 2009 for the signing of a regional economic partnership (EPA) agreement between the EU and ECOWAS, but it did not work out. The preparation of a regional list of sensitive products and rules of origin proved difficult. There was some progress, however, during the negotiations that were held on the 4th and 5th August 2008 in Dakar and from 8th

to 11th July, 2009 in Cotonou, respectively. Among the issues to settle is the adoption of a Common External Tariff for ECOWAS and the trade in services. Cape Verde would like to have services included in the EPA, since her economy is a tertiary based one. The level of common tariff is of special concern to Cape Verde; it is likely to lead to significant revenue loss that would affect the budget. Cape-Verde would thus find herself having to pay a 0.5% tax on all the goods and services imported from countries outside ECOWAS.

- Common External Tariff (ECOWAS -CET): the country participates in community meetings on the implementation of the ECOWAS-CET. Meanwhile, some reservations were expressed by Cape Verde regarding the application of the 5th band. Indeed, the country, being a net importer with little intra-community trade, fears an escalation in local prices due to tax increases, especially on basic commodities.
- Stock Exchange: the Cape-Verde stock exchange landscape has considerably expanded since its creation, in 2005. Capitalisation of the stocks and bonds markets exceeded the CVE 27 billion recorded as at September 2009 (22.8 % of GDP or PIB).
- Community Development Programme: drawn up by a local consultant, with the participation of some State, non-state and civil society actors, the national programme was validated and presented to the ECOWAS Commission.
- Peace and Development Programme: The country's proposals were validated since 2010 and have been submitted to ECOWAS.
- Agricultural Investment Programme: this programme was validated and submitted to donors, who signed a memorandum of commitment.
- Protocol on the free Movement of Persons and Goods: Cape Verde, according to officials, complies with the protocol, despite persisting problems regarding the free entry of ECOWAS citizens into Cape Verde. Besides, difficulties associated with the free movement of goods are being resolved, notably through the setting up of the National Committee on the Approval of certificates of origin.

3.3.4 ECONOMIC PROSPECTS

In the light of current projections, Cape Verde is expected to record a growth rate of 4.5% in 2011 compared to 5.6% in 2010 against the backdrop of rising inflation stemming from a renewed upsurge in foodstuffs and energy prices on the international market. In terms of the convergence, the country' performance could be maintained.

3.3.5 CONCLUSION AND RECOMMENDATIONS

Overall, structural constraints are still a serious drawback on the development of Cape Verde as well as increasingly exercising a negative influence on the persistent blockages and the negative economic performance indicators. Thus, the country continues to depend on volatile external resources, to finance her economy, in the form of external aid and remittances from migrant workers which account for approximately 20% and 14% of GDP respectively. The trade balance remains structurally and chronically in deficit, with exports covering about 4% of imports.

In the light of the foregoing, the Cape Verdean Authorities may have to consider the following recommendations in their macroeconomic programmes:

1. Overcome a number of challenges regarding the management of the budget policy. Considering the small export base, the limited capacity to generate foreign exchange, the country is dependent on external flows. Thus, the country is expected to take corrective measures regarding the level of its budget deficit in

conformity to the ECOWAS Convergence criteria and ensure a sustainable reduction of the public debt (internal and external);

2. Take measures to reduce the wage bill/tax revenue ratio and increase public investments funded with internal resources;
3. Continue to encourage first class tourism, with the support of Spanish companies in the Canary Islands and diversify the countries of origin in order to reduce the inherent risk of Cape Verde's reliance on the economic situation in Europe;
4. Diversify the production profile of tradable goods and increase the productive capacity through improvement of the level of investment to support sustainable growth, particularly in quality infrastructure for the fisheries sub-sector.

GENERAL CONCLUSIONS AND RECOMMENDATIONS

According to statistics, ECOWAS has recovered well from the financial crisis with an economic growth rate above the African average in 2010. With the exception of politically unstable countries like Cote d'Ivoire, all the other countries recorded an upward trend in economic growth within an environment of improved macroeconomic stability. Inflation rate was more or less stable in many countries, mitigating exchange rate instability in some. Economic activity was sustained by the good performance in agricultural production, vibrancy in mining as well as a boom in building and public works sub-sector in many countries within the Community.

However, most of the countries in the sub region faced the problem of tax dominance and grant expenditures. In fact, in view of active recourse to anti-cyclical budget measures to support production during the crisis, budget deficits widened in the region, many countries recorded high recurrent expenditures resulting from the weight of the wage bill and debt servicing. Besides, the tax revenue mobilisation was weak in several countries. Access to statistical data was also a challenge, especially with regard to the quarterly GDP, balance of payments, public finances and domestic arrears. Several countries still depend on external aid to support their budget and delays in the disbursement of assistance create major problems in the implementation of budget proposals.

It is worth noting also that the expected recovery in external trade and current accounts of countries of the community did not have the desired effect. In all the member countries, the current transactions balance deteriorated in 2010 following the worsening of the balance of trade in goods and services as well as revenues and a reduction in current transfers. These transfers declined as a result of a drop in budget supports received by most Member States as well as remittances from migrant workers who continued to suffer from the effects of the economic crisis. The degradation of the trade balance could be linked to external purchases which were driven by the demand for petroleum products and capital goods for most of the countries even though this effect was mitigated by a surge in refined oil sales as well as high gold and cotton exports.

Besides, the implementation of ECOWAS protocols remains a major challenge for member countries. For instance, the protocol on free movement of persons and goods has been ratified by almost all Member States but harassments at borders still persist in certain Member States. The liberalisation scheme still faces tariff and non tariff barriers. Operators are often victims of arbitrary controls especially for goods in transit. Based on these developments, the following recommendations could prove relevant:

1. Fiscal policy must be based on medium term priorities. As growth has reached its potential level in many countries, financing considerations and the viability of medium term debt bring to the fore the

need to review the medium term direction of public expenditures and revenues. At the same time, there is the need to replenish budget components and create the required leeway for priority expenditures in health, education, and infrastructure. Some governments have to sustain their budgetary reforms aimed at building confidence and credibility in the system and also pursue vigorously the automation process in order to strengthen revenue mobilisation. In addition, it is imperative to build the capacity of public authorities to enable them use new technologies effectively.

2. Monetary policy must be responsive to inflationary trends. In this regard, the continuous expansion in money supply in some countries must be monitored closely to the extent that it can have a negative effect on the local currency and for that matter, the overall stability of prices.

3. The rise in food prices will undoubtedly affect the urban poor since food is an important component of their consumption basket. In this regard, public authorities would have to come out with targeted social protection measures, an additional reason to expand the room to manoeuvre within the budget. Policy makers need to remain vigilant in the face of inflationary pressures due to rising commodity prices since the margin of unused capacity is weak in many countries;

4. Countries must continue to diversify their exports to cover not only primary products but also processed products. This will help protect member countries against the drop in commodity prices ;

5. Governments need to intensify efforts to accelerate the production of infra-annual reliable and specific economic and financial statistics ;

6. While recognizing efforts made by Member States to encourage trade liberalisation, it would be necessary to promote local production of goods that can compete with imported essential products;

7. Governments must also accelerate the introduction or development of new money of financial market instruments which can complement traditional ways of funding the economy while aiming at the integration of existing financial markets.

8. Members States must pay Special attention to the ratification and implementation of the ECOWAS protocols as well as institutional arrangements like the establishment of NCC in Ghana and Cape Verde.

9. Governments must strengthen good governance in order to consolidate socio-political stability and enhance the implementation of structural reforms required in the energy, water, telecommunication and transport sectors and attract foreign direct investments necessary for the development of mines;

10. Finally, a number of issues require special attention. It is important to intensify controls and streamline regulations in the financial sector and to continue to improve the business environment. The establishment of strong public finance mechanisms would facilitate planning and effective controls over public expenditures, including infrastructural investments.

APPENDICES

BENIN : INDICATEURS PRINCIPAUX (EN MDS DE F CFA SAUF INDICATIONS CONTRAIRES)	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	258,7	275,8	297,9	323,7	351,9	374,5	362,4	380,0	Public consumption
Consommation privée	1 621,1	1 802,1	1 889,6	2 129,0	2 347,6	2 447,4	2 617,6	2 741,2	Private consumption
Formation brute de capital fixe	415,5	444,9	481,1	526,0	602,5	651,6	602,9	703,7	Gross fixed capital formation
Variation des stocks	27,0	-27,6	24,6	21,7	13,1	8,1	25,5	13,4	Stocks variations
Exportation de biens et services	430,5	407,2	498,1	646,2	730,0	682,7	757,6	775,8	Goods and services exports
Importation de biens et services	612,7	603,8	731,0	1 007,7	1 074,6	1 054,8	1 138,0	1 186,7	Goods and services imports
PIB aux prix courants	2 140,0	2 298,7	2 460,2	2 638,9	2 970,5	3 109,4	3 228,1	3 427,4	GDP at current price
PIB courants en millions de USD	4 051,7	4 356,2	4 707,0	5 506,1	6 198,0	6 590,8	6 516,4	7 119,2	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	2 132,0	2 202,1	2 385,0	2 573,4	2 770,9	3 050,7	3 196,5	3 341,1	GDP at constant price
Taux de croissance réel du PIB	3,1%	2,9%	3,8%	4,6%	5,0%	2,7%	2,8%	3,5%	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	32,3%	32,3%	32,4%	31,3%	32,3%	32,4%	32,3%	31,8%	Primary sector
Secteur secondaire	13,3%	13,3%	13,0%	13,0%	12,6%	13,0%	13,3%	13,3%	Secondary sector
Secteur tertiaire	54,4%	54,4%	54,6%	55,7%	55,2%	54,6%	54,5%	54,9%	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	2,7%	3,8%	5,2%	0,3%	9,9%	-2,9%	4,0%	4,0%	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	1,0%	5,4%	3,8%	1,3%	7,9%	2,2%	2,1%	2,1%	Consumer price (period Average)
Déflateur implicit du PIB	107,1	112,9	116,3	119,5	121,7	124,1	125,3	128,5	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	502,7	615,4	726	869,40	1106,50	1188,90	1276,10	1354,87	Broad money M2
M2/PIB	23,5%	26,8%	29,5%	32,9%	37,2%	38,2%	39,5%	39,5%	M2/GDP
Taux de change moyen par rapport au dollar US	528,2	527,7	522,7	479,3	479,3	471,8	495,4	481,4	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	-8,9%	-0,1%	-1,0%	-8,3%	0,0%	-1,6%	5,0%	-2,8%	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	305,8	365,6	453,0	1 192,4	1 327,9	1 226,3	1 202,5	1 351,8	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	7,7	9,6	10,4	8,4	7,6	7,1	6,9	6,9	Number of Months of Imports Equivalent
Taux d'intérêt minimum	3,5	3,5	3,5	3,5	3,5	3,5	3,3	3,3	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	16,4	16,7	17,0	20,8	19,6	18,5	16,7	20,4	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	13,9	15,0	14,8	15,0	15,0	15,8	14,5	17,2	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	7,7	6,3	4,6	7,5	6,5	9,7	4,9	9,1	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	3,6	-1,4	0,4	3,1	0,7	-3,9	-0,1	0,1	Primary balance
Solde global dons exclus (base engagements) en % du PIB	3,6	4,6	2,5	-1,8	-3,5	-7,4	-3,3	-5,9	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	300,4	305,0	384,6	501,7	574,2	562,3	588,3	624,0	Exports fob in billions of CFA
Importations (en milliard de FCFA)	482,6	501,6	617,5	767,8	846,2	822,0	872,0	915,3	Imports fob in billions of CFA
Exportations biens /PIB (en %)	14,0%	13,3%	15,6%	19,0%	19,3%	18,1%	18,2%	18,2%	Exports fob as % of GDP
Importations/PIB	22,6%	21,8%	25,1%	29,1%	28,5%	26,4%	27,0%	26,7%	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	62,2%	60,8%	62,3%	65,3%	67,9%	68,4%	67,5%	68,2%	Export fob/Import fob
Compte courant (n. c Trans publics)	-152,4	-142,4	-169,1	-292,1	-276,2	-297,2	-349,3	-356,5	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-7,1%	-6,2%	-6,9%	-11,1%	-9,3%	-9,6%	-10,8%	-10,4%	Current Account Balance as % of G.D.P
Solde global	-61,4	49,4	131,4	141,3	36,9	-45,7	15,0	5,0	Overall Balance
Sole global en % du PIB	-2,9%	2,1%	5,3%	5,4%	1,2%	-1,5%	0,5%	0,1%	Overall Balance as % of G.D.P
DETTE EXTERIEURE									**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	826,25	919,40	519,76	299,73	415,10	463,26	515,20	…..	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	38,6%	40,0%	21,1%	11,4%	14,0%	14,9%	16,0%	…..	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	30,1	25,7	14,8	13,8	13,1	14,8	25,7	…..	External Debt service
Service Dette (en % des export.de biens. & serv.)	7,0%	6,3%	3,0%	2,1%	1,8%	2,2%	3,4%	…..	External Debt Service as % of Exports

