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WEST AFRICAN ECONOMIC AND MONETARY UNION

May, 2025

STAFF REPORT ON COMMON POLICIES FOR MEMBER COUNTRIES—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE WEST AFRICAN ECONOMIC AND MONETARY UNION

This staff report on discussions with regional institutions of the West African Economic and Monetary Union (WAEMU) was prepared by a staff team of the International Monetary Fund in the context of the periodic regional surveillance of the WAEMU. The regional perspective of such discussions is intended to strengthen the bilateral consultations that the IMF holds with the members in the region under Article IV of the IMF's Articles of Agreement. The following documents have been released and are included in the package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its May 2, 2025, consideration of the staff report.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on May 2, 2025, following discussions that ended on February 21, 2025. Based on information available at the time of these discussions, the staff report was completed on April 17, 2025.

A **Statement by the Executive Director** for the West African Economic and Monetary Union (WAEMU) member countries.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.

IMF Executive Board Concludes 2025 Discussions on Common Policies of Member Countries of the West African Economic and Monetary Union

FOR IMMEDIATE RELEASE

- Economic growth continues to be strong in the WAEMU. Inflation has fallen back to its target range, and recent improvements in regional external imbalances are supporting a strong recovery in reserves.
- The Council of Ministers has agreed to submit for approval by Heads of State a proposal by the WAEMU Commission for a revised Convergence Pact maintaining the previous fiscal deficit and public debt ceilings of 3 and 70 percent of GDP, respectively.
- Rapid adoption of this pact would signal a stronger commitment to debt sustainability and help guide sound fiscal policies. The WAEMU's institutions should also continue to promote regional integration.

Washington, DC – May 5, 2025: The Executive Board of the International Monetary Fund (IMF) concluded the annual discussions on common policies of member countries of the West African Economic and Monetary Union (WAEMU)[1]. The authorities have consented to the publication of the Staff Report prepared for this consultation.[2]

Economic growth continues to be strong in the WAEMU, with heterogeneity across countries, while inflation has fallen. Economic growth rose above 6 percent in 2024, near the average of the past decade, although gaps in per capita income among member countries have continued to widen due to significant variations in economic growth. After rising above target for much 2024, inflation has also fallen back within its target range since November 2024, due

[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. Staff hold separate annual discussions with the regional institutions responsible for common policies in four currency unions—the Euro Area, the Eastern Caribbean Currency Union, the Central African Economic and Monetary Union, and the West African Economic and Monetary Union. For each of the currency unions, staff teams visit the regional institutions responsible for common policies in the currency union, collects economic and financial information, and discusses with officials the currency union's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis of discussion by the Executive Board. Both staff's discussions with the regional institutions and the Board discussion of the annual staff report will be considered an integral part of the Article IV consultation with each member.

[2] Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the www.imf.org/[country] page.

to easing regional food price inflation and an appropriately tight monetary policy. The banking system remains resilient, although it maintains large exposures to regional sovereigns.

Recent progress in reducing the WAEMU's external imbalances, albeit with notable divergence among members, is supporting a strong recovery in reserves. After widening in 2021-2023, the WAEMU's current account deficit narrowed significantly in 2024. The Central Bank of West African States' (BCEAO) response to external reserves pressures has also been broadly appropriate, by tightening monetary policy via raising rates and containing the quantities of liquidity injected into the regional banking system. Reserves rebounded in late 2024 and early 2025, and are back above minimum adequate levels due mainly to windfall revenues from the annual cocoa harvest, high commodity prices, several IMF disbursements, and exports of new hydrocarbon resources in Niger and Senegal. The WAEMU's external position is assessed to have been moderately weaker than fundamentals and desirable policy settings in 2024.

Public debt ratios have increased significantly and heterogeneously in recent years due to large fiscal deficits and stock-flow adjustments. Ongoing progress in union-wide fiscal consolidation is welcome, although it is proceeding at a slower pace than anticipated mainly because of large data revisions in Senegal. Public debt continued to increase in 2024 beyond the level projected during the previous discussions on common policies, with considerable variation across the WAEMU (and particularly high debt in Senegal). Higher debt issuances are leading to heavier reliance on financing on the regional market, which has limited absorptive capacity and relatively high costs, and could pose a risk to external reserves.

Executive Board Assessment[3]

Executive Directors agreed with the thrust of the staff appraisal. They welcomed that the WAEMU is benefitting from strong growth, inflation within the target range, and progress in reducing fiscal and external imbalances, while also noting the significant divergence within the region. Highlighting that the region remains vulnerable to a wide range of shocks, Directors stressed the importance of prudent policies to ensure macroeconomic and financial stability and structural reforms to foster inclusive growth. They looked forward to the Fund's continued support through tailored policy advice and financial and capacity development assistance.

Directors stressed the importance of a commitment to debt sustainability, grounded in progress towards fiscal consolidation, measures to contain debt-creating stock-flow adjustments, and close monitoring of regional financing capacity. In that context, they commended the proposed reintroduction of the WAEMU Convergence Pact with the previous fiscal deficit and debt ceilings and called for its rapid adoption with a well-designed escape clause, a correction mechanism, and credible enforcement. Fiscal adjustment should be

[3] At the conclusion of the discussion, the Managing Director, as Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: http://www.IMF.org/external/np/sec/misc/qualifiers.htm.

driven by revenue mobilization to protect priority spending. Directors also stressed the importance of transparent and accurate reporting of fiscal data and enhanced debt transparency.

Directors welcomed BCEAO's tight monetary stance which helped bring inflation back to the target range and support reserves. Directors agreed that monetary policy should continue to be closely calibrated to external buffers and inflation developments, and that a cautious stance remains appropriate until there is a sustained recovery in reserve adequacy.

Directors welcomed the resilience of the financial system but noted that the sovereign-bank nexus continues to pose risks to financial stability. They encouraged the introduction of macroprudential regulatory measures to help restrain sovereign exposures, and capital surcharges to manage concentration risk. Directors stressed the importance of closely monitoring bank soundness indicators, addressing the remaining FSAP recommendations to strengthen financial stability and deepening, and taking the necessary additional steps to facilitate the removal of WAEMU members currently on the FATF grey list.

Directors agreed that prosperity in the WAEMU will depend on progress on political cohesion, economic integration, and strengthening the regional institutional framework and infrastructure. A planned stabilization fund to support members impacted by idiosyncratic shocks could demonstrate regional solidarity, but contingent liability risks through leveraging should be avoided. Directors welcomed progress on the new fast payment system, which would promote efficiency, inclusion, and regional integration. Policies to diversify the economy and strengthen resilience would also be important.

The views expressed by Executive Directors today will form part of the Article IV consultations with individual member-countries that take place until the next Board discussion of WAEMU common policies. It is expected that the next regional discussions with the WAEMU authorities will be held on the standard 12-month cycle.

Table 1. WAEMU: Selected Economic and Social Indicators, 2021–29

Social Indicators

GDP		**Poverty (2021, latest available)**	
Nominal GDP (2024, millions of US Dollars)	219,784	Headcount ratio at $1.90 a day (2011 PPP, percent of population)	23.1
GDP per capita (2024, US Dollars)	1,447	Undernourishment (percent of population)	12.5
Population characteristics		**Inequality (2021, latest available)**	
Total (2023, millions)	145.3	Income share held by highest 10 percent of population	28.4
Urban population (2023, percent of total)	40.6	Income share held by lowest 20 percent of population	7.7
Life expectancy at birth (2022, years)	61.1	Gini index	35.4

Economic Indicators

	2021	2022	2023	2024		2025	2026	2027	2028	2029
			Act.	SM/24/90. [1]	Est.	Projected				
	(Annual Percentage Change)									
National income and prices										
GDP at constant prices [2]	6.2	5.9	5.3	6.8	6.3	6.4	5.8	5.9	6.0	5.9
GDP per capita at constant prices	3.2	2.9	2.4	3.8	3.3	3.4	2.8	2.9	3.0	2.9
Consumer prices (average)	3.6	7.6	3.7	3.2	3.5	2.9	2.3	2.0	2.0	2.0
Terms of trade	-6.3	-12.3	7.9	4.2	12.4	9.3	3.6	-1.3	-1.0	-0.7
Nominal effective exchange rate	1.2	-2.3	6.3	3.5	…	…	…	…	…	…
Real effective exchange rate	1.5	-3.6	3.9	3.0	…	…	…	…	…	…
	(Percent of GDP)									
National accounts										
Gross national savings	20.4	18.8	18.8	22.4	20.8	21.7	23.1	23.2	23.4	23.8
Gross domestic investment	26.5	28.8	28.7	27.5	26.9	26.2	26.3	26.7	27.3	27.7
Of which: public investment	6.8	7.8	7.7	8.8	6.8	6.7	7.2	7.5	7.8	8.2
	(Annual changes in percent of beginning-of-period broad money)									
Money and credit										
Net foreign assets	1.7	-7.9	-7.2	0.5	6.1	2.7	2.1	3.2	3.2	2.2
Net domestic assets	16.9	20.7	10.0	12.6	3.4	9.9	10.3	9.9	9.7	10.2
Broad money	18.0	11.4	3.5	12.4	8.9	11.4	12.4	12.8	12.6	12.1
Credit to the economy	8.1	9.0	6.8	6.7	2.7	7.2	7.0	6.6	6.5	6.3
	(Percent of GDP, unless otherwise indicated)									
Government financial operations										
Government total revenue, excl. grants	16.1	15.8	16.5	17.3	16.6	17.3	17.7	18.2	18.5	18.8
Government expenditure	23.9	24.7	23.8	22.6	22.4	22.0	21.8	21.9	22.2	22.5
Overall fiscal balance, excl. grants	-7.8	-9.0	-7.3	-5.3	-5.8	-4.6	-4.1	-3.7	-3.7	-3.7
Overall fiscal balance, incl. grants	-6.3	-7.8	-6.3	-4.2	-5.2	-3.8	-3.3	-3.0	-3.0	-3.0
External sector										
Exports of goods and services [3]	20.0	19.6	17.7	21.4	18.8	21.3	21.8	21.4	20.9	20.7
Imports of goods and services [3]	25.9	29.7	27.5	26.5	24.6	24.4	23.8	23.4	23.3	23.2
Current account, excl. grants	-6.6	-10.7	-10.2	-5.4	-6.5	-4.9	-3.5	-3.7	-4.1	-4.1
Current account, incl. grants	-5.9	-9.8	-9.5	-4.8	-6.1	-4.5	-3.3	-3.5	-3.9	-3.8
External public debt	36.3	37.0	38.9	36.1	39.9	37.8	36.6	35.5	33.8	32.6
Total public debt	58.5	61.5	64.0	59.6	65.0	63.4	61.9	60.4	58.8	57.5
Broad money	40.7	40.8	39.1	40.6	38.8	39.4	41.0	42.8	44.6	46.3
Memorandum items:										
Nominal GDP (billions of CFA francs)	100,963	112,343	121,414	131,429	133,227	145,965	157,833	170,313	183,993	198,973
Nominal GDP per capita (US dollars)	1,308	1,259	1,356	1,436	1,446	1,508	1,588	1,663	1,744	1,831
CFA franc per US dollars, average	554.2	622.4	606.5	606.2	…	…	…	…	…	…
Gross international reserves										
In months of next year's imports (of goods and services)	5.0	4.1	3.5	3.5	4.6	4.7	4.8	4.9	5.1	5.2
In percent of current GDP	13.9	10.1	7.8	8.2	10.1	10.0	10.1	10.3	10.6	10.7
In percent of the BCEAO's sight liabilities	79.7	63.8	56.9	58.1	66.9	67.1	66.5	66.0	66.2	66.0
In millions of US dollars	24,172	18,398	15,764	17,872	21,593	24,165	26,254	28,967	32,156	35,185

Sources: IMF, African Department database; World Economic Outlook; World Bank World Development Indicators; IMF staff estimates and projections.

All projections presented were prepared in April 2025.

[1] Shows data from the IMF Country Report 24/90 issued on March 1, 2024.

[2] The acceleration in GDP growth in 2024 is due to the start of production of large hydrocarbon projects in Niger and Senegal.

[3] Excluding intraregional trade.

WEST AFRICAN ECONOMIC AND MONETARY UNION

April 17, 2025

STAFF REPORT ON COMMON POLICIES FOR MEMBER COUNTRIES

KEY ISSUES

Context. Economic growth continues to be strong in the WAEMU, while inflation has fallen back to its target range. An appropriately tight monetary policy, along with progress in reducing external imbalances, is supporting a strong recovery in reserves back above the lower end of the adequacy range. However, there is significant divergence among WAEMU member states in macroeconomic performance, policies, and resilience. In addition, public debt ratios have been significantly increasing in recent years and are particularly high in some member states. The region remains vulnerable to potential shocks, notably delays in oil production, falls in commodity prices (notably cocoa and gold), and constraints on external financing.

Key Policy Recommendations

Fiscal Policy. Fiscal policy must ensure a credible medium-term commitment to debt sustainability, with progress towards fiscal consolidation, measures to contain debt-creating stock-flow adjustments, and close monitoring of regional financing capacity, also given Senegal's fiscal data revisions and large financing needs. The adoption of a new Convergence Pact would signal a commitment to debt sustainability and should preserve the original limits (debt and deficit at 70 and 3 percent of GDP, respectively), while being enhanced by supporting arrangements including a well-designed escape clause, preventive measures and fiscal correction mechanism, as well as credible enforcement. Revenue mobilization should drive fiscal adjustment, to help protect development, social, and security spending aimed at promoting inclusion and addressing drivers of instability, particularly in the context of rising interest and security spending and of a prospective reduction in foreign aid.

Monetary Policy. Monetary policy should continue to be closely calibrated to external buffers and inflation. While further monetary tightening is not necessarily warranted based on current macroeconomic prospects, the consistency of monetary policy operations should be monitored with a view to ensuring that effective rates remain within the policy corridor.

Financial Sector Policy. The authorities should continue efforts to closely monitor and mitigate financial stability risks, including those related to credit, sovereign-bank nexus,

and liquidity. In this regard, the BCEAO should consider measures to contain bank concentration risk from sovereign lending—for example by introducing targeted Pillar 2 capital surcharges. Regional and national authorities should also pursue reforms to help broaden governments' non-bank domestic sources of financing and continue to implement recommendations from the 2022 FSAP.

Structural Reforms. Policies to diversify economic production and strengthen the resilience to climate shocks will be important to secure sustainable growth. Plans to introduce a stabilization fund to support members impacted by idiosyncratic shocks could demonstrate regional solidarity but should avoid creating contingent liability risks through leverage. The BCEAO's fast payment system continues to show promise to promote efficiency, inclusion, and regional integration by offering interoperable payment services across the WAEMU. Addressing rising food insecurity in a durable way requires well-targeted and coordinated efforts by national and regional authorities, in collaboration with partners. With trade integration and export diversification remaining limited in the WAEMU, the authorities should redouble efforts to reduce non-tariff barriers within the custom union while helping move AfCFTA discussions forward with a view to further boost trade and living standards. National authorities should consider options to enhance quality of education, safeguard related spending, close gender gaps, and improve the resilience to climate and health shocks.