Source: BCEAO/FMI/BAD/AMAO

BURKINA FASO : INDICATEURS PRINCIPAUX (EN MDS DE F CFA SAUF INDICATIONS CONTRAIRES)

	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	583,4	569,6	618,8	630,9	614,9	616,1	639,2	862,8	Public consumption
Consommation privée	2066,9	2065,0	1813,9	1787,5	1959,4	1884,0	2078,5	3141,5	Private consumption
Formation brute de capital fixe	520,4	567,3	706,6	893,1	976,8	984,2	1076,7	1116,6	Gross fixed capital formation
Variation des stocks	-106,3	127,0	-2,6	-39,5	19,5	-10,0	22,4	68,6	Stocks variations
Exportation de biens et services	289,9	282,8	347,1	342,4	369,6	479,5	590,2	697,8	Goods and services exports
Importation de biens et services	655,2	730,3	768,6	802,8	982,5	901,1	1168,8	1250,3	Goods and services imports
PIB aux prix courants	2 699,0	2 881,4	2 715,2	2 811,6	2 957,6	3 052,7	3 238,1	4 637,0	GDP at current price
PIB courants en millions de USD	5110,0	5460,4	5194,9	5866,5	6171,0	6470,7	6536,6	9631,9	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	2596,1	2890,6	3040,3	2811,6	2957,6	3053,6	3211,5	3416,2	GDP at constant price
Taux de croissance réel du PIB	4,6%	7,1%	5,5%	3,6%	5,2%	3,2%	5,2%	5,5%	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	30,6%	31,9%	30,3%	29,5%	30,4%	28,0%	27,5%	31,8%	Primary sector
Secteur secondaire	21,6%	21,2%	19,5%	19,3%	19,1%	21,3%	22,2%	21,9%	Secondary sector
Secteur tertiaire	47,8%	46,8%	50,1%	51,2%	50,5%	50,7%	50,2%	46,2%	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	0,7%	4,5%	1,5%	2,3%	9,9%	-0,3%	-0,3%	-0,3%	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	-0,40%	6,40%	2,40%	2,0%	10,7%	0,9%	-0,6%	2,9%	Consumer price (period Average)
Déflateur implicit du PIB	115,0	117,8	118,3	119,3	119,3	119,3	120,3	163,3	GDP deflator
				450,3	450,3	455,3	490,9		
MONNAIE				457,00	439,30	588,60	525,52		**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	624,3	601,0	661,6	813,2	910,6	1 107,1	1 319,0	1 779,2	Broad money M2
M2/PIB	23,1%	20,9%	24,4%	28,9%	30,8%	36,3%	40,7%	38,4%	M2/GDP
Taux de change moyen par rapport au dollar US	528,2	527,7	522,7	479,3	479,3	471,8	495,4	481,4	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	-8,9%	-0,1%	-1,0%	-8,3%	0,0%	-1,6%	5,0%	-2,8%	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	318,1	245,1	275,2	953,5	916,6	3943,2	3604,0		External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	6,8	4,5	4,8	8	7,4	7	5,7	6,0	Number of Months of Imports Equivalent
Taux d'intérêt minimum	3,5%	3,5%	3,5%	3,5%	3,5%	3,5%	3,3%	3,3%	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	12,8%	12,3%	12,3%	13,0%	13,3%	17,7%	21,0%	14,9%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	10,9%	10,9%	12,1%	11,5%	13,1%	16,3%	16,4%	12,0%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	15,3%	10,5%	11,2%	11,1%	12,1%	15,0%	16,4%	12,0%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	8,5%	-2,7%	-4,2%	-2,9%	-4,6%	-5,9%	-6,7%	-2,4%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	8,6%	8,8%	10,7%	9,3%	11,5%	-13,8%	-13,6%	-9,1%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	253,2	247,1	307,6	298,6	310,4	425,2	519,9	621,8	Exports fob in billions of CFA
Importations (en milliard de FCFA)	497,9	540,5	562,1	585,1	711,7	652,8	847,0	902,7	Imports fob in billions of CFA
Exportations biens /PIB (en %)	9,4%	8,6%	11,3%	10,6%	10,5%	13,9%	16,1%	13,4%	Exports fob as % of GDP
Importations/PIB	18,4%	18,8%	20,7%	20,8%	24,1%	21,4%	26,2%	19,5%	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	50,9%	45,7%	54,7%	51,0%	43,6%	65,1%	61,4%	68,9%	Export fob/Import fob
Compte courant (n. c Trans publics)	-280,5	-430,5	-380,6	-406,6	-557,6	-361,6	-519,2	-493,4	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-10,4%	-14,9%	-14,0%	-14,5%	-18,9%	-11,8%	-16,0%	-10,6%	Current Account Balance as % of G.D.P
Solde global	-57,0	-103,7	49,6	188,1	-33,4	224,7	20,0	30,0	Overall Balance
Sole global en % du PIB	-2,1%	-3,6%	1,8%	6,7%	-1,1%	7,4%	0,6%	0,6%	Overall Balance as % of G.D.P
DETTE EXTERIEURE									**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	998,1	1 170,1	591,1	664,2	790,3	918,7	…..	…..	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	37,0 %	40,6 %	21,8 %	23,6 %	26,7 %	30,1 %	…..	…..	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	49,4	46,9	37,0	22,0	21,3	23,3	…..	…..	External Debt service
Service Dette (en % des export.de biens. & serv.)	17,04%	16,59%	10,66%	6,43%	5,77%	4,87%	…..	…..	External Debt Service as % of Exports

Source: BCEAO/FMI/BAD/AMAO

COTE D'IVOIRE : INDICATEURS PRINCIPAUX (EN MDS DE F CFA SAUF INDICATIONS CONTRAIRES)

	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	971,3	952,4	1 279,5	1 390,9	1 525,9	1 531,1	1 613,2	1 727,8	Public consumption
Consommation privée	6 274,8	6 429,2	5 932,2	6 532,2	6 966,6	7 036,4	7 445,7	7 943,9	Private consumption
Formation brute de capital fixe	817,6	826,1	804,8	906,2	1 048,8	903,0	949,1	1 156,2	Gross fixed capital formation
Variation des stocks	-35,7	194,7	117,1	124,5	129,3	131,8	139,7	139,7	Stocks variations
Exportation de biens et services	4 058,3	4 496,7	4 874,3	4 601,5	5 111,2	5 654,9	5 570,3	5 910,0	Goods and services exports
Importation de biens et services	3340,9	3887,4	3974,6	4115,7	4356,4	4376,5	4352,8	4827,5	Goods and services imports
PIB aux prix courants	8 745,5	9 011,8	9 033,3	9 439,6	10 425,3	10 880,7	11 365,2	12 050,1	GDP at current price
PIB courants en millions de USD	16 557,8	17 077,7	17 282,8	19 695,7	21 752,3	23 063,2	22 942,2	25 030,0	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	9 005,9	8 896,2	9 074,8	9 177,8	9 656,8	10 821,5	11 207,1	11 819,8	GDP at constant price
Taux de croissance réel du PIB	1,2%	1,7%	0,7%	1,6%	2,3%	3,8%	3,0%	4,0%	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	23,6%	22,6%	23,0%	24,0%	24,6%	25,8%	25,8%	25,5%	Primary sector
Secteur secondaire	22,0%	22,8%	26,0%	24,9%	25,9%	24,2%	23,8%	24,2%	Secondary sector
Secteur tertiaire	54,4%	54,6%	50,9%	51,0%	49,6%	50,0%	50,3%	50,3%	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	4,4%	2,6%	2,0%	3,0%	7,1%	-0,1%	5,1%	5,1%	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	1,5%	3,9%	2,5%	2,5%	6,3%	0,5%	1,7%	3,7%	Consumer price (period Average)
Déflateur implicit du PIB	112,2	116,1	122,5	124,7	134,6	135,4	137,3	140,0	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	1 937,2	2 081,0	2 294,8	2 836,6	2 997,4	3 511,8	4 201,5	3 822,6	Broad money M2
M2/PIB	22,2%	23,1%	25,4%	30,0%	28,8%	32,3%	37,0%	31,7%	M2/GDP
Taux de change moyen par rapport au dollar US	528,2	527,7	522,7	479,3	479,3	471,8	495,4	481,4	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	-8,9%	-0,1%	-1,0%	-8,3%	0,0%	-1,6%	5,0	-2,8	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	809,1	768,6	888,7	1051,3	1051,3	5490,3	5018,1		External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	7,7	3,3	3,9	6,7	6,7	5,1	5,2	5,2	Number of Months of Imports Equivalent
Taux d'intérêt minimum	3,5	3,5	3,5	3,5	3,5	3,5	3,3	3,3	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	16,4%	16,3%	17,7%	19,3%	19,0%	19,7%	19,7%	19,6%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	14,8%	15,3%	15,4%	16,6%	16,7%	17,1%	17,5%	17,3%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	3,0%	2,6%	2,6%	2,7%	2,9%	3,0%	3,0%	3,8%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	2,0%	1,5%	1,5%	2,4%	1,9%	2,4%	1,5%	1,2%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-2,6%	-2,7%	-1,6%	-1,4%	-2,2%	-2,1%	-2,3%	-2,5%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	3 655,4	4 060,1	4 432,7	4 154,7	4 652,7	5 192,3	5 112,6	5 436,1	Exports fob in billions of CFA
Importations (en milliard de FCFA)	2 267,1	2 769,8	2 807,0	2 925,7	3 165,4	3 163,0	3 134,8	3 527,7	Imports fob in billions of CFA
Exportations biens /PIB (en %)	41,8%	45,1%	49,1%	44,0%	44,6%	47,7%	45,0%	45,1%	Exports fob as % of GDP
Importations/PIB	25,9%	30,7%	31,1%	31,0%	30,4%	29,1%	27,6%		Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	161,2%	146,6%	157,9%	142,0%	147,0%	164,2%	163,1%	154,1%	Export fob/Import fob
Compte courant (n. c Trans publics)	127,2	32,5	269,0	-144,9	89,1	570,1	492,7	390,1	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	1,5%	0,4%	3,0%	-1,5%	0,9%	5,2%	4,3%	3,2%	Current Account Balance as % of G.D.P
Solde global	203,4	62,3	112,8	212,6	-13,5	127,8	50,0	80,0	Overall Balance
Sole global en % du PIB	2,3%	0,7%	1,2%	2,3%	-0,1%	1,2%	0,4%	0,7%	Overall Balance as % of G.D.P
DETTE EXTERIEURE									**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	4 976,3	4 667,4	4 472,6	4 099,4	3 977,4	5 338,2	…..	…..	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	56,9%	51,8%	49,5%	43,4%	38,2%	49,1%	…..	…..	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	547,3	491,7	460,9	405,2	441,5	438,2	…..	…..	External Debt service
Service Dette (en % des export.de biens. & serv.)	13,5%	10,9%	9,5%	8,8%	8,6%	7,7%	…..	…..	External Debt Service as % of Exports