Approved By
Annalisa Fedelino (AFR)
Tokhir Mirzoev (SPR)

The regional discussions were held in Lomé, Ouagadougou, Abidjan, and Dakar over February 6-21, 2025. The mission comprised Mr. Ricci (head), Mr. Feler, Mr. Norton, Ms. Dordevic (AFR), Ms. Ayvazyan (MCM), and Mr. Perdigao (SPR). The concluding meeting was held on February 21, 2025, in Dakar, where Ms. Fedelino and Mr. Ricci (AFR) and Ms. Bah (OED) met with BCEAO Governor Brou. They also met virtually with the President of the Council of Ministers and the President of the WAEMU Commission. Ms. Hesse-Triballi and Ms. Derrouis provided excellent research support and assistance in the preparation of the report, respectively. The West African Economic and Monetary Union (WAEMU) is composed of eight countries: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

CONTENTS

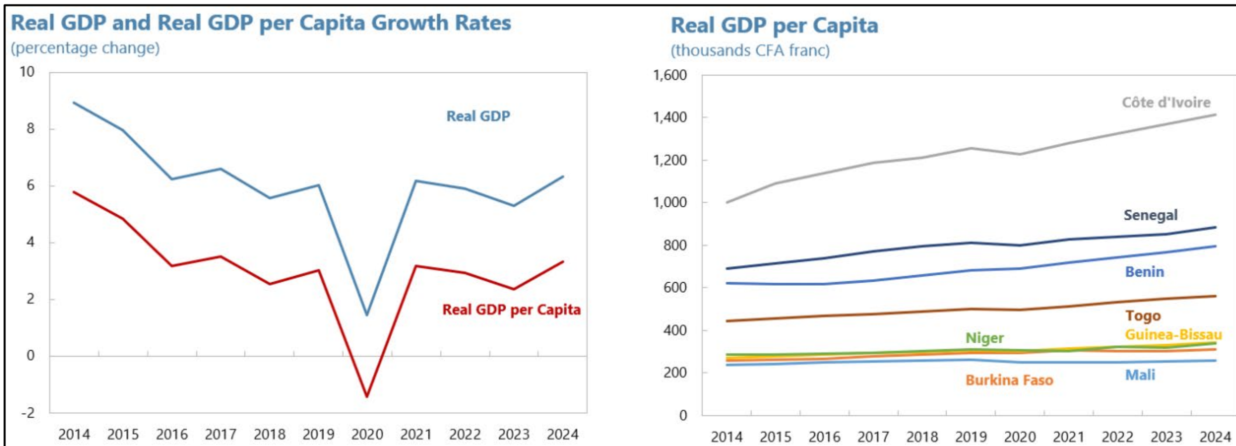
FIGURES

TABLES

ANNEXES

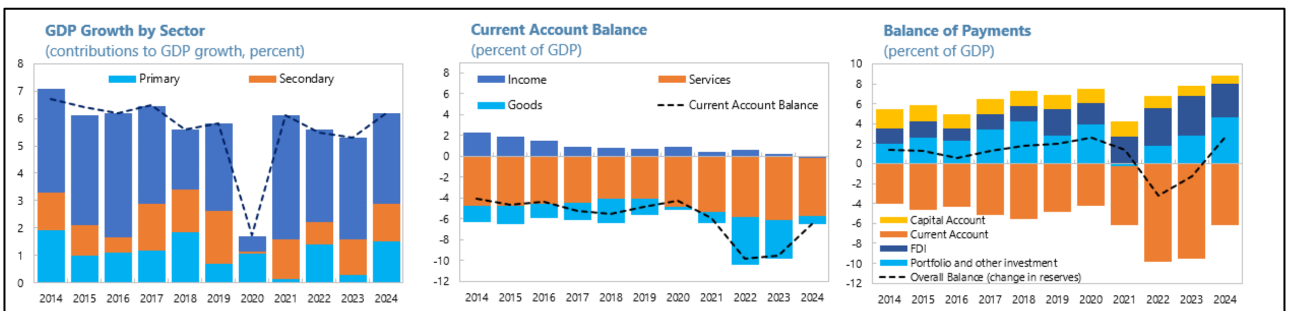
CONTEXT—STRONG ECONOMIC PERFORMANCE AMID INCREASING DIVERGENCE

1. **WAEMU continues to see strong growth.** Economic growth averaged 6.4 percent in 2014-2019, and 5.9 percent in 2021-2024. Gains in per capita income have been more modest, averaging 2.7 percent a year between 2015-2024 (including 2020). Per capita income varies from US$900 in Mali to US$2,700 in Côte d'Ivoire. GDP growth rose from 5.3 percent in 2023 to 6.3 percent in 2024, ranging from 4.4 percent in Mali to 10.3 percent in Niger.[1]



Source: WAEMU Country Authorities, IMF Staff Calculations.

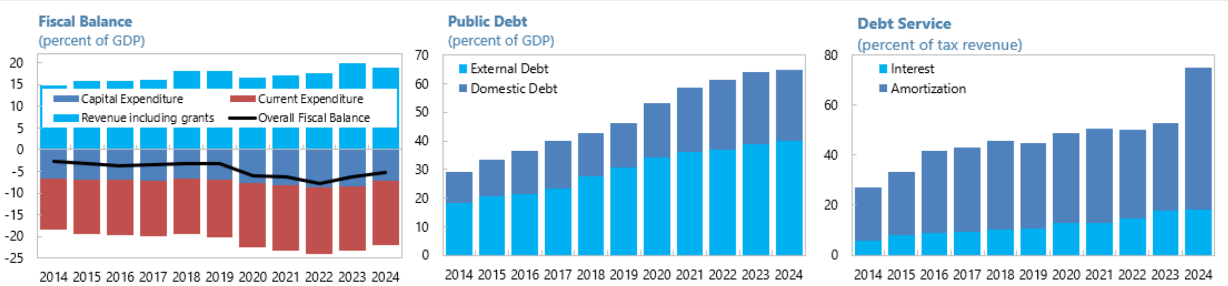
2. **Progress was also achieved in 2024 in reducing the WAEMU's large external imbalances, albeit with significant divergence across members.** Several shocks, including COVID-19, food and energy price hikes, and regional insecurity pushed the average current account deficit from 4.8 percent of GDP in 2014-2019 to 8.4 percent in 2021-2023. The current account deficit narrowed to 6.1 percent of GDP in 2024 from 9.5 percent in 2023, ranging from 2.9 percent of GDP in Togo to 12.1 percent in Senegal. In 2024 the WAEMU's external position is estimated to have been moderately weaker than fundamentals and desirable policy settings (see Annex I).



Sources: BCEAO, national authorities, IMF Staff Calculations.

[1] The term 'authorities' refers to regional institutions responsible for common policies in the currency union and not to the respective member states' authorities, unless specifically identified as national authorities or by the country's name.

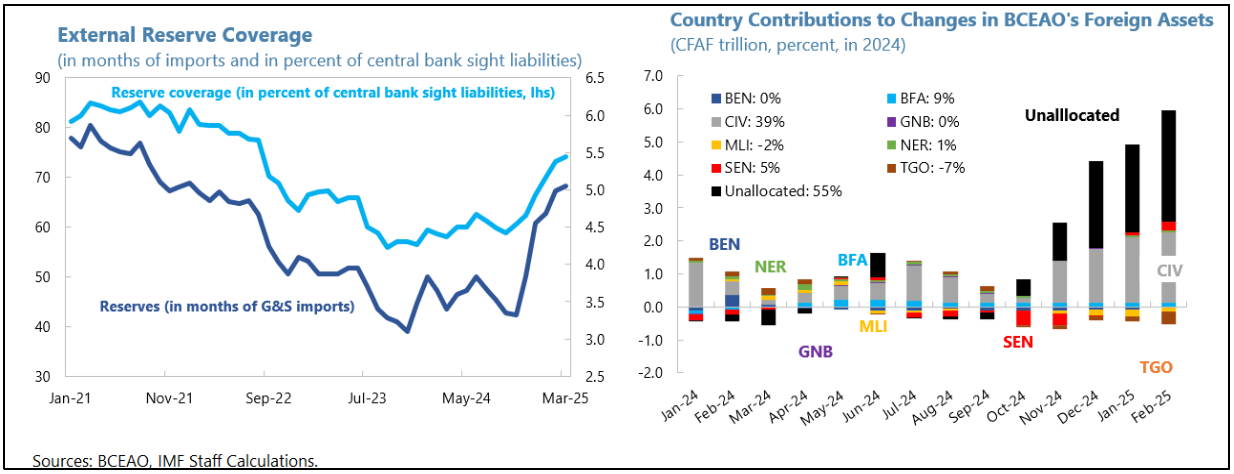
3. Fiscal deficits since 2020 and persistent stock-flow adjustments (SFA) significantly increased public debt. Averaging 3.1 percent of GDP over 2014-2019, the fiscal deficit jumped to 6.0 percent of GDP in 2020, when the WAEMU Convergence Pact—aimed at limiting deficits and debt to 3 and 70 percent of GDP, respectively—was suspended. Fiscal deficits averaged 6.8 percent of GDP over 2021-2023, partly reflecting regional shocks. The 2024 average fiscal deficit declined to 5.2 percent of GDP (higher than the 4.2 percent projected in the last discussions on common policies mainly because Senegal revised its deficit estimate).[2] All WAEMU members except Mali and Senegal have active IMF arrangements (Annex V). Six members have Extended Credit Facility (ECF) and/or Extended Financing Facility (EFF) arrangements; Benin, Côte d'Ivoire and Niger also have Resilience and Sustainability Facility (RSF) arrangements. All countries with active arrangements (except Burkina Faso) target a 3 percent of GDP fiscal deficit by 2025 (Benin already met the target in 2024). Public debt increased from 46 percent of GDP in 2019 to 64 percent of GDP in 2023 (due also to SFA averaging about 1.3 percent of GDP over the past decade) and ticked up further in 2024 to 65 percent of GDP compared with 59.6 percent of GDP expected for 2024 at the time of the last discussions on common policies, mainly due to data revisions in Senegal.



Sources: BCEAO, WAEMU Country Authorities, IMF Staff Calculations.

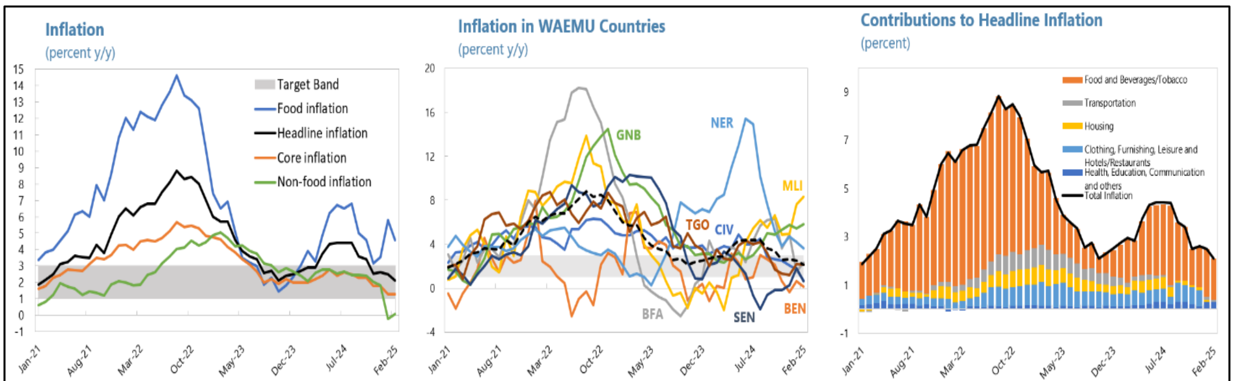
4. Reserves recovered in 2024 back to minimum adequate levels. After falling by US$8.4 billion over 2022-2023, reserves rose by almost US$6 billion in 2024, to US$21.6 billion (or 4.6 months of imports). Most of the increase in 2024 occurred in November and December, mainly due to windfall receipts from the annual cocoa harvest, Eurobond issuances, several IMF disbursements, and new hydrocarbon exports by Niger and Senegal. Reserves rose by a further US$3.4 billion in the first three months of 2025, to US$25.0 billion, or 5.0 months of imports. Annex I estimates the lower bound of reserve adequacy at 4.4 months of imports.

[2] The discovery of large undisclosed fiscal deficits and government debt led to a significant revision of Senegal's fiscal statistics. Based on the Court of Auditors report, published in February 2025, the authorities currently estimate Senegal's central government deficits during 2019-2023 to have averaged 11.1 percent of GDP or some 5.6 percent of GDP higher than previously reported. Alongside, The Court of Auditors estimate for central government debt was revised to 99.7 percent of GDP as of end-2023. The overall Senegal government's public debt in this report is based on a broader public sector definition (including SOEs), which brings it to 107.4 percent of GDP as of end-2023 (27.8 percent of GDP higher than at the time of the discussions on common policies). These estimates, which underpin the analysis in this report, are preliminary pending the authorities' efforts to ensure their accuracy.



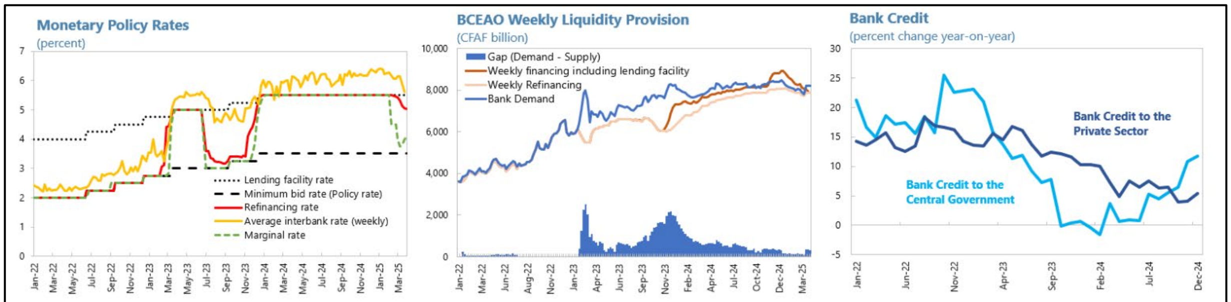
Sources: BCEAO, IMF Staff Calculations.