Source: BCEAO/FMI/BAD/AMAO

GUINEE BISSAO : INDICATEURS PRINCIPAUX (EN MDS DE F CFA SAUF INDICATIONS CONTRAIRES)

	2000	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB										**GDP DETERMINATION**
Consommation publique	41,3	40,1	46,0	45,8	50,4	46,0	47,4	48,8	34,5	Public consumption
Consommation privée	240,1	224,6	242,6	272,5	286,2	338,0	354,8	366,2	398,9	Private consumption
Formation brute de capital fixe	22,4	34,2	40,3	32,5	39,8	43,3	48,4	51,8	56,0	Gross fixed capital formation
Variation des stocks	0,4	0,3	1,1	-1,9	0,5	0,3	0,5	0,9	1,4	Stocks variations
Exportation de biens et services	62,1	44,1	49,9	44,8	56,7	62,8	62,8	65,2	72,9	Goods and services exports
Importation de biens et services	68,7	67,2	77,8	91,2	102,6	112,9	126,3	122,5	127,5	Goods and services imports
PIB aux prix courants	297,7	276,1	302,2	302,5	331,0	377,5	387,6	410,3	436,2	GDP at current price
PIB courants en millions de USD	417,7	522,7	572,6	578,8	690,7	787,5	821,6	828,3	906,0	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	286,3	278,2	288,0	308,6	312,2	341,7	388,8	401,2	428,0	GDP at constant price
Taux de croissance réel du PIB	7,5%	2,8%	4,3%	2,1%	3,2%	3,2%	3,0%	3,5%	4,3%	Real GDP growth rate
Structure du PIB										**GDP COMPOSITION**
Secteur primaire	43,2%	41,3%	43,0%	41,6%	41,9%	45,8%	46,0%	46,1%	46,2%	Primary sector
Secteur secondaire	34,9%	35,8%	33,4%	33,0%	34,0%	32,1%	31,9%	32,0%	32,0%	Secondary sector
Secteur tertiaire	21,8%	22,9%	23,5%	25,4%	24,1%	22,1%	22,1%	21,9%	21,8%	Tertiary sector
INFLATION										**INFLATION**
Prix à la consommation (en glissement fin décembre)	8,4%	2,2%	1,0%	1,0%	2,0%	4,6%	-4,8%	5,6%	5,6%	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	8,6%	0,8%	3,4%	2,0%	3,0%	7,9%	-2,8%	2,2%	4,0%	Consumer price (period Average)
Déflateur implicit du PIB	100,0	98,4	106,1	104,7	108,7	120,0	119,7	122,4	124,7	GDP deflator
MONNAIE										**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	64,0	43,5	52,4	55,2	68,9	89,2	95,3	118,5	126,0	Broad money M2
M2/PIB	21,5%	15,8%	17,3%	18,2%	20,8%	23,6%	24,6%	28,9%	28,9%	M2/GDP
Taux de change moyen par rapport au dollar US	712,7	528,2	527,7	522,7	479,3	479,3	471,8	495,4	481,4	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	15,7%	-8,9%	-0,1%	-1,0%	-8,3%	0,0%	-1,6%	5,0%	-2,8%	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	47,1	34,5	44,7	40,6	41,5	41,5	168,4	157,0	157,0	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	5,8	7,7	9,6	7,9	6,7	7,1	8,1	7,8	7,8	Number of Months of Imports Equivalent
Taux d'intérêt minimum	3,5	3,5	3,5	3,5	3,5	3,5	3,5	3,3	3,3	Minimum Interest Rate
BUDGET DE L'ETAT										**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	9,9%	8,9%	9,3%	10,4%	8,0%	9,2%	9,1%	10,8%	11,1%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	17,4%	15,2%	14,6%	15,4%	14,5%	13,2%	13,0%	12,9%	13,8%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	5,1%	5,7%	7,4%	5,8%	7,2%	7,2%	9,9%	9,1%	8,6%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	-5,7%	-3,2%	-3,1%	-3,3%	-5,1%	-2,8%	-2,6%	-1,0%	-2,5%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-12,7%	-16,6%	-13,0%	-10,8%	-13,7%	-11,3%	-13,8%	-11,2%	-11,3%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS										**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	44,20	40,0	47,2	38,8	51,3	57,4	56,4	60,9	66,2	Exports fob in billions of CFA
Importations (en milliard de FCFA)	35,00	43,8	55,8	66,4	80,5	89,0	93,9	96,3	101,0	Imports fob in billions of CFA
Exportations biens /PIB (en %)	14,8%	14,5%	15,6%	12,8%	15,5%	15,2%	14,6%	14,8%	15,2%	Exports fob as % of GDP
Importations/PIB	11,8%	15,9%	18,5%	22,0%	24,3%	23,6%	24,2%	23,5%	23,2%	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	126,3%	91,4%	84,6%	58,4%	63,7%	64,5%	60,1%	63,3%	65,5%	Export fob/Import fob
Compte courant (n. c Trans publics)	13,9	7,3	-24,1	-38,7	-31,6	-41,6	-49,3	-46,5	-34,6	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	4,7%	2,6%	-8,0%	-12,8%	-9,5%	-11,0%	-12,7%	-11,3%	-7,9%	Current Account Balance as % of G.D.P
Solde global	5,3	19,5	7,6	1,8	12,1	14,7	14,0	5,0	12,0	Overall Balance
Sole global en % du PIB	1,8%	7,1%	2,5%	0,6%	3,7%	3,9%	3,6%	1,2%	2,8%	Overall Balance as % of G.D.P
DETTE EXTERIEURE										**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	588,7	506,8	478,7	482,8	564,2	536,4	494,9	…..	…..	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	197,7%	183,6%	158,4%	159,6%	170,4%	142,1%	127,7%	…..	…..	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	20,0	23,0	18,4	43,8	14,6	16,7	17,1	…..	…..	External Debt service
Service Dette (en % des export.de biens. & serv.)	32,18%	52,16%	36,85%	107,91%	21,71%	21,69%	24,56%	…..	…..	External Debt Service as % of Exports

Source: BCEAO/FMI/BAD/AMAO

MALI : INDICATEURS PRINCIPAUX (EN MDS DE F CFA SAUF INDICATIONS CONTRAIRES)

	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	472,6	490,4	553,5	596,8	687,7	733,9	788,3	856,7	Public consumption
Consommation privée	1 796,7	2 008,1	2 145,8	2 419,9	2 974,2	2 933,6	3 237,7	3 429,2	Private consumption
Formation brute de capital fixe	446,6	446,7	528,6	664,4	715,8	862,4	967,6	1 100,8	Gross fixed capital formation
Variation des stocks	131,2	190,4	123,3	74,0	75,0	36,8	58,2	75,6	Stocks variations
Exportation de biens et services	643,2	725,4	974,5	926,4	1 142,6	1 029,9	1 141,7	1 359,8	Goods and services exports
Importation de biens et services	858,3	967,1	1 124,2	1 256,9	1 682,5	1 363,7	1 635,1	1 816,6	Goods and services imports
PIB aux prix courants	2 632,1	2 893,9	3 201,5	3 424,5	3 912,8	4 232,9	4 558,4	5 005,4	GDP at current price
PIB courants en millions de USD	4 983,3	5 484,0	6 125,2	7 145,3	8 164,1	8 972,3	9 201,8	10 397,0	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	2 508,9	2 793,4	3 047,5	3 339,1	3 595,8	4 087,4	4 423,4	4 832,0	GDP at constant price
Taux de croissance réel du PIB	2,3%	6,1%	5,3%	4,3%	5,0%	4,5%	4,5%	6,0%	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	34,2%	34,6%	33,2%	32,6%	36,1%	35,1%	36,0%	35,8%	Primary sector
Secteur secondaire	26,0%	26,7%	26,9%	26,0%	23,9%	24,4%	23,3%	24,3%	Secondary sector
Secteur tertiaire	39,8%	38,7%	39,9%	41,4%	40,0%	40,4%	40,7%	39,9%	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	3,6%	4,2%	0,3%	2,0%	8,1%	1,5%	1,8%	1,8%	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	0,4%	7,8%	0,1%	0,0%	9,2%	2,4%	1,2%	3,2%	Consumer price (period Average)
Déflateur implicit du PIB	107,2	109,5	115,1	118,4	128,9	133,5	137,5	142,5	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	767,2	856,8	932,0	1 018,3	1 024,8	1 172,7	1 293,7	1 398,7	Broad money M2
M2/PIB	29,1%	29,6%	29,1%	29,7%	26,2%	27,7%	28,4%	27,9%	M2/GDP
Taux de change moyen par rapport au dollar US	528,2	527,7	522,7	479,3	479,3	471,8	495,4	481,4	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	-8,92%	-0,09%	-0,95%	-8,30%	0,00%	-1,56%	5,00%	-2,82%	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	410,5	477,2	481,2	511,4	511,4	412,6	377,1		External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	7,7	8,7	7,5	6,0	5,7	6,6	6,3	6,0	Number of Months of Imports Equivalent
Taux d'intérêt minimum	3,5	3,5	3,5	3,5	3,5	3,5	3,3	3,3	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	17,2%	17,5%	17,3%	16,6%	15,5%	17,1%	17,5%	16,9%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	13,1%	13,0%	12,9%	12,8%	11,7%	13,0%	13,1%	13,4%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	9,8%	9,4%	10,6%	11,4%	7,5%	8,9%	9,4%	9,8%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	1,4%	1,8%	1,4%	-0,4%	1,0%	0,9%	2,2%	0,2%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-7,0%	-7,3%	-7,6%	-7,9%	-5,6%	-6,9%	-8,1%	-8,0%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	515,8	580,7	810,7	745,9	939,1	841,3	967,9	1170,5	Exports fob in billions of CFA
Importations (en milliard de FCFA)	577,4	656,9	771,5	884,7	1223,8	962,7	1175,5	1306,2	Imports fob in billions of CFA
Exportations biens /PIB (en %)	19,6%	20,1%	25,3%	21,8%	24,0%	19,9%	21,2%	23,4%	Exports fob as % of GDP
Importations/PIB	21,9%	22,7%	24,1%	25,8%	31,3%	22,7%	25,8%	26,1%	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	89,3%	88,4%	105,1%	84,3%	76,7%	87,4%	82,3%	89,6%	Export fob/Import fob
Compte courant (n. c Trans publics)	-216,1	-292,0	-200,4	-335,3	-523,7	-366,0	-524,0	-482,5	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-8,2%	-10,1%	-6,3%	-9,8%	-13,4%	-8,6%	-11,5%	-9,6%	Current Account Balance as % of G.D.P
Solde global	-64,1	47,0	85,1	-10,7	-33,3	246,1	28,0	16,9	Overall Balance
Sole global en % du PIB	-2,4%	1,6%	2,7%	-0,3%	-0,9%	5,8%	0,6%	0,3%	Overall Balance as % of G.D.P
DETTE EXTERIEURE									**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	1 615,4	1 801,8	629,0	661,8	801,6	918,7	…..	…..	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	61,4%	62,3%	19,6%	19,3%	20,5%	21,7%	…..	…..	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	77,9	75,4	53,0	45,2	43,5	46,9	…..	…..	External Debt service
Service Dette (en % des export.de biens. & serv.)	12,1%	10,4%	5,4%	4,9%	3,8%	4,5%	…..	…..	External Debt Service as % of Exports