5. Inflation has fallen back within the target range and has varied significantly across member states. Average yearly inflation was 3.5 percent in 2024, because food prices surged over much of the year, particularly due to flooding in the Sahel. However, inflation has fallen within the BCEAO's 1-3 percent target band since November 2024 and stood at 2.1 percent y/y in February 2025. Food inflation stood at 4.6 percent y/y in February and core inflation (excluding energy and fresh produce) stood at 1.3 percent. Average inflation in 2024 ranged from 0.8 percent y/y in Senegal to 9.1 percent in Niger.



Sources: BCEAO, IMF Staff Calculations.

6. Monetary policy has remained appropriately tight. After raising the minimum bid rate for refinancing by a cumulative 150 bps between June 2022 and December 2023, the BCEAO left policy rates unchanged in 2024. However, in 2024, the effective refinancing rate remained at 5.5 percent (the upper limit of the monetary policy corridor) as the volume of liquidity offered by the BCEAO was consistently lower than that requested by banks at this ceiling rate. As a result, the interbank rate remained around 6 percent, and tight monetary conditions contributed to a slowdown in credit growth as well as—coupled with large and growing government financing needs—maintaining the rate on three-month T-bills around 6-7 percent (with considerable heterogeneity across countries). Starting in February 2025, however, there has been some normalization of refinancing conditions, with the effective rate for weekly financing falling to about 5 percent by end-March, signaling that the recent increase in reserves is feeding into higher deposit growth and easing liquidity conditions. After having purchased CFAF 2,000 billion of government securities in 2023, the BCEAO has refrained from further purchases, except for CFAF 77 billion of Nigerien debt in early 2024 to compensate for the share of purchases that the BCEAO had been unable to make while the country was subject to ECOWAS sanctions.

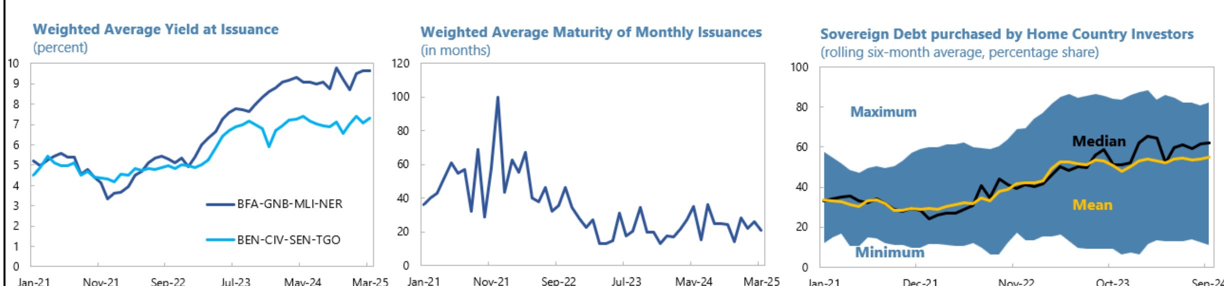


Sources: BCEAO, IMF Staff Calculations.

7. Conditions in the regional sovereign security market have improved but remain difficult for some members. Whereas in 2023 almost all net financing in the market was facilitated by the BCEAO's purchases of sovereign debt securities, sovereign financing needs were absorbed by the market in 2024, with the stock of securities—either being auctioned or, to a lesser extent, syndicated— increasing by CFAF 3,500 billion during the year (Figure 7). However, there has been a shift in market issuance to short maturities for all members and an increasing fragmentation of the market along national lines, with Burkina Faso, Guinea-Bissau, Mali, and Niger paying much higher rates than other member-states (Annex III).

8. The WAEMU's banking system is stable and profitable, although there are small signs of deterioration and pockets of vulnerabilities (Figure 8). The overall capital adequacy ratio (CAR) declined from 13.7 percent at end-2023 to 13 percent in June-2024 (against a regulatory norm of 11.5 percent), indicating that the sector remains stable and sound overall, with Burkina Faso, Togo, and Niger being the main contributors to the deterioration. Despite ongoing progress[3], some banks remain non-compliant with solvency regulations, implying recapitalization needs. The WAEMU authorities decided in December 2023 to double the minimum regulatory capital base for regional banks to CFAF 20 billion, with an implementation period of three years. The share of NPLs and restructured loans in total bank loans edged up from 8.7 percent at end-2023 to 9 percent in June 2024, largely driven by the rise in impaired loans in Niger, Senegal, Burkina Faso, and Guinea-Bissau.

Sovereign Securities Auctioned on WAEMU's Regional Market

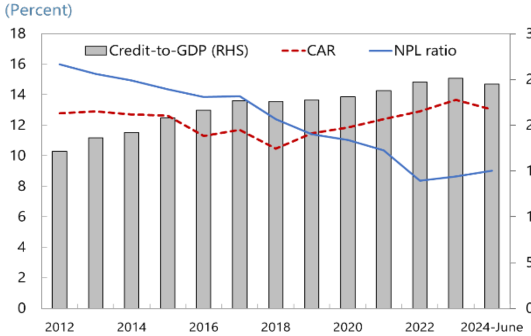


Sources: UMOA-Titres and IMF Staff Calculations. Data does not include the BRVM syndicated market or eurobond issuances.

[3] Since the last discussions on common policies, the number of financial institutions failing to meet the 11.5 percent regulatory norm decreased from 27 (including 5 SIBs) to 21 (including 4 SIBs) as of June 2024.

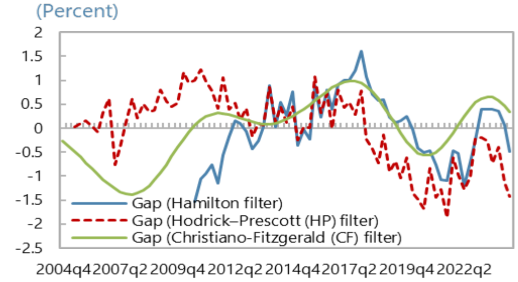
Credit to the private sector experienced a decline in growth (to 5.5 percent in December 2024 versus 10.3 percent a year prior) and in percent of GDP (from about 25 percent in 2023 to 24 percent in 2024), reversing the positive credit gap and mitigating cyclical risks. Banks' sovereign credit (including securities and loans) represented about 37 percent of assets, and concentration and potential contagion due to large common exposures continue to amplify credit risk. On the regulatory side, the significant gains achieved in 2023 from the adoption of new regulatory frameworks for the financial sector were consolidated in 2024, notably with the introduction of regulations for Fintech firms (Annex IX) and the implementation of a new regional law on anti-money laundering and the financing of terrorism (AML/CFT) in WAEMU member states. These include setting thresholds for reporting the physical international transportation of cash and for the settlement of debts in cash. Senegal was removed from the Financial Action Task Force (FATF) grey list in October 2024, while Côte d'Ivoire joined Burkina Faso and Mali on the list. The WAEMU Banking Commission adopted three new resolution plans of systemic banks (SIBs), bringing the total number of approved plans to 23 (six regional and 17 domestic institutions) out of 34,[4] with plans for the remaining banks expected to be adopted in 2025. To make bank resolution fully operational, the BCEAO and the Banking Commission conducted regional crisis simulation exercises in February 2025 in collaboration with the BIS and the World Bank. In 2024, the BCEAO also adopted a new instruction on payments (Instruction N°001-01-2024), aimed at ensuring protection of users, promoting innovation and financial inclusion, while safeguarding financial stability.

Outstanding Loans and Selected Solvency Ratios
(Percent)



Sources: BCEAO and IMF staff calculations.

Credit-to GDP Gap Estimates 1/
(Percent)



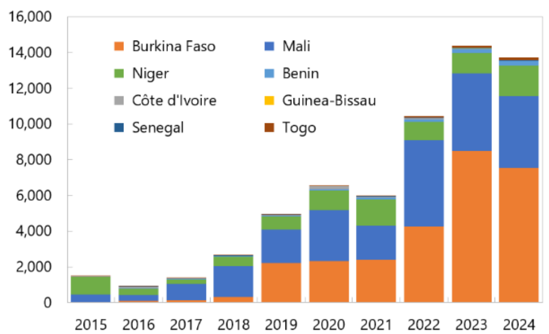
Sources: National Authorities' data and IMF staff estimates.
1/ The Hamilton filter used a 20-quarter horizon and a 4-period lag; the HP filter applied a one-sided filter with λ = 400,000; and the CF filter used a band between 5 and 25 years.

9. The BCEAO has continued to revise its policies regarding access to foreign exchange. Since 2023 the BCEAO has strictly enforced existing foreign exchange regulations, including with regards to documentation and export proceed repatriation requirements, but did not impose new foreign exchange restrictions. The average processing time of FX requests was about two days in 2024. In December 2024, WAEMU Ministers adopted an updated regulatory framework on financial transactions between WAEMU residents and non-residents, clarifying that services' exports, loans, and FDI are included into proceed surrender requirements.

[4] The Banking Commission updated the SIBs list from 32 to 34 in December 2024.

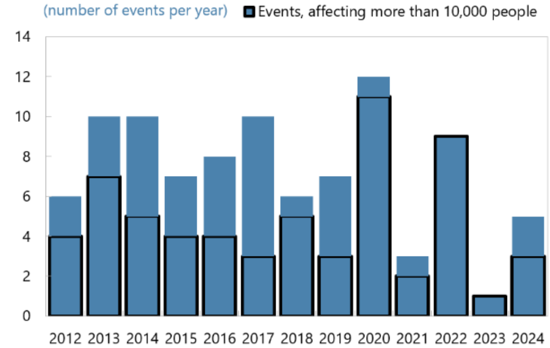
10. The region has experienced escalating security threats, military takeovers, political discord, and climate disasters. The security situation has deteriorated in the Sahel region over the past decade, particularly in Burkina Faso, Mali, and Niger. These three countries underwent military takeovers, with no firm timeline for a return to civilian rule and have since formed an Alliance of Sahelian States (AES, from the French acronym). In response to sanctions against Niger by ECOWAS in 2023, the three AES countries departed the regional grouping, although in January 2025 the ECOWAS announced that it would not apply the common external tariff against the three departing members nor suspend freedom of movement for the time being. While the AES remains within WAEMU, some tensions persist with other members, notably a prolonged border closure between Benin and Niger. Meanwhile, conflict and internal displacement continue to intensify across the Sahel and are impacting northern Benin, Côte d'Ivoire, and Togo. Climate disasters remain frequent and significant.

Fatalities Linked to Security Incidents
(number of fatalities)



Sources: ACLED, IMF Staff Calculations. Security incidents include battles, explosions, protests, riots, strategic developments and violence against civilians.

Climate Events
(number of events per year)

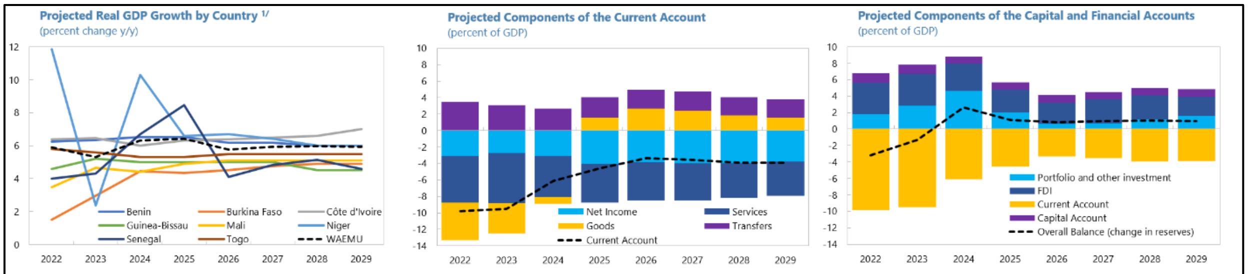


Sources: EMDAT, IMF Staff Calculations. Data for 2024 is projected based on the trend between January 1st and August 31st

POSITIVE MEDIUM-TERM PROSPECTS SUBJECT TO DOWNSIDE RISKS

11. Growth is projected to remain robust, while the current account and reserve coverage are expected to improve. WAEMU growth is expected reach 6.4 percent in 2025, as hydrocarbon production rises in Niger and Senegal, and settle around 6 percent in the medium term.[5] The current account balance should further improve in 2025 on rising hydrocarbon exports, lower investment imports for hydrocarbon-related projects, favorable terms of trade, and continued fiscal consolidation. Capital inflows are expected to decline with the completion of hydrocarbon projects but will nonetheless contribute, together with projected disbursements under existing Fund arrangements, to a sustained rebuilding of foreign exchange reserves beyond the minimum reserve adequacy level, which is warranted by significant risks as discussed below. Inflation is projected to remain within the target range.

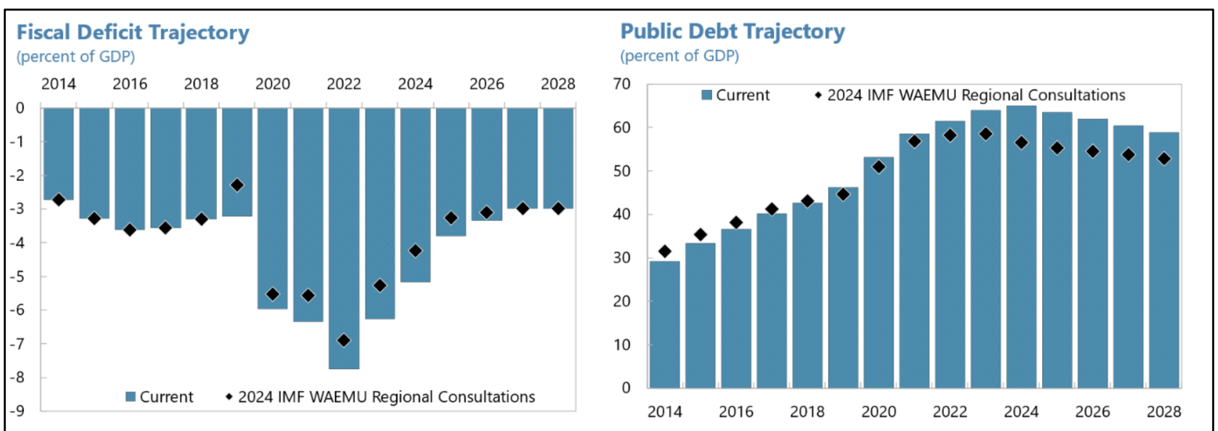
[5] These projections are based on the latest data available as of April 9, 2025.



Source: IMF staff calculations.

1/ The spikes in growth for Niger and Senegal reflect the projected commencement of hydrocarbon exports in these countries.