Source: BCEAO/FMI/BAD/AMAO

NIGER : INDICATEURS PRINCIPAUX (EN MDS DE F CFA SAUF INDICATIONS CONTRAIRES)	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	263,3	280,1	286,2	321,9	363,1	415,5	413,3	238,5	Public consumption
Consommation privée	1 213,8	1 330,8	1 421,1	1 517,0	1 686,5	1 954,0	2 069,5	2 286,5	Private consumption
Formation brute de capital fixe	258,1	373,5	430,2	468,0	746,5	826,1	1 104,8	1 150,9	Gross fixed capital formation
Variation des stocks	-34,8	25,8	19,5	6,7	30,0	-7,7	23,8	0,0	Stocks variations
Exportation de biens et services	280,0	298,1	313,0	366,5	467,1	517,9	523,2	581,2	Goods and services exports
Importation de biens et services	450,0	553,2	563,1	623,4	873,5	1 194,1	1 386,3	1 350,8	Goods and services imports
PIB aux prix courants	1 530,4	1 755,0	1 906,9	2 056,7	2 419,7	2 511,8	2 748,2	2 906,3	GDP at current price
PIB courants en millions de USD	2 897,6	3 325,9	3 648,4	4 291,3	5 048,6	5 324,0	5 547,7	6 036,8	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	1 522,0	1 643,7	1 856,8	1 966,0	2 254,2	2 397,9	2 700,1	2 836,2	GDP at constant price
Taux de croissance réel du PIB	-0,8%	7,4%	5,8%	3,1%	9,6%	-0,9%	7,5%	3,2%	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	40,2%	42,8%	42,9%	40,9%	43,2%	39,8%	41,4%	39,8%	Primary sector
Secteur secondaire	11,9%	11,1%	11,3%	13,4%	14,2%	15,0%	15,0%	16,1%	Secondary sector
Secteur tertiaire	47,8%	46,1%	45,9%	45,7%	42,6%	45,3%	43,6%	44,0%	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	3,6%	4,2%	0,3%	2,0%	10,2%	-1,3%	2,6%	2,6%	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	0,4%	7,8%	0,1%	0,0%	11,3%	0,5%	0,9%	3,3%	Consumer price (period Average)
Déflateur implicit du PIB	104,6	111,8	113,8	117,3	125,9	131,93	134,28	137,59	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	233,3	248,7	289,1	356,2	399,2	473,1	576,0	609,12	Broad money M2
M2/PIB	15,2%	14,2%	15,2%	17,3%	16,5%	18,8%	21,0%	21,0%	M2/GDP
Taux de change moyen par rapport au dollar US	528,2	527,7	522,7	479,3	479,3	471,8	495,4	481,4	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	-8,9%	-0,1%	-1,0%	-8,3%	0,0%	-1,6%	5,0%	-2,8%	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	120,8	141,0	183,6	207,2	207,2	340,0	762,8	762,8	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	7,7	4,1	5,4	5,7	5,2	4,3	4,2	4,2	Number of Months of Imports Equivalent
Taux d'intérêt minimum	3,5	3,5	3,5	3,5	3,5	3,5	3,3	3,3	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	11,3%	10,8%	13,0%	15,0%	18,3%	14,5%	14,3%	16,2%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	10,2%	9,4%	9,1%	11,6%	12,0%	11,9%	13,4%	12,6%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	9,4%	11,0%	10,6%	10,1%	11,7%	13,3%	10,0%	10,8%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	-0,6%	-1,0%	1,4%	0,1%	2,1%	-3,2%	-1,7%	0,5%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-8,4%	-9,6%	-6,8%	-6,7%	-5,4%	-10,7%	-9,0%	-7,2%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	230,7	251,9	265,6	317,9	408,5	406,4	458,6	513,3	Exports fob in billions of CFA
Importations (en milliard de FCFA)	311,5	405,9	391,3	438,4	604,4	698,1	843,9	808,5	Imports fob in billions of CFA
Exportations biens /PIB (en %)	15,1%	14,4%	13,9%	15,5%	16,9%	16,2%	16,7%	17,7%	Exports fob as % of GDP
Importations/PIB	20,4%	23,1%	20,5%	21,3%	25,0%	27,8%	30,7%	27,8%	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	74,1%	62,1%	67,9%	72,5%	67,6%	58,2%	54,3%	63,5%	Export fob/Import fob
Compte courant (n. c Trans publics)	-122,0	-222,7	-207,9	-213,1	-365,3	-602,2	-825,1	-734,9	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-8,0%	-12,7%	-10,9%	-10,4%	-15,1%	-24,0%	-30,0%	-25,3%	Current Account Balance as % of G.D.P
Solde global	-10,3	12,4	87,3	68,3	72,7	-91,2	30,0	5,0	Overall Balance
Sole global en % du PIB	-0,7%	0,7%	4,6%	3,3%	3,0%	-3,6%	1,1%	0,2%	Overall Balance as % of G.D.P
DETTE EXTERIEURE									**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	888,0	957,0	282,2	322,1	394,0	441,1	.....	.....	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	58,0%	54,5%	14,8%	15,7%	16,3%	17,6%	.....	.....	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	43,5	52,1	39,4	37,7	41,7	13,0	.....	.....	External Debt service
Service Dette (en % des export.de biens. & serv.)	15,5%	17,5%	12,6%	10,3%	8,9%	2,5%	.....	.....	External Debt Service as % of Exports

Source: BCEAO/FMI/BAD/AMAO

SENEGAL : INDICATEURS PRINCIPAUX (EN MDS DE F CFA SAUF INDICATIONS CONTRAIRES)	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	581,6	594,9	668,1	767,1	807,0	853,1	879,7	926,8	Public consumption
Consommation privée	3 243,5	3 351,7	3 871,5	4 270,6	4 776,9	4 737,0	4 919,3	5 157,2	Private consumption
Formation brute de capital fixe	954,4	1 251,0	1 279,7	1 414,1	1 610,5	1 426,5	1 520,7	1 642,3	Gross fixed capital formation
Variation des stocks	-9,7	102,6	-70,8	168,0	332,4	209,9	269,2	410,3	Stocks variations
Exportation de biens et services	1 151,4	1 240,8	1 254,0	1 376,2	1 566,3	1 451,5	1 558,8	1 733,3	Goods and services exports
Importation de biens et services	1 687,3	1 948,4	2 109,0	2 587,6	3 142,9	2 654,8	2 798,1	3 105,3	Goods and services imports
PIB aux prix courants	4 233,9	4 592,6	4 893,6	5 408,3	5 950,2	6 023,2	6 349,6	6 764,6	GDP at current price
PIB courants en millions de USD	8 016,0	8 703,2	9 362,6	11 284,4	12 414,9	12 767,1	12 817,5	14 051,2	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	4 218,4	4 474,6	4 707,4	5 133,4	5 583,7	6 080,8	6 263,9	6 629,1	GDP at constant price
Taux de croissance réel du PIB	5,8%	5,7%	2,5%	4,9%	3,2%	2,2%	4,0%	4,4%	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	13,7%	14,6%	12,9%	11,9%	13,8%	14,7%	14,7%	14,5%	Primary sector
Secteur secondaire	21,8%	20,5%	20,7%	20,8%	20,0%	20,4%	21,1%	21,6%	Secondary sector
Secteur tertiaire	64,6%	64,8%	66,4%	67,3%	66,2%	64,9%	64,2%	63,9%	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	1,7%	1,4%	4,0%	2,0%	5,0%	-4,5%	4,3%	4,3%	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	0,50%	1,70%	2,10%	5,40%	5,76%	-2,25%	1,23%	3,40%	Consumer price (period Average)
Déflateur implicit du PIB	106,9	109,5	112,9	117,2	124,9	123,7	125,4	128,0	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	1 445,8	1 564,9	1 751,2	1 972,0	2 006,6	2 234,6	2 516,6	2 592,5	Broad money M2
M2/PIB	34,1%	34,1%	35,8%	36,5%	33,7%	37,1%	39,6%	38,3%	M2/GDP
Taux de change moyen par rapport au dollar US	528,2	527,7	522,7	479,3	479,3	471,8	495,4	481,4	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	-8,9%	-0,1%	-1,0%	-8,3%	0,0%	-1,6%	5,0%	-2,8%	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	659,0	663,8	661,2	767,1	767,1	2114,0	2054,0	2054,0	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	7,7	5,2	4,7	6,0	5,7	6,6	6,3	6,0	Number of Months of Imports Equivalent
Taux d'intérêt minimum	3,5	3,5	3,5	3,5	3,5	3,5	3,3	3,3	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	18,3%	19,2%	19,7%	20,7%	19,4%	18,8%	20,0%	19,9%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	13,4%	13,8%	16,9%	15,9%	16,4%	16,6%	15,5%	16,1%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	9,7%	9,9%	9,7%	11,2%	10,0%	10,1%	11,6%	11,8%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	0,9%	0,0%	-3,3%	-1,8%	-1,7%	-3,2%	-1,5%	-2,6%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-5,5%	-4,7%	-7,3%	-7,1%	-7,2%	-7,9%	-7,1%	-8,1%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	797,4	832,4	833,5	802,2	987,9	893,0	981,0	1 129,9	Exports fob in billions of CFA
Importations (en milliard de FCFA)	1 318,5	1 523,7	1 669,9	1 995,5	2 510,4	2 053,1	2 178,4	2 450,6	Imports fob in billions of CFA
Exportations biens /PIB (en %)	18,8%	18,1%	17,0%	14,8%	16,6%	14,8%	15,4%	16,7%	Exports fob as % of GDP
Importations/PIB	31,1%	33,2%	34,1%	36,9%	42,2%	34,1%	34,3%	36,2%	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	60,5%	54,6%	49,9%	40,2%	39,4%	43,5%	45,0%	46,1%	Export fob/Import fob
Compte courant (n. c Trans publics)	-271,1	-414,0	-478,9	-680,8	-876,2	-545,0	-546,7	-653,3	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-6,4%	-9,0%	-9,8%	-12,6%	-14,7%	-9,0%	-8,6%	-9,7%	Current Account Balance as % of G.D.P
Solde global	106,6	-14,1	99,0	70,8	-88,4	96,4	12,1	36,2	Overall Balance
Sole global en % du PIB	2,5%	-0,3%	2,0%	1,3%	-1,5%	1,6%	0,2%	0,5%	Overall Balance as % of G.D.P
DETTE EXTERIEURE									**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	1 865,5	1 942,8	864,0	968,5	1 161,4	1 280,4	…..	…..	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	44,1%	42,3%	17,7%	17,9%	19,5%	21,3%	…..	…..	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	162,1	102,6	96,8	40,3	39,7	50,2	…..	…..	External Debt service
Service Dette (en % des export.de biens. & serv.)	14,1%	8,3%	7,7%	2,9%	2,5%	3,5%	…..	…..	External Debt Service as % of Exports