12. Fiscal consolidation is expected to proceed, subject to uncertainty following the fiscal data revisions in Senegal. Benin, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, and Togo are projected to reduce their deficits to 3 percent of GDP by 2025 (Benin did so in 2024), followed by Burkina Faso in 2027. The Senegalese government also intends to reduce its deficit to 3 percent of GDP in 2027. This would be challenging, following the significant data revisions to Senegal's fiscal deficit and public debt, as the authorities will need to undertake significant fiscal consolidation while servicing large government debt, and potentially rely heavily on limited and relatively costly regional market financing. At the same time, several countries—including the three AES members—are facing high interest rates and high pressures on security spending. Most of the remaining fiscal consolidation at the regional level is expected to depend mainly on enhanced revenue mobilization, notably VAT and corporate tax collection, supported by higher hydrocarbon revenue as well as improved tax administration. The last debt sustainability analysis for Senegal was conducted in June 2023 and will need to be updated given the significant data revisions. All other WAEMU member states are currently at moderate risk of external debt distress, except Guinea-Bissau and Niger (high risk). Debt levels range from around 50 to 55 percent of GDP in Benin, Burkina Faso, Mali, and Niger to the authorities' current estimate of about 110 percent of GDP in Senegal.[6] Under the baseline scenario, overall debt would decline gradually after peaking at 65 percent of GDP in 2024, promoting external viability of the currency union, while debt service would remain high.



Source: IMF Staff Calculations

[6] WAEMU countries have different debt carrying capacity ratings, with different thresholds being applied to assess debt sustainability. In addition, the perimeter of public debt in the WAEMU ranges from central government in some countries to an expanded definition including state and local government, the social security fund, guarantees, and SOE debt, in Senegal.

13. This positive outlook is subject to significant downside risks. The outlook depends on high prices for the region's exported commodities (especially cocoa), substantial new hydrocarbon exports from Senegal and Niger, fiscal consolidation, and continued financial inflows. Domestic financing constraints, fiscal slippages, and continued SFA could jeopardize debt sustainability and consequently financial stability, given the sovereign-bank nexus. Moreover, obligations to the Fund are set to rise and remain elevated into the medium term, raising capacity to repay risks (Annex V), while Senegal's debt service obligations and the challenges faced by AES members and Guinea-Bissau may further put pressure on pooled reserves. Expected reserve increases should raise system liquidity and facilitate government financing, but fiscal and financing risks are large and compound each other, such as: possible reporting of higher than envisaged debt in Senegal or other countries, larger than expected sovereign financing needs, unwillingness or inability of banks to increase or even maintain sovereign exposure. The latter is particularly relevant for lending from banks in countries with limited growth in bank balance sheets or poorer bank performance and capitalization, and towards assets of countries which are being considered as less palatable. While AES members continue to enjoy free access to the ECOWAS market for now, Niger would see the largest impact if the ECOWAS external tariffs were to be reimposed, given its higher linkages with Nigeria. The AES members also face heightened security risks and are particularly vulnerable to climatic shocks (Annex IV). A permanent suspension of humanitarian and development aid, from the US and other countries, could have significant social, security, and development implications for the region. U.S. support to WAEMU countries in 2024 was estimated by authorities at 0.6 percent of WAEMU's GDP, with a higher share in the more fragile WAEMU members. In a scenario where this support is fully suspended, WAEMU's overall fiscal and current account deficits could increase approximately 0.5 percent of GDP if national authorities were to preserve humanitarian efforts of current U.S. aid through higher expenditures, amplifying external and domestic imbalances. There are also upside risks, particularly if export prices remain high or if hydrocarbon exports rise more than expected.

14. Scenario analysis highlights the region's continued vulnerabilities to an array of shocks. Annex II details how shocks to the benign assumptions in the baseline scenario could sharply impact the projected balance of payments and reserve path. For example, reserve coverage would fall from 4.7 months of prospective imports in 2025 and 5.2 in 2029, under the baseline, to 4.3 and 3.9 months, respectively, if the values of oil-related exports in Senegal and Niger were to remain at 2024 levels. Similarly, reserve coverage would drop to 4.0 and 1.4 months in 2025 and 2029 if prices of gold (for Mali and Burkina Faso) and cocoa (for Côte d'Ivoire) were to remain at 2024 levels. With respect to financing, reserve coverage would drop to 3.4 months of imports in 2025 and 1.9 in 2029, in the event WAEMU countries were unable to increase PPG external debt (in nominal values) beyond 2024 levels (but would still be able to roll it over). These shocks would further elevate the risks to capacity to repay the Fund, given still relatively low reserves and depleted SDR buffers relative to the 2021 SDR allocation.

Authorities' Views

15. The authorities shared staff views on prospects and risks, though not on the external assessment. They also project that growth will increase this year, while inflation would remain contained, and highlighted increased resilience through economic diversification in the secondary sector. The authorities are concerned about the reduction in U.S. international humanitarian and development aid and the associated social, development, and security implications. The authorities' balance of payments projections are similar to those of IMF staff, but assume a somewhat lower import growth rate, generating a faster improvement of the reserve to import coverage. The authorities also proposed to focus reserve coverage on short-term central bank liabilities, noting that this is the official BCEAO measure of reserve adequacy. They noted that reserves have recovered strongly since 2023 and are now well above what IMF Staff estimates as minimum adequate levels. Additionally, the authorities disagreed with staff's assessment for the external position for 2024, arguing that it is consistent with, rather than moderately weaker than, economic fundamentals and desirable policies.

POLICIES—PRESERVING SUSTAINABILITY AND PROMOTING INTEGRATION

WAEMU members' divergent economic performance and financing conditions underscore the importance of strengthening economic coordination mechanisms to support debt sustainability and the overall external viability of the union. While the presence of IMF-supported programs in most member countries has thus far helped to anchor and guide members' fiscal policies towards a common target, it is important for the WAEMU to reestablish robust internal mechanisms. To this end, rapid adoption of a new and enhanced Convergence Pact would signal a stronger commitment to debt sustainability and help guide sound fiscal policies in the absence of IMF programs. The WAEMU's institutions should also continue to promote regional integration, structural reforms, food security, and human capital development to foster job-rich and inclusive growth and ultimately regional stability.

A. Fiscal Policy—Ensuring Debt Sustainability and Promoting Convergence

16. Fiscal policy should ensure effective consolidation and make deficits consistent with available financing. Commitments (often made in the context of Fund-supported programs) to reduce deficits to 3 percent of GDP this year (unless agreed otherwise with the Fund) will be critical for external sustainability, debt sustainability, and financial stability—given the sovereign-bank nexus and the difficult and costly access to financing. The increase in security and interest spending, which now appears to persist in the medium term, and prospective reduction in foreign aid, should be factored into medium-term fiscal plans and offset by a decrease in other spending or enhanced revenue mobilization. Accordingly, national authorities should make realistic assumptions in their medium-term budget frameworks about security spending needs, expected foreign support of investment projects, and the likely interest costs of regional market borrowing.

17. Recent developments in Senegal underscore the need for effective mechanisms at both national and union levels to ensure transparent and accurate data reporting—essential for credibility and confidence. The transparency of Senegal's Court of Auditors displayed through its published report of February 2025 is welcome.[7] The WAEMU Commission should continue its efforts to promote transparent, timely, comprehensive, and unified reporting public finance data, including debt and guarantees. A robust discussion of ways to strengthen the credibility of fiscal data is needed once the factors that led to under-reporting in Senegal have been fully established. Specifically, revisions to the regional transparency code, more regular in-depth audits by national authorities, and regular consistency checks of government borrowing with the Budget Law, as well as between fiscal, monetary, and external sector statistics, should also be considered. In this regard, the Banking Commission is encouraged to evaluate and act on any necessary adjustment to their supervisory practices.

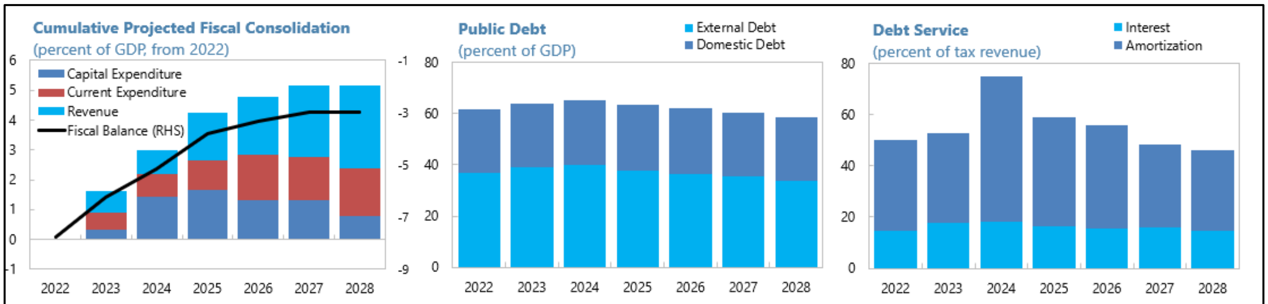
18. There is also a need for regional financing capacity to be closely monitored. The recent fiscal revisions and other factors could strain regional financing capacity (as discussed in the previous section), highlighting the importance of avoiding fiscal slippages. Increasing spreads between member states on the regional securities market and on international markets also underscore the critical role of fiscal consolidation. This poses an additional risk that the BCEAO may be forced to secure member governments' funding through a new round of public securities purchases—which the BCEAO should resist given adverse implications on FX reserves (as seen in 2023).

19. Given the importance of a new anchor and a credible commitment to debt sustainability and external viability, the WAEMU Commission has proposed an enhanced Convergence Pact, and should amplify efforts to address unidentified sources of debt creation reflected in SFA.

- As part of the multilateral surveillance exercise, the WAEMU Commission prepared a draft Pact, which the Council of Ministers agreed in April 2024 to submit for approval by the Conference of Heads of State and Government. The draft Pact retains the 2015 convergence criteria, including the budget deficit and public debt ceilings of 3 and 70 percent of GDP, respectively, and the 35 percent threshold for the public wage bill-tax revenue ratio. The draft will also include an exogenous escape clause triggered by a fall in GDP of at least 4 percentage points compared to the average of the last three years. The framework could also further specify the activation horizon of escape clauses and the conditions for extensions, which should follow the same criteria as activation. A timely adoption of this proposal by the WAEMU Conference of State and Government would demonstrate a stronger commitment to debt sustainability, especially considering the uncertain international environment and Senegal's major fiscal and debt data revisions and offer clear guidance to national fiscal policies.

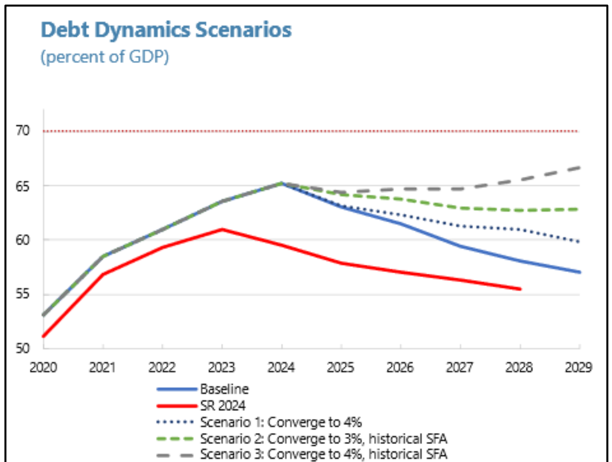
[7] Rapport-définitif-sur-la-situation-des-finances-exercice-2019-au-31-mars-2024

- Draft regulations implementing the Pact should also include a fiscal correction mechanism when a member's public debt exceeds the limit of 70 percent of GDP. In this context, there should be a defined deadline to bring debt levels back into compliance with the ceiling, and a requirement to reduce debt by a minimum amount each year during the correction period. A transition process for countries already exceeding the 70 percent ceiling should be envisaged. The correction mechanism could also be improved by requiring countries to correct for cumulative deviations, while balancing a timely adjustment and avoiding abrupt corrections. The pace of adjustment should be based on an assessment of sovereign risks, with faster adjustments required when debt sustainability risks are high. To further enhance its effectiveness, the Pact could also include preventive measures for breaches of fiscal rules, complementing the debt adjustment mechanism with more explicit constraints on future fiscal deficits and credible implementation measures.

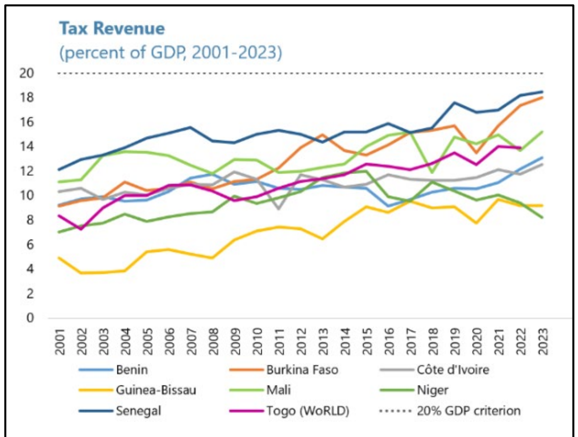


Sources: BCEAO, WAEMU Country Authorities, IMF Staff Calculations.

20. Urgent measures are needed to contain SFA (Annex VIII). The latest data suggest that SFA continued to add to the debt stock (0.6 percent of GDP in 2024). IMF staff welcomes the regional authorities' intensified efforts to identify and address key sources of SFA. The WAEMU Commission's discussions with six member countries point to these key sources: non-regularized emergency and urgent national interest expenditures; differences in institutional coverage between the fiscal balance and public debt; and extrabudgetary operations. The common WAEMU practice of issuing public securities at a discount in the regional market may be an additional contributor to persistently high SFA which requires further investigation to assess its weight in SFA and potential remedies. In 2024, the WAEMU Council of Ministers adopted economic policy guidelines for member states for 2025, which include measures aimed at reducing the level of SFA, such as ensuring compliance with PFM expenditure procedures (particularly regarding the recourse to expenditures executed through simplified or exceptional procedures and their timely regularization), further efforts to expand and harmonize the coverage of debt and the fiscal reporting table (TOFE), and regularly conducting public debt audits. The WAEMU Commission is also integrating the monitoring of SFA into its regional surveillance.



Source: IMF staff calculations and projections.
Note: Baseline consists of teams' projections converging to 3 percent of GDP deficit in 2025 for most countries (except BFA, MLI and SEN). (1) has a deficit target of 4 percent of GDP; (2) and (3) have 3 and 4 percent of GDP deficit targets with historical SFA (of 1.2 percent of GDP annually).



Source: BCEAO; WoRLD for Togo, IMF Staff Calculations.

21. Domestic revenue mobilization (DRM) should drive the fiscal adjustment. There has been insufficient progress in recent years towards the regional goal of 20 percent of GDP for tax revenue, reflecting narrow tax bases, weak enforcement capacity, and high informality. Moreover, there has been divergence across countries, with the originally stronger performers accounting for most progress at the regional level. The WAEMU Commission's modified 2024 DRM Action Plan calls for the adoption of a Medium-Term Revenue Strategy for all countries; however, the 2025 deadline seems unrealistic. In the immediate term, tax policy/TADAT diagnostics could be prioritized, supporting progress in tax administration, along with streamlined tax systems and rationalized exemptions. The WAEMU Commission could also consider introducing surveillance mechanisms for monitoring the implementation and enforcement of regional DRM commitments, revising regional Directives as needed (e.g., to address digital economy taxation), and convening members more regularly to promote best practices (see accompanying Selected Issues Paper)[8].

Authorities' Views

22. The regional authorities agreed with IMF staff on the importance of fiscal consolidation, including addressing SFA. They argued that the high fiscal deficits in WAEMU member-states since 2020 reflect the impact of several shocks, and that, notwithstanding data revisions in Senegal, fiscal consolidation is now on track, also supported by active IMF arrangements. The authorities stressed their intention to rapidly adopt a new and enhanced Convergence Pact, and that its unchanged fiscal deficit and debt ceilings and clearly defined escape clauses underscore the region's commitment to debt sustainability. They highlighted ongoing national authorities' efforts to implement common regional definitions of public sector deficit and debt (public debt statistics would need to cover the entire public sector, as well as contingent liabilities), and broaden the scope of the TOFE, arguing that these efforts would help lower SFA.

B. Monetary Policy—Maintaining Reserve Adequacy

23. Monetary policy should continue to be closely calibrated to external buffers and inflation. Macroeconomic conditions don't currently call for further tightening, given the improvement in the reserves position and the fall in inflation since late 2024, as well as the related favorable projections under the baseline. The recent decline of the effective central bank refinancing rate slightly below the ceiling of the monetary policy corridor, along with continued improvements in the WAEMU's external position and bank liquidity under the baseline, should also help ensure the

[8] "Domestic Revenue Mobilization in WAEMU". This paper analyzes trends in DRM in WAEMU, compares it to other countries, studies the sources of revenues, estimates member countries' tax potential, and provides policy recommendations to boost DRM.

interbank rate is within the corridor, consistent with a normalization of monetary policy operations. Once the situation normalizes, the BCEAO should make the collateral framework for its refinancing more risk-sensitive by revisiting its uniform 10 percent haircut on the regional sovereign debt that serves as standard collateral for refinancing. Decisions on the monetary policy stance should remain data dependent, and it is appropriate to maintain a cautious stance until there is a sustained recovery in reserve adequacy. Given possible downside risks, the BCEAO should continue to closely examine the main drivers of strong reserve performance and assess to what extent they can be sustained over the medium term, including by considering prospects for hydrocarbon exports and the impact of fiscal developments in Senegal. Inflation prospects and risks should also be considered, particularly climate-related ones and possible effects on food prices from the security situation in the Sahel. Staff takes note of the new FX regulation and is analyzing it as well as assessing the changes introduced to the surrender requirement to the BCEAO according to the Fund's Institutional View of Liberalization and Management of Capital Flows.

24. Plans to establish a new, ECOWAS-wide, currency union should take due account of effective macroeconomic convergence and potential risks. The commitment of ECOWAS member countries to eventually adopt an ECOWAS-wide currency remains a long-term goal. However, progress in this direction should be contingent on a significant and persistent adherence to stricter convergence criteria than those currently envisaged by ECOWAS, given that some countries exhibit very different levels of inflation and exchange rate volatility, notably Nigeria and Ghana. In addition, the ECOWAS convergence criteria should be revised to disallow monetary financing and strengthen price stability.[9]

25. Safeguards assessment. The last assessment completed in August 2023 found that the BCEAO continues to have well-established audit arrangements and a strong control environment. The BCEAO should finalize efforts to address the recommendation to align its Statute with changes in the 2019 cooperation agreement with France.

Authorities' Views

26. The BCEAO broadly shared staff's views but argued that reserves were already at adequate levels. While sharing staff's views on downside risks, the BCEAO highlighted that liquidity conditions are improving, and noted that under their projections for imports, which are somewhat lower than projected by Fund staff, reserves were already 4.7 months of imports at end-2024 and would reach 5.3 months at end-2025. Moreover, the authorities emphasized that reserve coverage of short-term central bank liabilities is already over 70 percent, compared with a 20 percent minimum under the BCEAO statute. Moreover, the processing times for handling FX requests are within internal benchmarks at about 2 days. The BCEAO noted that the revised monetary cooperation agreement with France is fully effective, although updating the BCEAO's statute to reflect this practice would require parliamentary approval in each member state.

[9] The primary ECOWAS convergence criteria are: i) average annual inflation below 5 percent; ii) a fiscal deficit under 3 percent of GDP; iii) central financing of the fiscal deficit of under 10 percent of the previous year's tax revenue; and iv) gross external reserves of over 3 months of imports. Secondary criteria include nominal exchange rate variation of no more than 10 percent, and public debt to GDP of no more than 70 percent of GDP.

C. Financial Sector—Ensuring Stability and Growth

27. The sovereign-bank nexus poses risks for financial stability. Bank claims on governments increased moderately in 2024 and, at 37 percent of total assets, still represent a significant share of domestic credit. The strong interconnectedness between sovereigns and the banking system increases the risks of intersectoral contagion, which can amplify vulnerabilities through adverse feedback loops (discussed in past discussions on common policies, see for example SIP/2024/014). The BCEAO should monitor the banking system's ability to meet government financing needs and the implications of the bank-sovereign nexus risk for financial stability, and target a gradual reduction of sovereign claims as a share of bank assets. A high share of government debt also creates risks of crowding out private sector credit, whose growth declined in 2024. The BCEAO should continue to monitor any consequences of increased government shareholding in the banking sector and prepare an exit plan from the temporary exclusion of government securities issued by WAEMU states from the calculation of the prudential standard on loans to major shareholders, which currently applies to banks with at least 10 percent public participation in voting rights. Regional and national authorities should also pursue reforms to help broaden governments' domestic sources of financing beyond banks and promote market integration by ending tax advantages for domestic debt over debt issued elsewhere in the WAEMU.

28. Staff advised the authorities to continue monitoring closely the evolution of bank soundness indicators. Recent deterioration in solvency ratios and bank weaknesses in some countries warrant close attention. These should be continuously monitored and addressed to safeguard financial stability and ensure the sustained growth of credit within the union. A further strengthening of capital buffers may also be necessary, given weaknesses in asset quality, the sovereign-bank nexus, high levels of unreserved impaired loans, and the zero-risk weight assigned to sovereign securities in capital ratio calculations. Decisive action has yet to be taken to address some banks' persistent non-compliance with solvency regulations.

29. The authorities should continue their efforts to implement the recommendations of the 2022 Financial Sector Assessment Program (FSAP). The introduction of macroprudential regulatory measures would help restrain sovereign exposures. With a high share of credit to the largest borrowers, Pillar 2 capital surcharges should be applied to manage concentration risk. Surcharges may also be necessary for interest rate risk, as banks rely on short-term funding to hold large volumes of long-dated sovereign debt, much of which was issued at much lower than current rates. Pending Basel III liquidity ratios and emergency liquidity assistance should be introduced as soon as possible, particularly given the current tight liquidity environment. There are ongoing efforts to improve systemic risk analysis tools, as well as to design and implement macroprudential policy in line with the Fund's previous recommendations. UMOA-Titres should finalize its plans to launch a platform to trade sovereign securities, which would promote the development not only of the secondary market for these securities but also of the interbank market and repo operations. The authorities should continue efforts to move to quarterly publication of financial soundness indicators (FSI), preferably within the quarter following the reference date.

30. Strengthening the financial sector policy framework is crucial for addressing the macroeconomic implications of financial sector developments (see accompanying Selected Issues Paper[10]). The business cycle leads the financial cycle within the WAEMU, with limited feedback from financial shocks to the broader economy, suggesting a relatively easy trade-off for the macroprudential regulator in managing excessive credit growth and systemic risks. Moving forward, incorporating macro financial linkages—including the macro-feedback effects stemming from banks' solvency problems on the real economy—into policy decisions will help align macroprudential and macroeconomic policies more effectively.

31. The regulatory framework for risk-based supervision was strengthened by the adoption of the AML/CFT Regional Law in 2023 and some actions were taken towards addressing the relevant FSAP recommendations. The authorities should take the necessary steps needed at the regional level to facilitate the removal of Côte d'Ivoire, Burkina Faso, and Mali from the FATF's list for increased monitoring. Specifically, the authorities should: i) finalize the ongoing revision of the WAEMU Banking Commission's instructions on financial penalties; ii) make further progress on the Banking Commission's risk matrix (in particular on the risk rating of Electronic Money Institutions, EMIs, and on risk-based inspections of EMIs); iii) ensure that the financial markets regulator AMF conducts risk-based inspections, in line with the recent finalization of its risk-based supervisory framework; and iv) train the AMF and CB supervisory teams on the use of the newly developed supervisory tools.

Authorities' Views

32. The authorities concurred with staff's assessment that the banking system presents vulnerabilities to liquidity and sovereign risks. They noted that credit growth is slowing, largely due to a decrease in bank deposits and tight monetary policy, while credit quality has been deteriorating until mid-2024. The authorities indicated that the envisaged doubling of the minimum share capital for banks will enhance the resilience of the banking system and contribute to financial deepening. They also indicated that, based on preliminary supervisory data, the end-2024 FSI are expected to improve compared to end-June. The authorities are considering the publication of quarterly FSI data and reiterated their commitment and active efforts towards addressing the FSAP recommendations that have not yet been completed or remain outstanding (Annex VII).

D. Regional and Structural Policies—Strengthening WAEMU

33. WAEMU's prosperity will also crucially depend on political cohesion, economic integration, and strengthening the regional institutional framework and infrastructure. The WAEMU Commission plans to propose a Macroeconomic Stabilization Fund (MSF) to support members impacted by idiosyncratic shocks and enhance regional solidarity. Strong implementation

[10] "Model-Driven Macrofinancial Policy Analysis in the WAEMU". This paper presents a model to enhance macrofinancial surveillance by analyzing credit cycle dynamics, assessing the consistency between real and credit cycles, building scenarios, providing medium-term macroeconomic projections, and supporting macrofinancial policy analysis and advice.

of the Convergence Pact and enhanced PFM procedures would be essential prerequisites for such a fund. Moreover, Staff recommended that the proposed MSF should be fully funded and not leverage, to avoid contingent liability risks for sovereigns and because the MSF would be designed to lend to governments under stress from shocks (hence the MSF would be a high-risk borrower itself). The BCEAO's fast payment system, which the BCEAO expects to become operational in the summer of 2025, continues to show promise to promote efficiency, inclusion, and regional integration by offering interoperable payments services across the region. Broader efforts at promoting financial inclusion would be essential in weaker areas (notably Niger, where financial inclusion stands at 16 percent compared to 46 percent in the WAEMU as a whole). Addressing rising food insecurity in a durable way requires well-targeted and coordinated efforts by national and regional authorities, while leveraging partner support. With trade integration and export diversification remaining limited in the WAEMU, the authorities should redouble efforts to reduce non-tariff barriers within the customs union while helping move AfCFTA discussions forward with a view to further boost trade and living standards.

34. The authorities should pursue policies to promote inclusive and sustainable economic growth, with a particular emphasis on education. Empirical estimates indicate that educational improvements could lead to large income gains (see accompanying Selected Issues Paper).[11] Regional policy options, in tandem with national efforts, include: launching regional frameworks, standards, and training programs to improve the capacity and quality of teachers; establishing quality assurance mechanisms to enable the mobility of students and skilled workforce; and developing regional response plans to build resilience to climate and health shocks. Addressing gender inequalities in outcomes and opportunities as well as containing potentially acute effects of climate change would contribute to unleashing the strong economic potential of the WAEMU region.

35. There is scope to promote greater regional cooperation on food security. Food insecurity in WAEMU has worsened significantly in recent years, particularly in the Sahel. During the 2023 lean season, over 11 million people (7 percent of the population) experienced food crisis, emergency, or catastrophe. The historical floods in 2024 further increased food insecurity, while adversely affecting the outlook for 2025. Addressing food insecurity in a durable way requires well-targeted and coordinated efforts by national and regional authorities, while leveraging partner support (see accompanying Selected Issues Paper).[12]

36. Increasing regional and broader African trade could also support regional integration efforts. Integration into global value chains (GVCs) and export diversification remain limited in the WAEMU. Longstanding efforts to promote trade integration within the currency union (and more recently also with the larger ECOWAS) have had only a limited impact, in part due to non-tariff

[11] "Education in the WAEMU: Current Situation and the Way Forward." This paper explores options to enhance educational quality, safeguarding related spending, closing gender gaps, and improving resilience, climate, and health shocks. Regional coordination also has a crucial role in improving education outcomes.

[12] "Food Security in WAEMU: Current Challenges and a Way Forward". This paper discusses the recent trends in food insecurity in the region, identifies its key drivers, and proposes policy recommendation to national and regional authorities to durably address food insecurity.

barriers that complicate cross-border trade. Addressing these constraints and pursuing intra-African trade integration through the AfCFTA could further boost trade and living standards (see accompanying Selected Issues Paper).[13]

Authorities' Views

37. The authorities reaffirmed their commitment to regional integration. The WAEMU Commission has been engaging in promoting cross-border business by sharing information about national administrative processes and has created a guide to help facilitate regional investments. The Commission is also developing a new private sector development strategy focusing on access to finance (including microfinance), with an emphasis on gender equality, and it will be submitted for approval soon at an upcoming Council of Ministers meeting. The West African Development Bank (BOAD) is also an important tool for regional integration and solidarity, and the authorities highlighted its continued success in raising capital and in issuing innovative debt products with a sustainability focus. The regional authorities have recently agreed a new strategic plan for 2025-2030 focused on regional integration as well as a longer-term "Vision 2040," and hope to soon introduce a new Macroeconomic Stabilization Fund to support members impacted by idiosyncratic shocks.

STAFF APPRAISAL

38. Economic growth continues to be strong in the WAEMU, with heterogeneity across countries, while inflation has fallen back to its target range. Economic growth rose above 6 percent in 2024, near the average of the past decade, although gaps in per capita income among member countries have continued to widen due to significant variations in economic growth. After rising above target for much of the year, inflation has also fallen back within its target range since November 2024, due to easing regional food price inflation and an appropriately tight monetary policy. The banking system remains resilient, although it maintains large exposures to regional sovereigns.

39. Recent progress in reducing the WAEMU's external imbalances, albeit with notable divergence among members, is supporting a strong recovery in reserves. After widening in 2021-2023, the WAEMU current account deficit narrowed significantly in 2024. The BCEAO's response to pressures on reserves has also been broadly appropriate, by tightening monetary policy via raising rates and by containing the quantities of liquidity injected into the regional banking system. Reserves rebounded in 2024 and early 2025, and are back above minimum adequate levels, due mainly to windfall revenues from the annual cocoa harvest, high commodity prices, several IMF disbursements, and exports of new hydrocarbon resources in Niger and Senegal. The WAEMU's external position is assessed to have been moderately weaker than fundamentals and desirable policy settings in 2024.