Source: BCEAO/FMI/BAD/AMAO

TOGO : INDICATEURS PRINCIPAUX (EN MDS DE F CFA SAUF INDICATIONS CONTRAIRES)	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	135,6	150,4	142,4	148,8	190,3	211,4	229,5	243,3	Public consumption
Consommation privée	910,5	1 098,2	1 016,5	1 109,5	1 215,2	1 239,3	1 327,2	1 407,5	Private consumption
Formation brute de capital fixe	169,2	183,1	194,5	174,2	203,3	248,7	264,9	293,2	Gross fixed capital formation
Variation des stocks	-11,6	5,3	6,5	2,9	47,4	30,1	12,2	-2,7	Stocks variations
Exportation de biens et services	396,7	441,5	445,6	452,0	508,6	551,1	601,1	622,1	Goods and services exports
Importation de biens et services	577,2	765,3	645,4	674,6	746,3	790,5	873,2	906,6	Goods and services imports
PIB aux prix courants	1 023,2	1 113,1	1 160,1	1 212,8	1 418,5	1 490,1	1 561,7	1 656,7	GDP at current price
PIB courants en millions de USD	1 937,2	2 109,3	2 219,5	2 530,6	2 959,7	3 158,4	3 152,4	3 441,3	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	997,3	1 035,9	1 156,5	1 184,2	1 242,0	1 463,9	1 540,7	1 622,6	GDP at constant price
Taux de croissance réel du PIB	2,5%	1,2%	3,9%	2,1%	2,4%	3,2%	3,4%	3,9%	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	36,2%	39,3%	36,3%	36,0%	40,8%	42,7%	42,6%	42,7%	Primary sector
Secteur secondaire	17,1%	17,2%	18,3%	18,6%	18,1%	16,0%	16,1%	16,6%	Secondary sector
Secteur tertiaire	46,6%	43,5%	45,4%	45,4%	41,1%	41,3%	41,3%	40,7%	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	3,9%	5,5%	1,5%	1,6%	9,3%	1,5%	3,76%	3,76%	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	0,4%	6,8%	2,2%	3,2%	8,7%	3,7%	1,4%	3,6%	Consumer price (period Average)
Déflateur implicit du PIB	110,8	116,9	118,8	122,7	140,1	142,6	144,6	147,6	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	307,5	313,6	385,0	449,5	531,4	616,7	717,0	760,64618	Broad money M2
M2/PIB	30,1%	28,2%	33,2%	37,1%	37,5%	41,4%	45,9%	45,9%	M2/GDP
Taux de change moyen par rapport au dollar US	528,2	527,7	522,7	479,3	479,3	471,8	495,4	481,4	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	-8,9%	-0,1%	-1,0%	-8,3%	0,0%	-1,6%	5,0%	-2,8%	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	172,3	108,4	185,1	215,5	215,5	699,0	717,9	717,9	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	7,7	2,1	2,3	6,0	5,7	6,6	6,3	6,0	Number of Months of Imports Equivalent
Taux d'intérêt minimum	3,5	3,5	3,5	3,5	3,5	3,5	3,3	3,3	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	17,5%	16,9%	18,3%	16,8%	15,6%	16,9%	18,9%	18,6%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	14,7%	16,5%	17,0%	17,1%	14,3%	15,7%	14,4%	15,5%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	1,5%	3,3%	4,1%	2,0%	3,5%	6,2%	7,5%	9,6%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	3,6%	-0,9%	0,3%	0,0%	0,1%	-0,4%	2,5%	-0,9%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	0,6%	-4,1%	-4,2%	-2,3%	-2,3%	-5,0%	-3,1%	-6,5%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	317,5	348,2	329,6	324,4	381,8	424,2	456,9	481,1	Exports fob in billions of CFA
Importations (en milliard de FCFA)	450,8	618,4	496,2	513,8	585,4	632,4	686,0	718,2	Imports fob in billions of CFA
Exportations biens /PIB (en %)	31,0%	31,3%	28,4%	26,7%	26,9%	28,5%	29,3%	29,0%	Exports fob as % of GDP
Importations/PIB	44,1%	55,6%	42,8%	42,4%	41,3%	42,4%	43,9%	43,4%	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	70,4%	56,3%	66,4%	63,1%	65,2%	67,1%	66,6%	67,0%	Export fob/Import fob
Compte courant (n. c Trans publics)	-108,7	-253,8	-106,6	-119,9	-122,0	-126,3	-152,3	-157,6	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-10,6%	-22,8%	-9,2%	-9,9%	-8,6%	-8,5%	-9,8%	-9,5%	Current Account Balance as % of G.D.P
Solde global	74,3	-11,0	70,0	0,5	37,0	5,1	2,7	11,9	Overall Balance
Sole global en % du PIB	7,3%	-1,0%	6,0%	0,0%	2,6%	0,3%	0,2%	0,7%	Overall Balance as % of G.D.P
DETTE EXTERIEURE									**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	781,4	820,4	840,0	847,2	680,0	770,1	…..	…..	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	76,4%	73,7%	72,4%	69,9%	47,9%	51,7%	…..	…..	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	54,9	38,2	33,176	33,1	30,193	40,008032	…..	…..	External Debt service
Service Dette (en % des export.de biens. & serv.)	13,8%	8,7%	7,4%	7,3%	5,9%	7,3%	…..	…..	External Debt Service as % of Exports

Source: BCEAO/FMI/BAD/AMAO

UEMOA : INDICATEURS PRINCIPAUX (EN MDS DE F CFA SAUF INDICATIONS CONTRAIRES)	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	3306,6	3359,7	3892,2	4230,5	4586,8	4783,0	4974,3	5270,4	Public consumption
Consommation privée	17351,9	18327,8	18363,1	20052,0	22264,3	22586,5	24061,7	26505,7	Private consumption
Formation brute de capital fixe	3616,0	4132,8	4458,0	5085,9	5947,5	5950,8	6538,5	7219,7	Gross fixed capital formation
Variation des stocks	-39,7	619,2	215,7	358,7	646,9	399,5	551,9	706,2	Stocks variations
Exportation de biens et services	7277,6	7942,3	8751,4	8767,9	9958,2	10430,3	10808,1	11752,8	Goods and services exports
Importation de biens et services	8232,3	9533,3	10007,1	11171,3	12971,6	12462,0	13474,9	14571,4	Goods and services imports
PIB aux prix courants	23280,2	24848,6	25673,2	27323,7	30432,1	31688,2	33459,6	36883,5	GDP at current price
PIB courants en millions de USD	44,1	47,1	49,1	57,0	63,5	67,2	67,5	76,6	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	23258,7	24223,7	25576,7	26497,7	28402,5	31344,5	32944,4	34924,9	GDP at constant price
Taux de croissance réel du PIB	2,6%	4,1%	2,9%	3,2%	3,9%	3,0%	4,0%	4,4%	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	26,4%	27,0%	26,4%	26,0%	27,8%	28,0%	28,2%	28,4%	Primary sector
Secteur secondaire	20,1%	19,4%	21,0%	20,5%	20,3%	20,1%	20,1%	20,6%	Secondary sector
Secteur tertiaire	53,3%	53,2%	52,7%	53,5%	51,9%	51,9%	51,7%	51,0%	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	3,8%	2,9%	2,7%	2,5%	7,5%	-1,0%	3,9%	1,2%	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	0,6%	4,3%	2,3%	3,0%	7,4%	0,4%	1,4%	3,5%	Consumer price (period Average)
Déflateur implicit du PIB	109,84	113,73	117,96	121,64	130,33	131,76	133,82	141,33	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	5 979,80	6 434,60	7 170,80	8 511,50	9 327,20	10 653,30	12 329,90	12 968,45	Broad money M2
M2/PIB	25,7%	25,9%	27,9%	31,2%	30,6%	33,6%	36,9%	35,2%	M2/GDP
Taux de change moyen par rapport au dollar US	528,18	527,69	522,67	479,27	479,27	471,78	495,38	481,43	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	-8,9%	-0,1%	-1,0%	-5,6%	-5,6%	-1,6%	5,0%	-2,8%	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	3729,40	3769,70	4028,20	4646,30	4646,30	13673,2	13792,4	13792,4	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	7,72	6,00	6,00	5,3	5,8	6,5	6,3	6,0	Number of Months of Imports Equivalent
Taux d'intérêt minimum	3,50	3,50	3,50	3,50	3,50	3,50	3,25	3,25	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	16,5%	16,4%	16,9%	19,7%	19,0%	17,9%	17,9%	18,4%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	14,0%	14,3%	14,6%	16,5%	16,0%	15,5%	15,5%	15,4%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	6,7%	6,8%	6,8%	7,8%	6,9%	7,9%	7,2%	8,5%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	0,9%	0,1%	-0,3%	0,3%	0,1%	-0,8%	-0,4%	-0,4%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	4,4%	4,8%	5,7%	-5,7%	-5,0%	-6,6%	-5,8%	-6,1%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	6110,40	6672,59	7403,08	7196,66	8311,96	8801,07	9146,12	10042,84	Exports fob in billions of CFA
Importations (en milliard de FCFA)	5911,75	7027,60	7311,17	8191,52	9736,30	9077,99	9833,97	10730,12	Imports fob in billions of CFA
Exportations biens /PIB (en %)	26,2%	26,9%	28,8%	26,3%	27,3%	27,8%	27,3%	27,2%	Exports fob as % of GDP
Importations/PIB	25,4%	28,3%	28,5%	30,0%	32,0%	28,6%	29,4%	29,1%	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	103,4%	94,9%	101,3%	87,9%	85,4%	96,9%	93,0%	93,6%	Export fob/Import fob
Compte courant (n. c Trans publics)	-1016,21	-1746,98	-1313,12	-2224,40	-2673,40	-1777,50	-2470,40	-2522,70	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-4,4%	-7,0%	-5,1%	-8,1%	-8,8%	-5,6%	-7,4%	-6,8%	Current Account Balance as % of G.D.P
Solde global	81,90	98,05	537,78	777,86	91,40	539,61	162,80	197,01	Overall Balance
Sole global en % du PIB	0,4%	0,4%	2,1%	2,8%	0,3%	1,7%	0,5%	0,5%	Overall Balance as % of G.D.P
DETTE EXTERIEURE									**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	12457,80	12757,55	8681,42	8427,07	8756,23	10625,39	…..	…..	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	53,5%	51,3%	33,8%	30,8%	28,8%	33,5%	…..	…..	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	987,73	850,88	778,89	611,86	647,70	643,51	…..	…..	External Debt service
Service Dette (en % des export.de biens. & serv.)	13,6%	10,7%	8,9%	7,0%	6,5%	6,2%	…..	…..	External Debt Service as % of Exports

Source: BCEAO/FMI/BAD/AMAO

GAMBIE : INDICATEURS PRINCIPAUX (EN MILLIONS DE DALASI SAUF INDICATIONS CONTRAIRES)

	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	1 404,1	1 261,5	1 164,0	983,9	1 746,5	….	….	….	Public consumption
Consommation privée	13 857,8	14 682,3	15 868,0	18 084,8	18 988,5	….	….	….	Private consumption
Formation brute de capital fixe	5 120,8	4 978,9	5 712,3	5 796,6	5 956,6	….	….	….	Gross fixed capital formation
Variation des stocks	625,3	653,3	640,5	699,3	625,9	….	….	….	Stocks variations
Exportation de biens et services	342,4	201,0	288,2	312,2	277,3	….	….	….	Goods and services exports
Importation de biens et services									Goods and services imports
PIB aux prix courants	17 381,0	17 934,5	18 684,9	20 555,9	22 978,3	25 011,4	26 894,7	….	GDP at current price
PIB courants en millions de USD	583,3	630,1	665,7	842,8	1 017,5	938,7	960,1	….	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	767,7	820,3	883,4	944,6	1 002,3	1 048,4	22 845,5	….	GDP at constant price
Taux de croissance réel du PIB	6,6%	6,9%	7,7%	6,9%	6,1%	4,6%	5,5%	….	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	27,0%	30,1%	29,8%	28,2%	31,6%	25,3%	26,9%	….	Primary sector
Secteur secondaire	35,1%	10,8%	10,9%	11,4%	10,9%	13,2%	12,7%	….	Secondary sector
Secteur tertiaire	54,3%	59,1%	56,0%	60,4%	57,5%	61,5%	56,6%	….	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	8,0%	4,9%	0,4%	6,0%	6,8%	2,7%	5,8%	5,0	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	14,2%	3,2%	2,1%	5,4%	4,5%	4,6%	5,0%	5,0%	Consumer price (period Average)
Déflateur implicit du PIB	191,13	199,04	201,92	210,75	210,75	2385,7	117,7	….	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	5431,96	6145,19	7757,59	8273,9	9796,37	11695	13292,23	….	Broad money M2
M2/PIB	31,3%	34,3%	41,5%	40,3%	42,6%	46,8%	49,4%	….	M2/GDP
Taux de change moyen par rapport au dollar US	29,8	28,5	28,1	24,4	22,6	26,6	28,0	….	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	-4,2%	-4,5%	-1,4%	-13,1%	-7,4%	18,0%	5,1%	….	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	84	96,6	101,5	124,5	124,5	186,0	178,0	177,6	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	4,7	5,2	4,9	4,4	4,3	6,0	5,4	5,4	Number of Months of Imports Equivalent
Taux d'intérêt minimum	5%	5%	5%	5%	5%	4%	4,0%	….	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	14,4%	14,5%	16,1%	17,3%	16,1%	14,9%	13,6%	….	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	12,4%	13,4%	3,5%	12,9%	14,7%	13,8%	13,5%	….	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	8,9%	8,1%	1,3%	4,9%	4,7%	8,6%	4,2%	….	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	6,9%	-6,2%	7,2%	-0,6%	-4,3%	-11,2%	-5,0%	….	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-6,1%	-4,8%	-6,4%	-0,8%	-3,8%	-6,6%	-7,4%	….	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	3028,6	2766,9	2869,6	2988,5	4218,8	4553,9	3284,8	….	Exports fob in billions of CFA
Importations (en milliard de FCFA)	6089,2	6410,9	6238,4	6678,0	6121,4	6955,8	4847,3	….	Imports fob in billions of CFA
Exportations biens /PIB (en %)	34,8%	30,9%	30,7%	29,1%	36,7%	36,4%	24,4%	….	Exports fob as % of GDP
Importations/PIB	35,0%	35,5%	33,4%	33,1%	26,5%	30,0%	36,0%	….	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	49,7%	43,2%	46,0%	44,8%	68,9%	65,5%	67,8%	….	Export fob/Import fob
Compte courant (n. c Trans publics)	-910,6	-1421,4	-2010,4	-1563,0	137,0	888,0	511,9	….	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-5,2%	-7,9%	-10,8%	-7,6%	0,6%	3,6%	1,9%	….	Current Account Balance as % of G.D.P
Solde global	344,2	1065,9	309,4	727,4	527,4	-180,9	2157,0	….	Overall Balance
Sole global en % du PIB	2,0%	5,9%	1,7%	3,5%	2,3%	-0,7%	8,0%	….	Overall Balance as % of G.D.P
DETTE EXTERIEURE	658,9	688,4	737,8	797,9	394,4	366,5	….	….	**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	658,9	688,4	737,8	797,9	394,4	366,5	….	….	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	113,0%	109,2%	110,8%	94,7%	38,8%	39,0%	….	….	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	129,2	148,7	155,9	170,8	170,8	….	….	….	External Debt service
Service Dette (en % des export.de biens. & serv.)	1124,0%	2104,7%	1518,1%	1334,9%	1391,5%	….	….	….	External Debt Service as % of Exports