[13] "Unleashing the Benefits of Intra-African Trade Integration for the WAEMU". This paper takes stock of the results of trade integration efforts among WAEMU countries and discusses how intra-African trade integration through the AFCFTA and enhanced efforts by WAEMU members to enable trade among themselves could further boost incomes.

40. Public debt ratios have increased significantly and heterogeneously in recent years, due to large fiscal deficits and stock-flow adjustments, and ongoing progress in fiscal consolidation is welcome. Union-wide fiscal consolidation is proceeding, albeit at a slower pace than expected mainly because of large data revisions in Senegal. Public debt continued to increase in 2024 beyond the level projected during the previous discussions on common policies, with considerable variation across the region (and particularly high debt in Senegal). Higher debt is leading to heavier reliance on financing on the regional market, which has limited capacity and relatively high costs, and could pose a risk to FX reserves.

41. The WAEMU Commission proposed a revised Convergence Pact with a 2026 convergence deadline, while maintaining the previous fiscal deficit and debt ceilings of 3 and 70 percent of GDP, respectively. These calibrations remain appropriate, along with maintaining the public wage bill limit of 35 percent of tax revenue. A timely adoption of a new Pact would signal a stronger commitment to debt sustainability. Proposed implementing regulations for the Pact should include a well-designed escape clause based on numerical values for exogenous indicators (notably growth) to accommodate shocks without indefinite rule suspension, and a fiscal correction mechanism when a member's public debt exceeds the 70 percent of GDP ceiling. The Pact could also envisage preventive measures for projected breaches of the rules with explicit constraints on future deficits and establish credible enforcement.

42. Domestic revenue mobilization should drive the fiscal adjustment. With slow progress towards the regional goal of 20 percent of GDP of tax revenue, the WAEMU Commission's modified 2024 DRM Action Plan calls for the adoption of a Medium-Term Revenue Strategy for all countries. In the immediate term, tax policy/TADAT diagnostics could be prioritized, supporting progress in tax administration, along with streamlined tax systems and exemptions. The WAEMU Commission could also consider surveillance mechanisms for monitoring the implementation and enforcement of regional DRM commitments, revising regional Directives, and convening members more regularly.

43. Monetary policy should continue to be closely calibrated to external buffers and inflation. Continued improvements in the WAEMU's external position and bank liquidity under the baseline should help bring the effective central bank refinancing rate and the interbank rate within the corridor, consistent with a normalization of monetary policy operations. Decisions on the monetary policy stance should remain data dependent, and it is appropriate to maintain a cautious stance until there is a sustained recovery in reserve adequacy. Plans to establish a new, ECOWAS-wide, currency union over the medium term should rely on strong macroeconomic convergence criteria and targets. The BCEAO should address remaining safeguards recommendations.

44. The sovereign-bank nexus poses risks for financial stability. Bank claims on the government continue to account for a large share of domestic assets, increasing financial risks. The BCEAO should carefully monitor the banking sector's ability to meet government financing needs and the related implications for financial stability. A high share of government debt in total assets also creates risks of crowding out private sector credit, whose growth slowed significantly in 2024. The BCEAO should continue to monitor any implications of the rising share of public ownership in the banking sector and establish an exit plan for the temporary suspension of the limits of the exposure to sovereigns for banks with at least 10 percent public participation in voting rights.

45. The authorities should continue their efforts to closely monitor financial stability risks and implement FSAP recommendations. The introduction of macroprudential regulatory measures would help restrain sovereign exposures. With a high share of credit to the largest borrowers, Pillar 2 capital surcharges should be applied to manage concentration and interest rate risk. Pending Basel III liquidity ratios and emergency liquidity assistance should be introduced as soon as possible. A further strengthening of capital buffers may also be necessary, given weaknesses in asset quality, the sovereign-bank nexus, high levels of unreserved impaired loans, and the zero-risk weight assigned to sovereign securities in capital ratio calculations. The authorities should move to quarterly publication of FSI. The authorities should take the steps needed at the regional level to facilitate the removal of Côte d'Ivoire, Burkina Faso, and Mali from the FATF's list for increased monitoring.

46. WAEMU's prosperity will also crucially depend on political cohesion, economic integration, and strengthening the regional institutional framework and infrastructure. A planned stabilization fund to support members impacted by idiosyncratic shocks could demonstrate regional solidarity but should not create contingent liability risks through leverage. The BCEAO's fast payment system would promote efficiency, inclusion, and regional integration by offering interoperable services across the region's payment platforms. Addressing rising food insecurity requires well-targeted and coordinated efforts by national and regional authorities, while leveraging partner support. With trade integration and export diversification remaining limited in the WAEMU, the authorities should redouble efforts to reduce non-tariff barriers within the customs union while helping move AfCFTA discussions forward. Regional and national authorities should consider options to enhance the quality of education, safeguard related spending, close gender gaps, and improve the resilience of the education systems to climate and health shocks, which would contribute to unleashing the strong economic potential of the WAEMU region.

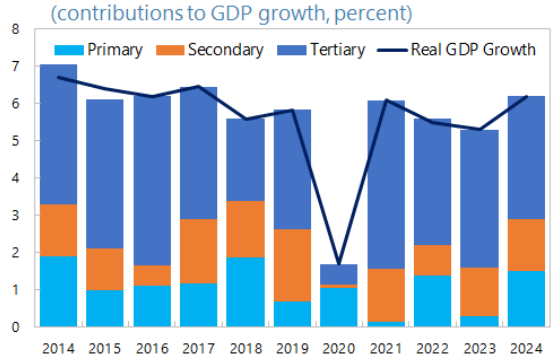
47. Data provision has some shortcomings that somewhat hamper surveillance (Annex X). In the fiscal sector, national authorities should enhance transparency and intensify efforts to produce government finance statistics according to the GFSM 2014 manual. While data on the external sector is reported in the BPM6 format, initial releases have been subject to significant revisions, with delays of up to two years in the release of final statistics. The release of FSIs only semi-annually and with significant delays hampers financial sector surveillance.

48. The discussions with the WAEMU authorities will be on the 12-month cycle in accordance with Decision No. 13656-(06/1), as amended.

Figure 1. WAEMU: Selected Macroeconomic Indicators

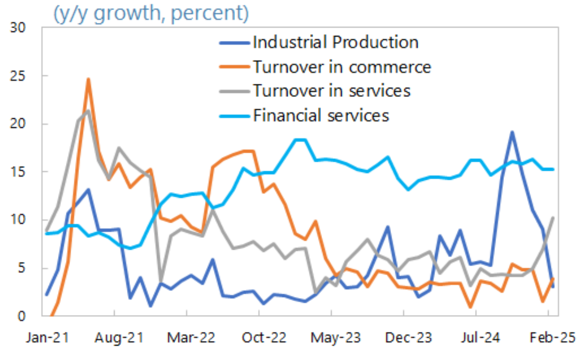
Services have long driven the regional economy, but 2024 saw an increased contribution to growth from agriculture.

GDP Growth by Sector
(contributions to GDP growth, percent)



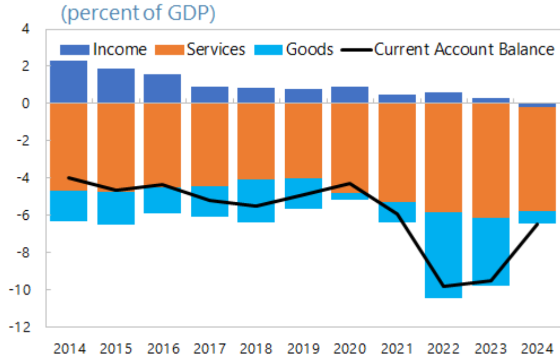
Latest indicators point to continued strong growth in 2024, led by services.

Cojunctural Indicators of Activity
(y/y growth, percent)



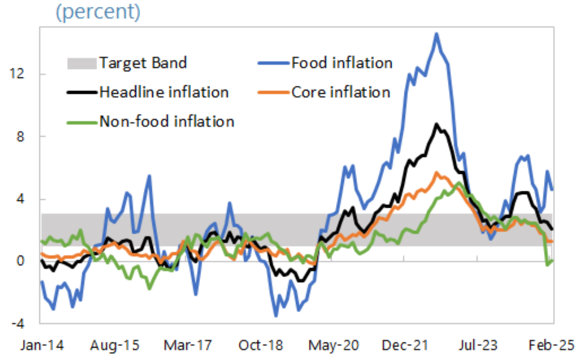
The current account deficit narrowed in 2024, maily due to a sharply improved trade balance.

Current Account Balance
(percent of GDP)



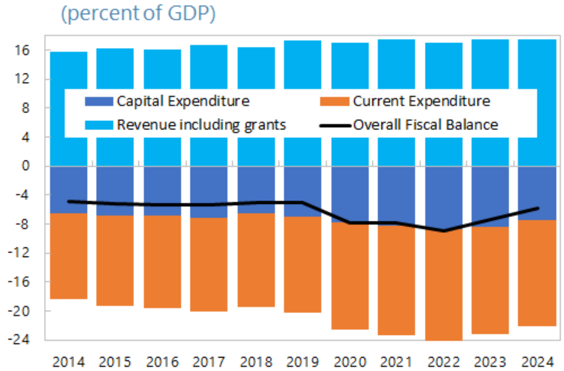
Inflation stood above the target band for most of 2024 before falling back below 3 percent since November.

Inflation
(percent)



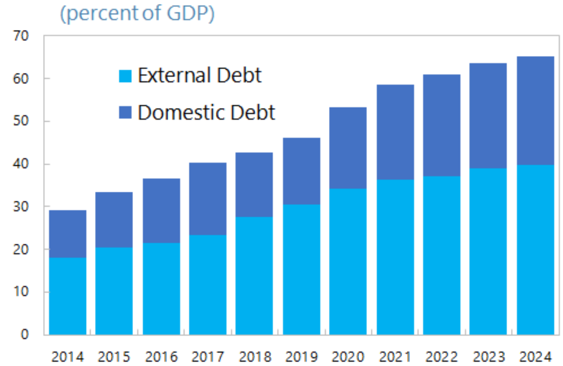
The narrowing of the average fiscal deficit in 2024 reflects continued fiscal consolidation by most member countries...

Fiscal Balance
(percent of GDP)



... while the public debt burden further increased albeit moderately.

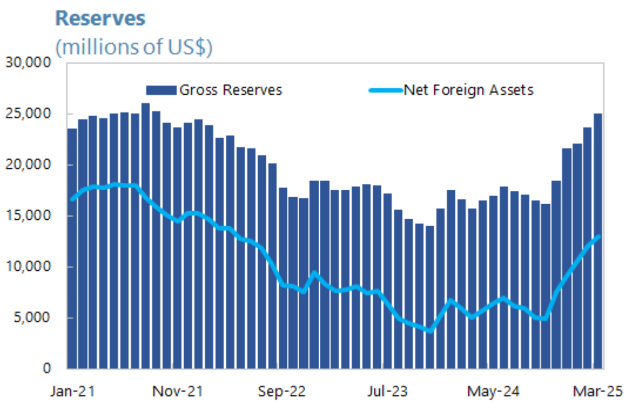
Public Debt
(percent of GDP)

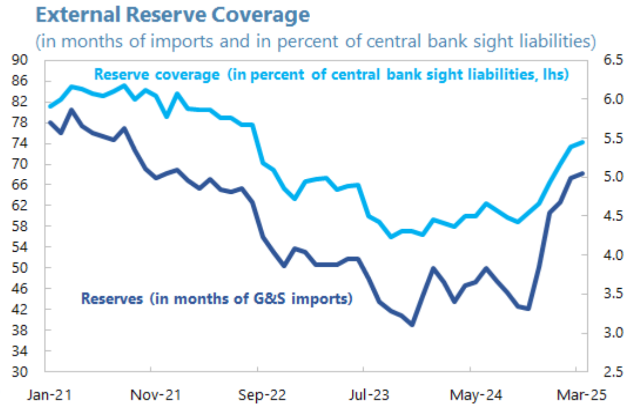


Sources: BCEAO, national authorities, IMF Staff Calculations.

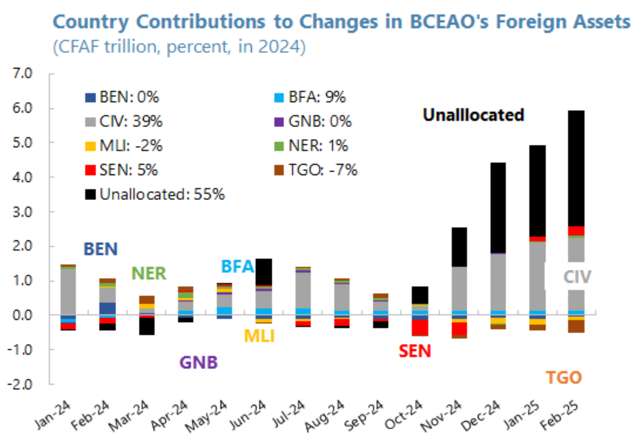
Figure 2. WAEMU: Monetary and Financial Indicators, 2021–25

Reserves rose by US$5.8 billion in 2024 and another US$3.4 billion in the first three months of 2025, reaching 5 months of imports.

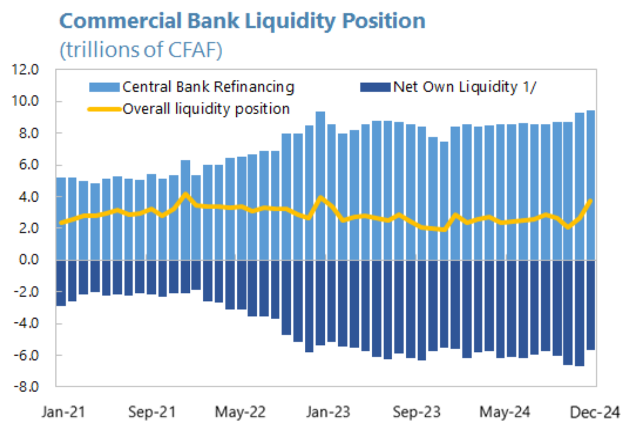




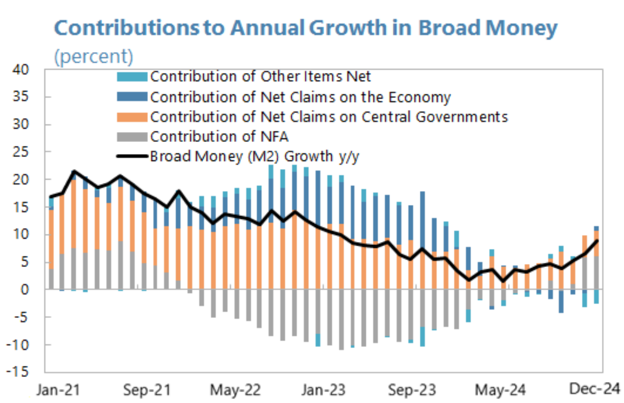
Côte d'Ivoire contributed substantially to reserves in 2024.

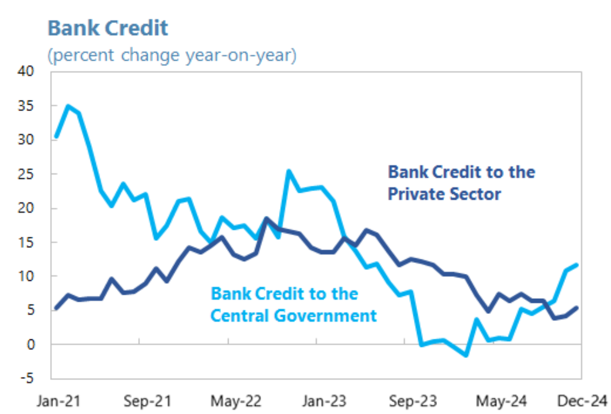


Banks remain reliant on central bank refinancing for liquidity.



Broad money grew less than nominal GDP in 2024 on the back of slowing credit growth.



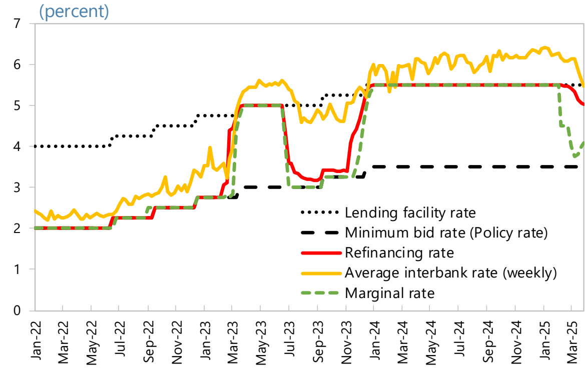


1/ Net own liquidity refers to banks' own financing sources (deposits, reserves) minus its uses (domestic credit). Sources: BCEAO, IMF Staff Calculations.

Figure 3. WAEMU: Interest Rates and Central Bank Operations, 2022-25

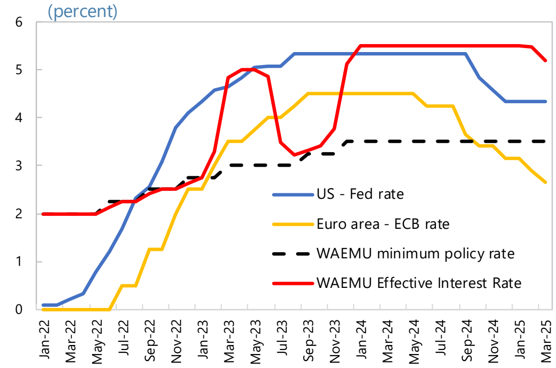
The average bank refinancing rate remained at the ceiling of the monetary policy corridor until early 2025.

Monetary Policy Rates
(percent)



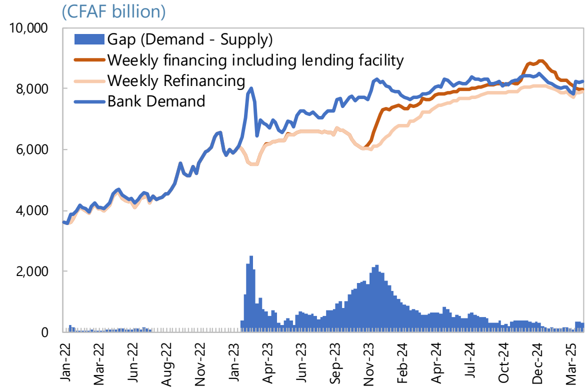
The effective interest rate is now well above that of the U.S. Federal Reserve and the ECB.

Policy Rates
(percent)



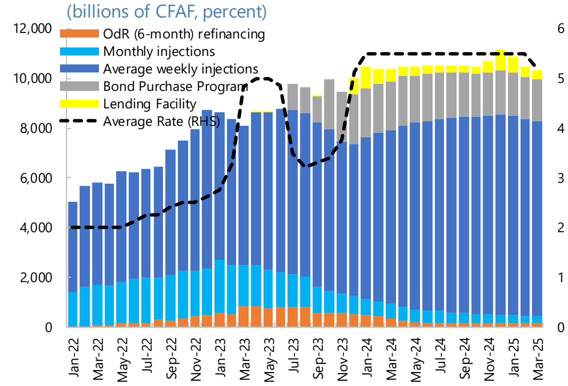
The BCEAO's continued provision of emergency financing has reduced the gap between the liquidity demanded and quantity supplied.

BCEAO Weekly Liquidity Provision
(CFAF billion)



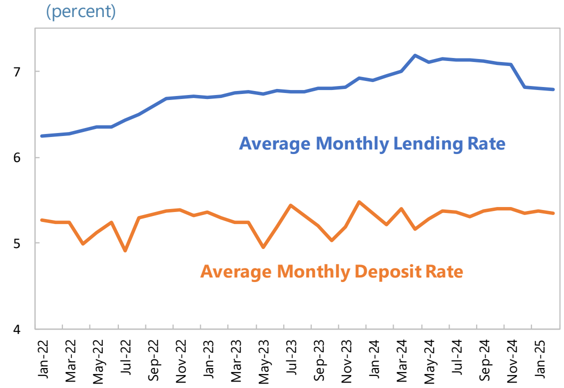
The BCEAO has held the total volume of liquidity injections steady in recent months, as gradual increases in weekly financing has offset falls in emergency financing and longer-term refinancing.

BCEAO Liquidity Injections
(billions of CFAF, percent)



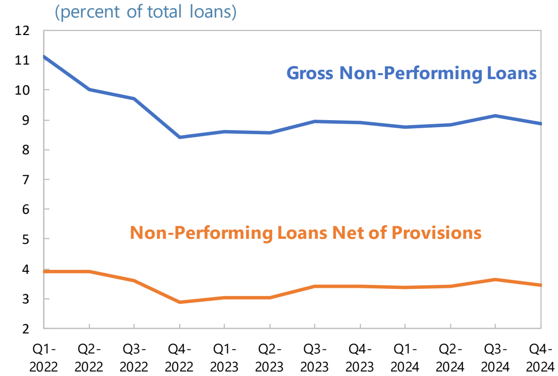
Lending rates are trending up, but deposit rates have remained little changed.

Lending and Deposit Rates
(percent)



NPL average rates have been stable for the past three quarters.

Non-Performing Loans
(percent of total loans)

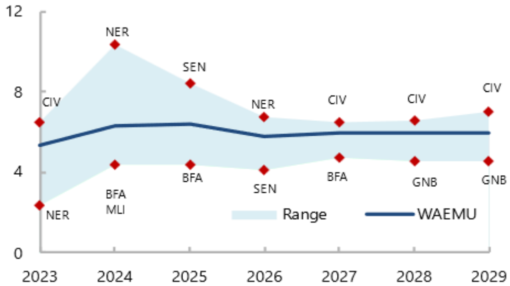


Sources: BCEAO, Bloomberg, US Federal Reserve, IMF Staff Calculations.

Figure 4. WAEMU: Medium-Term Prospects

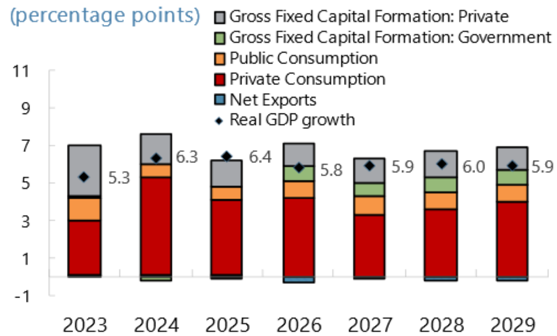
GDP growth is projected to converge to around 6 percent with a range of about 2 points between countries…

Real GDP Growth
(percent)



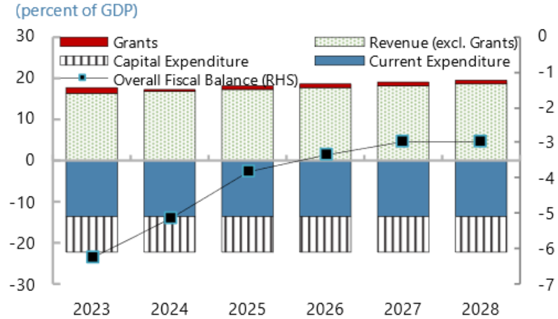
…, mostly sustained by private consumption.

Contribution to GDP Growth
(percentage points)



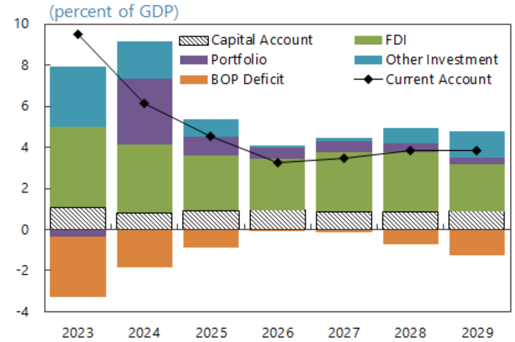
Consolidation towards an average fiscal deficit of 3 percent started in 2023.

Overall Fiscal Balance (Commit. Basis) and Components
(percent of GDP)



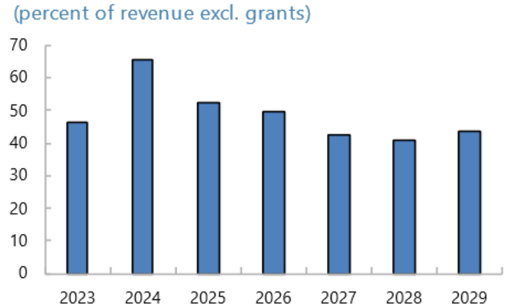
The current account deficit is projected to decrease from 9.5 percent in 2023 to 3.8 percent of GDP in 2029.

Financing Sources
(percent of GDP)



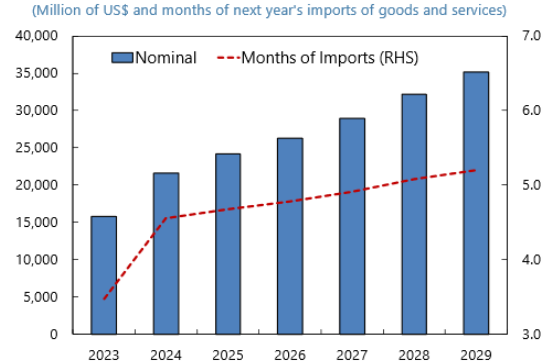
The debt service burden peaked at 65 percent of revenue in 2024 and is projected to decline only moderately over the medium term.

Government Debt Service
(percent of revenue excl. grants)



Reserves are projected to gradually increase to 5.2 months of imports by 2029.

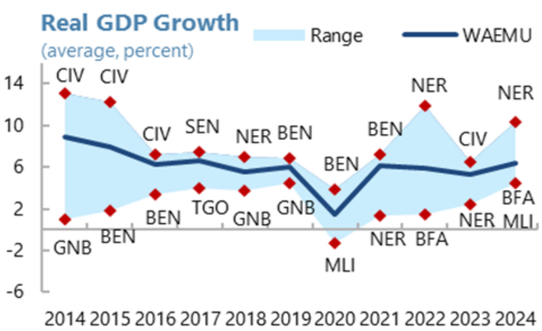
Gross Foreign Reserves
(Million of US$ and months of next year's imports of goods and services)



Sources: BCEAO; World Economic Outlook; and IMF staff calculations.

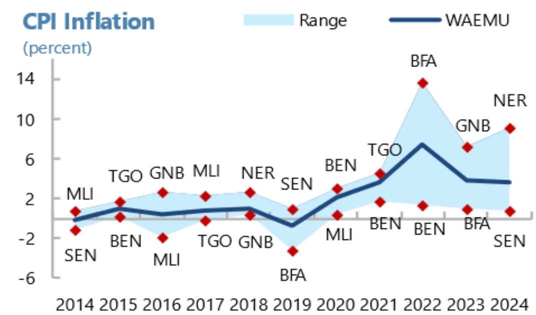
Figure 5. WAEMU: Regional Macroeconomic Heterogeneity

Growth rates across the WAEMU remain heterogeneous.



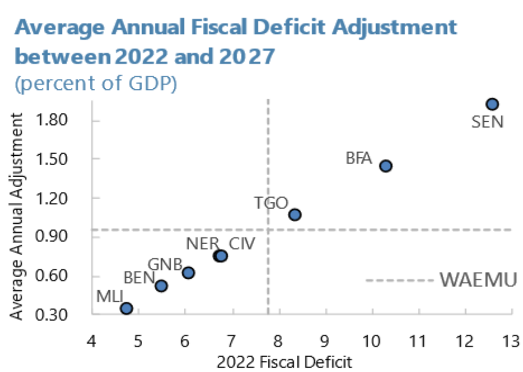
Note: Forecast data shown for 2024.

Inflation differentials increased in 2024.

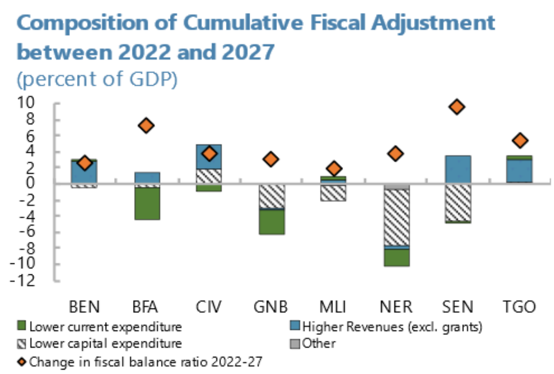


Note: Forecast data shown for 2024.

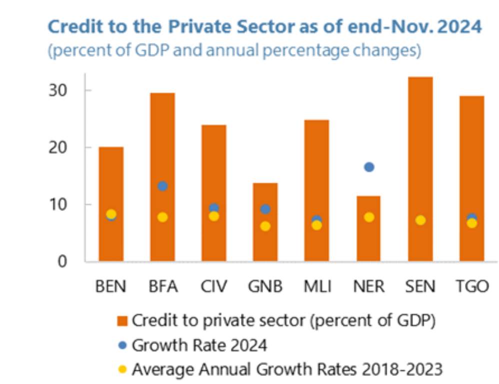
Fiscal adjustment is projected to be higher for countries with higher peak fiscal deficit...