Source: CBL/FMI/BAD/AMAO

GHANA : INDICATEURS PRINCIPAUX (EN MILLIONS DE CEDI SAUF INDICATIONS CONTRAIRES)

	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	1 319,7	1 489,1	1 654,3	1 836,3	2 056,7	….	….	….	Public consumption
Consommation privée	6 077,8	7 884,5	9 172,8	11 428,4	12 799,8	….	….	….	Private consumption
Formation brute de capital fixe	2 265,7	2 817,1	3 371,0	4 045,2	4 530,7	….	….	….	Gross fixed capital formation
Variation des stocks									Stocks variations
Exportation de biens et services	3 139,9	3 510,4	4 426,7	5 533,3	6 197,3	….	….	….	Goods and services exports
Importation de biens et services	4 822,6	5 997,7	7 392,8	9 093,1	10 184,3	….	….	….	Goods and services imports
PIB aux prix courants	79 803,7	9 701,8	11 490,3	14 046,1	17 211,7	21 630,0	25 934,0	….	GDP at current price
PIB courants en millions de USD	88 625,2	10 691,8	12 524,2	15 026,1	16 270,5	15 355,8	18 281,4	….	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	6 235,9	6 588,7	18 705,1	19 913,4	21 592,2	22 597,9	24 093,9	….	GDP at constant price
Taux de croissance réel du PIB	5,6%	5,9%	6,2%	6,3%	6,0%				Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	37,9%	37,5%	35,6%	33,9%	34,1%	33,0%	33,1%	….	Primary sector
Secteur secondaire	24,7%	25,1%	26,0%	25,3%	24,3%	24,4%	25,7%	….	Secondary sector
Secteur tertiaire	28,7%	28,9%	30,1%	32,1%	32,9%	33,0%	41,1%	….	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	11,8%	13,9%	10,9%	12,7%	18,1%	16,0%	8,6%	….	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	12,6%	15,4%	11,7%	10,7%	16,5%	19,3%	14,7%	….	Consumer price (period Average)
Déflateur implicit du PIB	243,1	279,5	320,3	356,2	356,2	426,4	107,64	….	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	2 666,7	3 041,8	4 230,3	5 750,6	8 061,2	10 233,1	13 775,5	….	Broad money M2
M2/PIB	3,3%	31,4%	36,8%	40,9%	46,8%	47,3%	53,1%	….	M2/GDP
Taux de change moyen par rapport au dollar US	0,9	0,9	0,9	0,9	1,1	1,4	1,4	1,4	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	1 732,4	1 894,8	2 266,7	2 808,4	2 032,2	3 164,8	4 724,9	….	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	4,5	3,5	3,0	3,1	1,8	3,2	3,7	….	External Reserves - Stock (US $ million)
Réserves de change en mois d’importation			1,63	1,50	2,10	1,90	2,0	….	Number of Months of Imports Equivalent
Taux d’intérêt minimum	5%	5%	5%	5%	5%	4%	4,0%	….	Minimum Interest Rate
BUDGET DE L’ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	23,8%	23,8%	21,9%	26,0%	27,3%	26,5%	17,4%	17,6%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	20,2%	18,7%	22,1%	25,8%	30,0%	26,3%	18,1%	19,7%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	9,3%	9,9%	9,8%	11,6%	14,0%	11,3%	7,1%	7,1%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	8,8%	6,3%	12,7%	10,3%	-7,8%	1,3%	7,57%	1,07%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-8,8%	-6,3%	-12,7%	-14,4%	-19,1%	-12,5%	-8,6%	-6,4%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	2 704,5	2 802,2	3 726,7	4 194,7	5 269,7	5 839,7	7 896,3	….	Exports fob in billions of CFA
Importations (en milliard de FCFA)	4 297,3	5 347,3	6 753,7	8 061,3	10 268,5	8 046,3	10 703,0	….	Imports fob in billions of CFA
Exportations biens /PIB (en %)	30,5%	26,1%	29,3%	27,8%	31,6%	38,4%	43%	….	Exports fob as % of GDP
Importations/PIB	48,4%	49,9%	53,1%	53,7%	61,7%	53,0%	41%	….	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	62,9%	52,4%	55,2%	52,0%	51,3%	72,6%	73,8%	….	Export fob/Import fob
Compte courant (n. c Trans publics)	-566,9	-660,0	-1 040,2	-2 121,8	-3 543,1	-1 600,8	-2 593,7	….	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-1,1%	-1,4%	-1,4%	-1,7%	-1,7%	-7,4%	-20,0%	….	Current Account Balance as % of G.D.P
Solde global	-10,46	84,34	415,12	413,11	-940,75	1158,78	1462,47	….	Overall Balance
Sole global en % du PIB	0,0%	0,8%	3,3%	2,7%	-5,8%	7,5%	11,3%	….	Overall Balance as % of G.D.P
DETTE EXTERIEURE									**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	6 777,9	6 347,8	2 177,2	3 590,4	4 035,1	5 007,9	6 118,8	….	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	7,6%	59,4%	17,4%	23,9%	24,8%	32,6%	33,5%	….	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	194,9	215,2	166,7	192,6	305,8	171,1	183,3	….	External Debt service
Service Dette (en % des export.de biens. & serv.)	5,7%	5,5%	3,3%	3,2%	4,3%	4,4%	5,7%	….	External Debt Service as % of Exports

Source: BOG/FMI/BAD/AMAO

GUINEE : INDICATEURS PRINCIPAUX (EN MILLIARDS GNF SAUF INDICATIONS CONTRAIRES)

	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	566,2	670,7	1 065,1	1 156,3	1 270,8	1 889,1	3 324,5	3 216,6	Public consumption
Consommation privée	5 837,8	7 696,9	11 262,1	13 859,3	16 253,0	17 904,7	20 554,9	25 351,6	Private consumption
Formation brute de capital fixe	1 858,2	2 490,0	3 385,1	3 339,0	4 429,2	3 631,8	4 851,7	5 412,8	Gross fixed capital formation
Variation des stocks	136,5	216,8	123,9	93,9	140,9	-8,5	4,8	10,3	Stocks variations
Exportation de biens et services	1 905,7	3 382,9	5 769,8	5 231,4	7 009,0	5 357,0	8 864,5	11 985,9	Goods and services exports
Importation de biens et services	2 146,8	3 703,3	6 079,4	6 374,2	8 423,0	7 859,1	11 219,3	14 874,9	Goods and services imports
PIB aux prix courants	8157,72	10 754	15 094,2	17 354,2	20 780,4	22 132,6	27 008,5	32 051,5	GDP at current price
PIB courants en millions de USD	3 597,0	2 954,4	2 867,4	4 152,5	4 520,5	4 636,5	4 510,6	4 504,8	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	7 001,0	7 210,9	7 390,9	7 520,8	7 892,1	7 870,0	8 022,1	8 339,5	GDP at constant price
Taux de croissance réel du PIB	2,3%	3,0%	2,5%	1,8%	4,9%	-0,3%	1,9%	4,0%	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	23,3%	22,3%	21,9%	23,4%	22,8%	23,6%	20,3%	19,6%	Primary sector
Secteur secondaire	30,5%	32,1%	36,7%	36,5%	38,7%	36,8%	40,3%	42,0%	Secondary sector
Secteur tertiaire	46,2%	37,9%	33,4%	32,4%	29,9%	30,9%	29,9%	28,4%	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	27,6%	29,7%	39,1%	12,8%	13,5%	7,9%	20,8%	17,1%	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	17,5%	31,4%	34,7%	22,9%	18,4%	4,7%	15,5%	18,7%	Consumer price (period Average)
Déflateur implicit du PIB	16,5%	27,4%	37,6%	13,0%	14,1%	6,8%	19,7%	14,2%	GDP deflator
MONNAIE			71,9	43,3	70,1	163,5	76,8	244,7	**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	1484,64	2036,76	3247,29	3398,24	4727,17	5923,88	9993,15	7051,33	Broad money M2
M2/PIB	18,2%	18,9%	21,5%	19,6%	22,7%	26,8%	37,0%	22,0%	M2/GDP
Taux de change moyen par rapport au dollar US	2267,9	3640,0	5264,0	4179,3	4597,0	4773,5	5987,8	7115,0	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	14,2%	60,5%	44,6%	-17,4%	-17,4%	3,8%	25,4%	18,8%	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	130,3	122,2	71,9	43,3	70,1	163,5	76,8	244,7	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	1,8	1,5	0,8	0,4	0,6	1,4	1,9	1,5	Number of Months of Imports Equivalent
Taux d'intérêt minimum	5%	5%	5%	5%	5%	4%	4,0%	….	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	11,5%	14,5%	16,0%	14,3%	15,7%	15,4%	16,4%	18,0%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	12,5%	11,4%	13,4%	11,3%	13,4%	16,5%	19,3%	16,8%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	5,4%	4,7%	4,5%	3,9%	4,0%	7,1%	8,7%	6,3%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	-0,46%	4,46%	4,13%	3,76%	3,05%	-4,80%	-8,61%	-1,14%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-6,47%	-1,57%	-1,97%	-0,95%	-1,49%	-6,97%	-14,39%	-5,09%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	548,8	669,4	667,0	1070,1	1342,0	377,0	1471,2	1602,4	Exports fob in billions of CFA
Importations (en milliard de FCFA)	661,0	739,5	950,6	1206,4	1364,2	1054,5	1398,5	1637,8	Imports fob in billions of CFA
Exportations biens /PIB (en %)	15,3%	22,7%	23,3%	25,8%	29,7%	8,1%	32,6%	35,6%	Exports fob as % of GDP
Importations/PIB	18,4%	25,0%	33,2%	29,1%	30,2%	22,7%	31,0%	36,4%	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	83,0%	90,5%	70,2%	88,7%	98,4%	35,8%	105,2%	97,8%	Export fob/Import fob
Compte courant (n. c Trans publics)	-152,9	-160,4	-221,4	-455,6	-423,2	-403,5	-326,9	-364,5	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-3,5%	-4,8%	-7,3%	-9,2%	-9,2%	-8,7%	-14,5%	-16,2%	Current Account Balance as % of G.D.P
Solde global	-101,0	-67,4	-9,4	-87,6	-28,7	60,2	-73,0	106,1	Overall Balance
Sole global en % du PIB	-2,8%	-2,3%	-0,3%	-2,1%	-0,6%	1,3%	-3,2%	4,7%	Overall Balance as % of G.D.P
DETTE EXTERIEURE									**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	3276,6	3215,9	3141,5	3102,0	3109,3	3089,4	3020,6	2919,8	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	91,1%	108,8%	109,6%	74,7%	68,8%	66,6%	67,0%	64,8%	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	180,4	195,9	208,7	202,5	230,3	121,0	174,7	213,4	External Debt service
Service Dette (en % des export.de biens. & serv.)	9,5%	5,8%	3,6%	3,9%	3,3%	2,3%	2,0%	1,8%	External Debt Service as % of Exports

Source: Source: BCRG/BAD/FMI/AMAO

NIGERIA : INDICATEURS PRINCIPAUX (EN MILLIARDS DE NAIRA SAUF INDICATIONS CONTRAIRES)	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	2 120,8	2 281,6	3 656,9	4 583,4	5 544,5	....	....	....	Public consumption
Consommation privée	5 534,7	11 475,4	11 244,1	15 568,2	12 717,3	....	....	....	Private consumption
Formation brute de capital fixe	2 160,9	1 046,9	2 331,3	2 858,5	5 388,7	....	....	....	Gross fixed capital formation
Variation des stocks		1,6	1,9	2,9	2,7	....	....	....	Stocks variations
Exportation de biens et services	5 182,6	3 909,0	7 864,2	6 871,8	9 014,8	....	....	....	Goods and services exports
Importation de biens et services	3 588,0	3 980,2	6 390,2	9 227,4	8 825,4	....	....	....	Goods and services imports
PIB aux prix courants	11 411,0	14 572,2	18 564,6	20 657,3	24 296,3	24 712,7	29 108,0	....	GDP at current price
PIB courants en millions de USD	85 869,5	110 273,0	144 301,4	164 164,4	204 916,6	165 990,3	193 669,4	....	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	527,6	561,9	595,8	634,3	672,2	716,9	775,4	....	GDP at constant price
Taux de croissance réel du PIB	6,6%	6,5%	6,0%	6,5%	5,98%	6,7%	7,9%	....	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	34,2%	32,8%	32,0%	32,7%	29,3%	37,2%	35,6%	....	Primary sector
Secteur secondaire	54,9%	41,8%	40,3%	39,1%	39,7%	32,3%	35,1%	....	Secondary sector
Secteur tertiaire	10,9%	11,1%	11,5%	12,1%	11,5%	12,6%	11,9%	....	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	10,0%	11,6%	8,5%	6,6%	15,1%	14,0%	11,80%	....	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	15,0%	17,8%	8,3%	5,4%	11,5%	9,2%	12,40%	....	Consumer price (period Average)
Déflateur implicit du PIB	167,2	210,2	228,1	235,5	235,5				GDP deflator
MONNAIE		11,02114527	17,31964166	14,81351498	17,2427772	16,61444891	7,7824825	....	**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	2 263,6	2 626,5	4 027,9	5 809,9	9 166,7	10 767,3	11 488,7	....	Broad money M2
M2/PIB	19,8%	18,0%	21,7%	28,1%	37,7%	43,6%	39,5%	....	M2/GDP
Taux de change moyen par rapport au dollar US	132,888	132,15	128,65	125,83	118,57	148,88	150,30	....	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	2,8%	-0,6%	-2,6%	-2,2%	-5,8%	25,6%	1,0%	....	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	16 965,6	28 289,6	42 298,0	51 333,2	53 000,4	42 382,5	32 339,3	....	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	16,1	11,0	17,3	14,8	17,2	16,6	7,8	....	Number of Months of Imports Equivalent
Taux d'intérêt minimum	2,0	1,5	1,5	3,2	3,0	2,9	0,9	....	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	34,2%	45,0%	33,5%	27,7%	32,4%	19,6%	21,9%	....	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	30,9%	37,4%	7,7%	7,7%	8,7%	8,6%	10,2%	....	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	4,5%	4,2%	26,4%	20,5%	23,9%	14,3%	15,5%	....	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	-1,2%	3,4%	0,8%	0,5%	1,4%	-2,3%	-2,4%	....	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-1,2%	-1,3%	-0,6%	-0,6%	-0,2%	-3,3%	-3,8%	....	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS		37225,05	38569,739	31185,41	42262,09	21899	7830,42	....	**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	34 607,4	55 144,5	57 443,9	66 606,0	84 118,0	59 974,3	73 996,1	....	Exports fob in billions of CFA
Importations (en milliard de FCFA)	14 940,2	25 976,3	22 630,0	30 439,9	36 885,3	30 611,3	49 864,7	....	Imports fob in billions of CFA
Exportations biens /PIB (en %)	40,3%	50,0%	39,8%	40,6%	41,0%	36,1%	38,2%	....	Exports fob as % of GDP
Importations/PIB	17,4%	23,6%	15,7%	18,5%	18,0%	18,4%	25,7%	....	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	231,6%	212,3%	253,8%	218,8%	228,1%	195,9%	148,4%	....	Export fob/Import fob
Compte courant (n. c Trans publics)	15 461,1	37 225,1	38 569,7	31 185,4	42 262,1	21 899,0	7 830,4	....	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	18,0%	33,8%	26,7%	19,0%	20,6%	13,2%	4,0%	....	Current Account Balance as % of G.D.P
Solde global	8 452,3	11 324,0	14 018,9	9 035,1	1 667,2	-10 617,9	-10 043,2	....	Overall Balance
Sole global en % du PIB	9,8%	10,3%	9,7%	5,5%	0,8%	-13,4%	-5,4%	....	Overall Balance as % of G.D.P
DETTE EXTERIEURE									**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	35 944,6	20 478,0	3 544,5	3 628,6	3 720,4	3 947,3	4 578,7	....	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	41,86%	18,57%	2,46%	2,21%	15,31%	15,92%	14,88%	....	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	1 754,8	8 943,5	6 727,8	1 023,2	464,6	428,0	354,4	....	External Debt service
Service Dette (en % des export.de biens. & serv.)	5,1%	16,2%	11,7%	1,5%	0,6%	0,7%	0,5%	....	External Debt Service as % of Exports

Source: CBN/BAD/FMI/AMAO

SIERRA LEONE: INDICATEURS PRINCIPAUX (EN MILLIARDS DE LEONE SAUF INDICATIONS CONTRAIRES)	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	446,2	691,1	761,7	756,1	941,5	1 103,9	1 798,6	….	Public consumption
Consommation privée	4 161,3	4 355,0	4 428,4	4 476,2	4 768,5	5 691,1	5 905,2	….	Private consumption
Formation brute de capital fixe	263,7	356,0	360,2	355,3	428,4	504,9	643,6	….	Gross fixed capital formation
Variation des stocks	-235,7	-211,6	258,8	1 418,4	1 537,4	912,2	1 020,9	….	Stocks variations
Exportation de biens et services	665,0	870,6	918,6	1 009,6	1 082,6	1 059,0	1 645,9	….	Goods and services exports
Importation de biens et services	1 682,8	1 791,0	1 927,0	2 260,0	2 342,5	2 130,1	3 054,0	….	Goods and services imports
PIB aux prix courants	3 831,4	4 307,6	4 875,1	5 825,1	6 538,0	7 340,9	8 539,4	….	GDP at current price
PIB courants en millions de USD	1 418,3	1 490,7	1 645,9	1 951,8	2 193,2	2 168,2	2 146,6	….	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	3 371,2	3 638,0	3 855,0	4 084,8	4 248,2	4 382,6	4 599,5	….	GDP at constant price
Taux de croissance réel du PIB	7,7%	7,9%	6,0%	6,0%	4,0%	3,2%	5,0%	….	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	45,3%	49,6%	51,0%	55,6%	56,9%	58,7%	57,4%	….	Primary sector
Secteur secondaire	11,2%	9,7%	8,3%	7,8%	6,3%	4,9%	5,2%	….	Secondary sector
Secteur tertiaire	38,6%	37,3%	36,4%	32,7%	32,9%	32,4%	32,5%	….	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	14,6%	13,1%	7,3%	13,8%	12,3%	12,0%	17,8%	….	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	14,2%	12,0%	7,3%	13,8%	12,5%	9,94%	17,1%	….	Consumer price (period Average)
Déflateur implicit du PIB	113,6	118,4	126,5	142,6	153,9	167,5	185,9	….	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	551,2	724,2	879,6	1 078,7	1 321,2	1 685,0	2 236,5	….	Broad money M2
M2/PIB	14,4%	16,8%	18,0%	18,5%	20,6%	23,7%	26,2%	….	M2/GDP
Taux de change moyen par rapport au dollar US	2 701,3	2 889,6	2 961,9	2 984,5	2 981,1	3 385,7	3 978,1	….	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	15,2%	7,0%	2,5%	0,8%	-0,1%	13,6%	17,5%	….	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	122,1	144,5	184,2	215,5	209,5	336,3	345,2	….	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	3,3	4,8	4,9	5,2	4,2	6,2	4,6	….	Number of Months of Imports Equivalent
Taux d'intérêt minimum	6,0%	5,5%	5,5%	5,5%	4,0%	3,5%	3,5%	….	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	9,3%	9,7%	10,2%	9,2%	10,2%	10,2%	11,8%	….	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	14,5%	14,4%	14,3%	11,1%	13,5%	13,6%	15,1%	….	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	3,5%	4,7%	4,4%	3,0%	4,0%	6,2%	9,2%	….	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	-2,5%	-2,5%	-2,6%	-0,7%	-2,4%	-3,5%	-5,6%	….	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-8,6%	-9,6%	-8,5%	-5,0%	-7,1%	-8,2%	-12,5%	….	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	144,5	172,5	250,4	292,0	278,1	271,3	365,6	391,5	Exports fob in billions of CFA
Importations (en milliard de FCFA)	274,3	361,7	351,2	395,6	471,7	512,9	677,6	627,1	Imports fob in billions of CFA
Exportations biens /PIB (en %)	10,2%	11,6%	15,2%	15,0%	12,7%	12,5%	34,1%	….	Exports fob as % of GDP
Importations/PIB	19,3%	24,3%	21,3%	20,3%	21,5%	23,7%	63,1%	….	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	52,7%	47,7%	71,3%	73,8%	59,0%	52,9%	54,0%	62,4%	Export fob/Import fob
Compte courant (n. c Trans publics)	-274,5	-327,6	-185,7	-157,1	-221,4	-192,9	-263,1	-178,9	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-19,4%	-22,0%	-11,3%	-8,1%	-10,1%	-8,9%	-24,5%	….	Current Account Balance as % of G.D.P
Solde global	-142,1	-209,1	49,8	95,6	-191,5	143,9	-58,0	-63,5	Overall Balance
Sole global en % du PIB	-10,0%	-14,0%	3,0%	4,9%	-8,7%	6,6%	-5,4%		Overall Balance as % of G.D.P
DETTE EXTERIEURE					5,29722	7,60134	13,05	816,6	**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	1 710,2	1 689,6	1 610,9	533,7	620,2	692,7	767,9	816,6	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	120,6%	113,3%	97,9%	27,3%	28,3%	31,9%	35,8%	….	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	44,9	26,1	17,3	9,36	5,3	7,6	13,1	….	External Debt service
Service Dette (en % des export.de biens. & serv.)	20,3%	45,7%	5,5%	3,1%	1,9%	2,8%	3,6%	….	External Debt Service as % of Exports

Source: BSL/BAD/FMI/AMAO

CAP VERT: INDICATEURS PRINCIPAUX (EN MILLIONS D'ESCUDO SAUF INDICATIONS CONTRAIRES)

	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	17 471,6	18 521,6	19 001,9	21 573,4	22 524,1	25 057,0	26 151,8	30 115,6	Public consumption
Consommation privée	68 694,3	70 066,8	80 106,8	84 083,9	90 911,6	92 227,2	97 973,6	104 557,5	Private consumption
Formation brute de capital fixe	31 961,7	30 858,1	37 645,7	49 812,2	53 782,5	49 069,1	51 645,8	51 136,4	Gross fixed capital formation
Variation des stocks	434,5	196,7	-595,0	572,8	572,8	572,8	572,8	572,8	Stocks variations
Exportation de biens et services	11 364,3	16 183,6	19 400,5	22 249,9	25 863,9	22 170,6	26 066,5	27 148,3	Goods and services exports
Importation de biens et services	47 839,8	49 641,5	58 175,7	71 040,2	78 464,0	73 482,6	78 493,8	80 102,5	Goods and services imports
PIB aux prix courants	82 086,5	86 185,3	97 384,2	107 252,0	115 190,9	115 614,2	123 916,7	133 428,2	GDP at current price
PIB courants en millions de USD	925,0	1 000,0	1 200,0	1 427,3	1 700,0	1456,5	1488,0	1602,2	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	22 374,7	23 833,7	26 250,9	28 521,4	30 269,9	31 471,1	33 230,4	34 712,6	GDP at constant price
Taux de croissance réel du PIB	4,4%	6,5%	10,1%	8,6%	6,1%	4,0%	5,6%	4,5%	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	32,3%	32,3%	32,4%	33,2%	33,2%	….	….	….	Primary sector
Secteur secondaire	13,3%	13,3%	13,0%	13,1%	13,1%	….	….	….	Secondary sector
Secteur tertiaire	54,4%	54,4%	54,5%	53,7%	53,7%	….	….	….	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	-0,3%	1,7%	4,7%	4,4%	6,8%	1,0%	3,4%	….	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	-0,30%	1,70%	2,1%	5,4%	4,4%	4,6%	3,1%	….	Consumer price (period Average)
Déflateur implicit du PIB	104,2	106,4	112,0	118,8	118,8	114,6	116,4	….	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	62848,3	72641,3	86215,8	94607,9	102088,9	105451,7	111856,3	….	Broad money M2
M2/PIB	76,6%	84,3%	88,5%	88,2%	88,6%	91,2%	90,3%	….	M2/GDP
Taux de change moyen par rapport au dollar US	88,7	88,6	87,9	80,6	75,3	79,4	83,3	83,3	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	-9,1%	-0,2%	-0,3%	-0,5%	-0,5%	5,4%	4,9%	….	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	140	174	209	250,8	250,8	380,9	384,6	….	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	2,37	3,4	3,6	4,09	4,0	4,21	4,22	….	Number of Months of Imports Equivalent
Taux d'intérêt minimum	6.3	6.3	6.3	6.3	6.3	6,3	6,3	….	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	31,8%	24,1%	26,4%	27,0%	28,1%	25,9%	24,2%	23,6%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	20,4%	22,1%	23,4%	21,7%	21,8%	23,4%	22,3%	24,2%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	10,8%	13,5%	14,1%	13,0%	14,4%	15,9%	20,9%	18,7%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	0,6%	-4,2%	-3,9%	1,3%	-1,8%	-6,8%	-12,0%	-13,6%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-8,4%	-11,4%	-10,4%	-3,6%	-6,8%	-13,3%	-19,0%	-19,2%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	5092,6	7891,4	8429,2	6544,7	8640,2	7368,4	11262,2	….	Exports fob in billions of CFA
Importations (en milliard de FCFA)	38748,9	38851,4	49122,8	59787,8	65872,9	61100,4	67903,5	….	Imports fob in billions of CFA
Exportations biens /PIB (en %)	6,2%	8,9%	8,4%	6,1%	7,5%	6,4%	9,1%	….	Exports fob as % of GDP
Importations/PIB	47,2%	43,8%	43,7%	55,7%	57,2%	52,8%	54,8%	….	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	13,1%	20,3%	19,2%	10,9%	13,1%	12,1%	16,6%	….	Export fob/Import fob
Compte courant (n. c Trans publics)	-16500	-7841	-11398	-21241	-26219	-26253	-24684	….	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	-20,1%	-9,1%	-11,7%	-19,8%	-22,8%	-22,7%	-19,9%	….	Current Account Balance as % of G.D.P
Solde global	-9714,07	-1715,97	-5673,97	-13639,05	1900,85	-1308,45	-1610,22	….	Overall Balance
Sole global en % du PIB	-11,8%	-2,0%	-5,8%	-12,7%	1,7%	-1,1%	-1,3%	….	Overall Balance as % of G.D.P
DETTE EXTERIEURE					5,29722	7,60134	13,05	816,6	**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	466,87	482,28	713	….	….	….	….	….	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	50,5%	48,2%	59,4%	52,1%	48,0%	….	….	….	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	23,08	31,8	….	….	….	….	….	….	External Debt service
Service Dette (en % des export.de biens. & serv.)	40,3%	35,7%	11,7%	10,7%	10,6%	….	….	….	External Debt Service as % of Exports

Source: BCV/FMI/BAD/OCDE/AMAO

LIBERIA : INDICATEURS PRINCIPAUX (EN MILLIONS DE DOLLAR LIBERIEN SAUF INDICATIONS

	2004	2005	2006	2007	2008	2009*	2010*	2011**	
DETERMINATION DU PIB									**GDP DETERMINATION**
Consommation publique	….	….	….	….	….	….	….	….	Public consumption
Consommation privée	….	….	….	….	….	….	….	….	Private consumption
Formation brute de capital fixe	….	….	….	….	….	….	….	….	Gross fixed capital formation
Variation des stocks	….	….	….	….	….	….	….	….	Stocks variations
Exportation de biens et services	….	….	….	….	….	….	….	….	Goods and services exports
Importation de biens et services	….	….	….	….	….	….	….	….	Goods and services imports
PIB aux prix courants	28 913,4	31 594,7	37 522,0	42 326,3	47 910,8	53 244,4	57 871,7	60 871,8	GDP at current price
PIB courants en millions de USD	526,6	577,6	642,5	696,5	754,5	785,2	824,5	882,2	GDP at current price in millions of USD
PIB aux prix constants (n/n-1)	507,8	557,7	591,7	640,7	690,6	722,4	767,9	797,8	GDP at constant price
Taux de croissance réel du PIB	2,9%	3,0%	3,1%	3,2%	3,5%	3,6%	3,7%	3,9%	Real GDP growth rate
Structure du PIB									**GDP COMPOSITION**
Secteur primaire	52,3%	51,7%	51,2%	50,1%	50,7%	50,2%	50,2%	50,2%	Primary sector
Secteur secondaire	5,0%	5,7%	6,8%	7,2%	7,4%	7,5%	7,5%	7,5%	Secondary sector
Secteur tertiaire	23,9%	24,8%	24,4%	25,2%	24,8%	25,4%	25,4%	25,4%	Tertiary sector
INFLATION									**INFLATION**
Prix à la consommation (en glissement fin décembre)	0,0%	7,0%	8,9%	11,7%	9,4%	9,7%	6,61%	6,61%	Consumer price (end of period)
Prix à la consommation (en moyenne annuelle)	3,6%	11,1%	7,4%	11,4%	17,5%	7,4%	7,3%	7,3%	Consumer price (period Average)
Déflateur implicit du PIB	104,3	104,1	109,1	109,2	123,0	121,0	130,0	110,6	GDP deflator
MONNAIE									**MONETARY LIABILITIES & ASSETS**
Masse monétaire M2 en mds de CFA	4687,1	6361,9	8413,1	11661,6	16655,3	24390,7	32744,6		Broad money M2
M2/PIB	16,2%	20,1%	22,4%	27,6%	34,8%	45,8%	56,6%		M2/GDP
Taux de change moyen par rapport au dollar US	54,9	54,7	56,9	60,8	63,5	67,8	70,2	69,0	Exchange Rate (Period Average) in USD
Variation du taux de change par rapport au dollar US	-20,9%	-0,4%	4,0%	6,8%	4,5%	6,8%	3,5%	-1,7%	Exchange Rate variation in USD
Réserves brutes de change (en millions de USD)	19	25	71,9	119,3	139,0	171,0	255,5	329,8	External Reserves - Stock (US $ million)
Réserves de change en mois d'importation	0,20	0,10	4,15	0,70	0,70	3,72	4,32	2,00	Number of Months of Imports Equivalent
Taux d'intérêt minimum	3,40	3,10	2,70	2,60	2,25	2,10	2	2,01	Minimum Interest Rate
BUDGET DE L'ETAT									**FISCAL OPERATIONS of GOVERNMENT**
Recettes courantes (en % du PIB)	….	….	31,3%	37,9%	24,2%	26,7%	31,4%	31,4%	Domestic Revenue as % of GDP
Dépenses courantes (en % du PIB)	….	….	16,5%	24,9%	24,2%	25,8%	24,8%	24,8%	Current Expenditure as % of GDP
Dépenses en capital (en % du PIB)	….	….	2,6%	3,9%	2,7%	2,9%	2,2%	2,2%	Capital Expenditure as % of GDP
Solde primaire de base (en % du PIB)	….	….	12,4%	10,0%	-1,8%	-0,6%	5,5%	5,5%	Primary balance
Solde global dons exclus (base engagements) en % du PIB	-0,70%	-0,70%	12,20%	9,40%	-2,01%	1,14%	6,55%	6,6%	Overall deficit (commitment basis exclud. grant) / GDP (%)
BALANCE DES PAIEMENTS									**BALANCE of PAIEMENTS**
Exportations FOB (en milliard de FCFA)	104	131,3	157,85	208	254	153	249	315	Exports fob in billions of CFA
Importations (en milliard de FCFA)	236	309,9	466,7	499	709	563	690	1057	Imports fob in billions of CFA
Exportations biens /PIB (en %)	19,7%	22,7%	24,6%	29,9%	33,7%	19,5%	30,2%	35,7%	Exports fob as % of GDP
Importations/PIB	44,8%	53,7%	72,6%	71,6%	94,0%	71,7%	83,7%	119,8%	Imports fob as % of GDP
Couverture export.FAB / import. CAF (en %)	44,1%	42,4%	33,8%	41,7%	35,8%	27,2%	36,1%	29,8%	Export fob/Import fob
Compte courant (n. c Trans publics)	13,0	-108,0	-108,0	-1328,0	-1575,0	-1297,0	-1445,0	-1591,0	Current Account Balance (Excl public transfert)
Compte courant en % du PIB	2,5%	-18,7%	-16,8%	-190,7%	-208,7%	-165,2%	-175,3%	-180,3%	Current Account Balance as % of G.D.P
Solde global	-79	-115	-126	-156	-75	77	562	11	Overall Balance
Sole global en % du PIB	-15,0%	-19,9%	-19,6%	-22,4%	-9,9%	9,8%	68,2%	1,2%	Overall Balance as % of G.D.P
DETTE EXTERIEURE					5,29722	7,60134	13,05	816,6	**EXTERNAL DEBT POSITION**
Encours de la Dette (en milliard de FCFA)	3 105,0	3 080,4	3 132,6	4 892,9	3 162,9	1 638,5	222,9	….	External Debt Outstanding in billions of CFA
Encours de la Dette (en % du PIB)	589,6%	533,3%	487,6%	702,5%	419,2%	208,7%	27,0%	….	External Debt Outstanding as % of GDP
Service Dette pub.extérieure	….	….	….	….	….	….	….	….	External Debt service
Service Dette (en % des export.de biens. & serv.)	….	….	….	….	….	….	….	….	External Debt Service as % of Exports

Source: BCL/FMI/BAD/AMAO

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