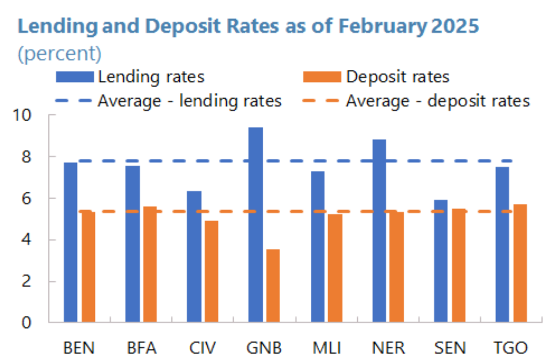
...and rely on a country-specific mix of higher revenue mobilization and expenditure rationalization.



Development of bank credit to the private sector varies significantly across the region.

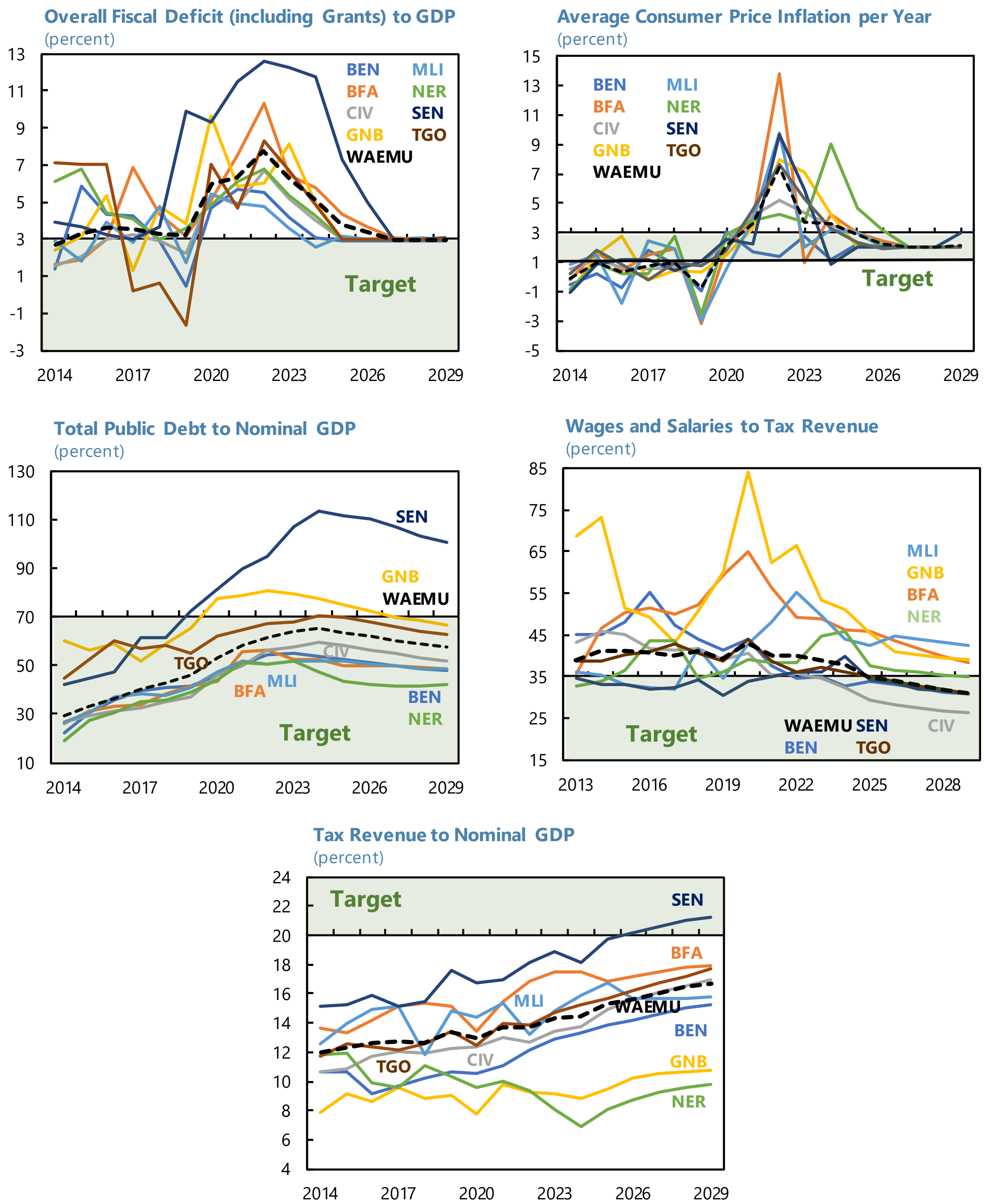


Bank lending rates vary across the region from around 6 to 10 percent while deposit rates are more homogeneous.



Sources: BCEAO; World Economic Outlook; and IMF staff calculations.

Figure 6. WAEMU: Expired Convergence Criteria[1], 2013–2029

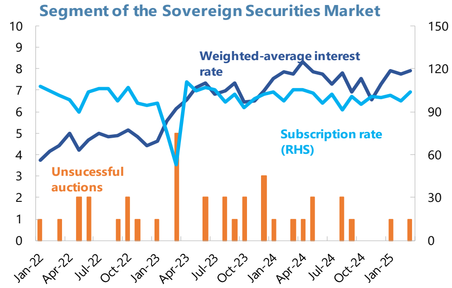


Source: IMF Staff Calculations.
[1] From the WAEMU Pact for Convergence, Stability, Growth and Solidarity, as revised in 2015, suspended in April 2020 following a decision by the WAEMU Heads of States, and subsequently expired.

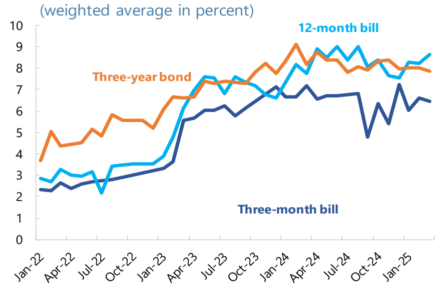
Figure 7. WAEMU: Regional Market

The weighted-average yield on debt issued in March rose to 7.9% from 7.8% in February. However, the yield on three-month bills dipped to 6.5%.

Financing Conditions in the Auction Segment of the Sovereign Securities Market

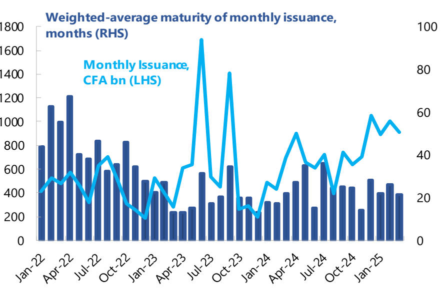


Sovereign Yields on New Issuances
(weighted average in percent)

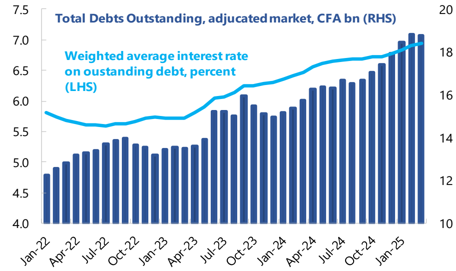


After the stock of debt rising by about 3 trillion CFAF in 2024, gross issuance volumes stood at CFAF 911 billion in March, with the weighted-average maturity at issuance at 21 months in March versus 26 months in February.

Monthly Volumes and Maturities



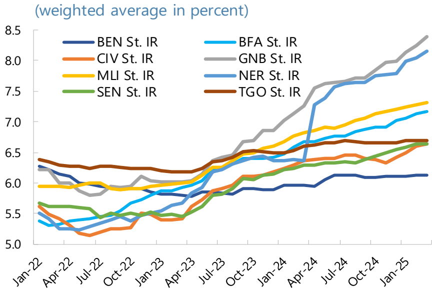
Debt Stock and weighted-average interest rate on debt stock



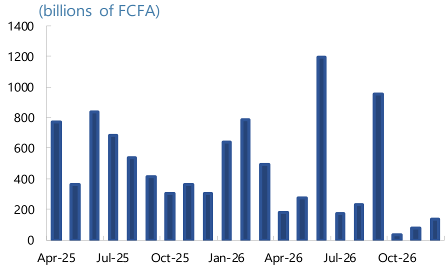
The interest rate on the stock of debt continues to rise, and there is an almost 250 bps spread across WAEMU members.

June 2025 sees near-term rollover needs peak at 840 brillion FCFA.

Sovereign Yields on Debt Stock
(weighted average in percent)

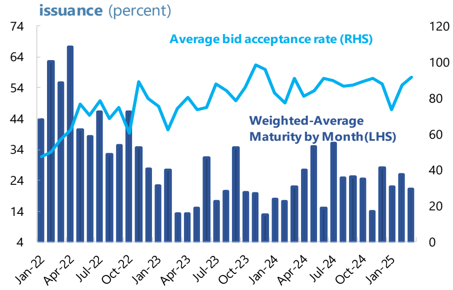


Scheduled Monthly Debt Redemptions
(billions of FCFA)

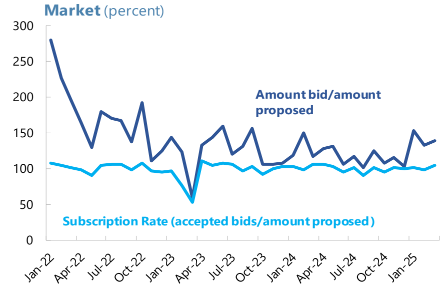


Sovereigns accepted 91 percent of all bids in February (left), and bids were close were 139 percent of the amounts proposed, suggesting tight financing conditions, particularly in some members.

Bid acceptance rate and maturity of monthly issuance (percent)



Financing Conditions in the UMOA-Titres Market (percent)



Sources: UMOA-Titres and IMF Staff Calculations. Data does not include the BRVM syndicated market or eurobond issuances.

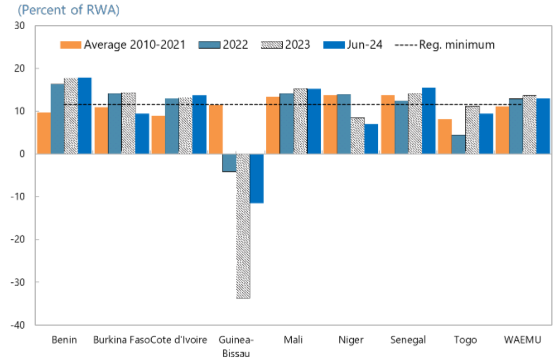
Figure 8. WAEMU: Financial Vulnerability Systemic Vulnerability Heatmap, 2010–24

Sectors	Indicators	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Economy-wide	Change in private sector credit-to-GDP ratio														
	Credit-to-GDP gap														
	Real growth of credit to private sector														
Banking Sector	Regulatory capital-to-risk-weighted assets ratio														
	Capital-to-assets (inverse leverage) ratio														
	Gross NPLs to total loans														
	Net NPLs to capital														
	Provision Rate														
	Loans-to-deposits ratio														
	Term deposits to total liabilities														
	Liquid assets to total assets														
	Liquid assets to total deposits														
	After-tax return on average assets (ROA)														
	After-tax return on average equity (ROE)														
	Concentration: loans to 5 largest borrowers to capital														
Public Sector	Government debt-to-GDP ratio														
	Share of public sector claims in private sector claims														
	Share of public sector claims in total bank assets														
	Debt service to GDP ratio														
	Real growth of credit to the government														

Sources: BCEAO and IMF staff calculation. Note: The darker the color, the higher the vulnerability, compared to each indicator's historical performance.

Capital Adequacy Ratios

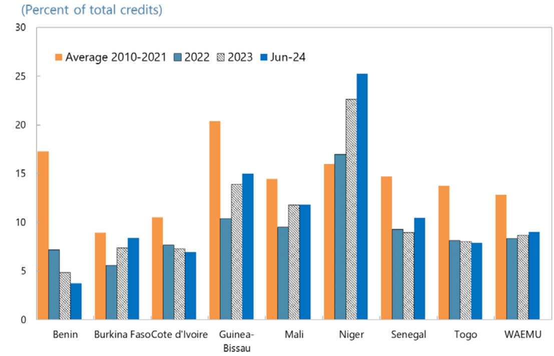
(Percent of RWA)



Source: BCEAO

NPL Ratios

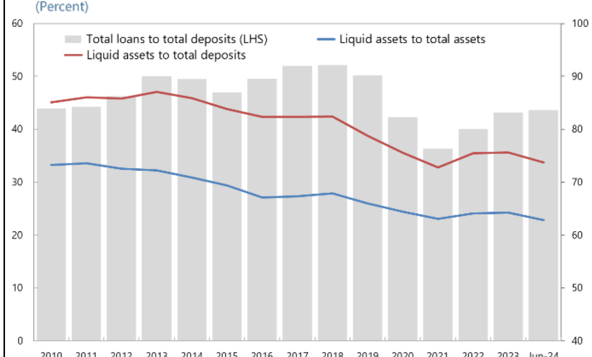
(Percent of total credits)



Source: BCEAO

Banks' Liquid Assets

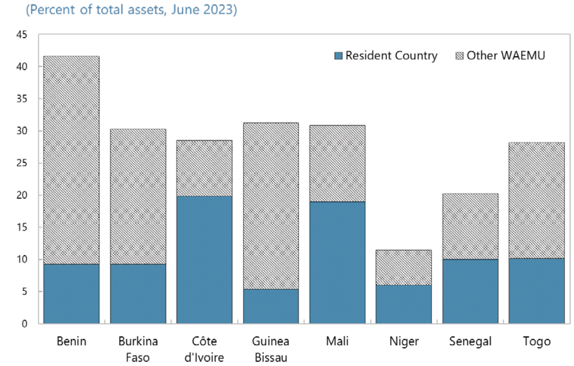
(Percent)



Source: BCEAO

Sovereign Securities Portfolios of Banks

(Percent of total assets, June 2023)



Source: BCEAO

Table 1. WAEMU: Selected Economic and Social Indicators, 2021–29

Social Indicators

GDP		**Poverty (2021, latest available)**	
Nominal GDP (2024, millions of US Dollars)	219,784	Headcount ratio at $1.90 a day (2011 PPP, percent of population)	23.1
GDP per capita (2024, US Dollars)	1,447	Undernourishment (percent of population)	12.5
Population characteristics		**Inequality (2021, latest available)**	
Total (2023, millions)	145.3	Income share held by highest 10 percent of population	28.4
Urban population (2023, percent of total)	40.6	Income share held by lowest 20 percent of population	7.7
Life expectancy at birth (2022, years)	61.1	Gini index	35.4

Economic Indicators

	2021	2022	2023	2024	2024	2025	2026	2027	2028	2029
			Act.	SM/24/90.[1]	Est.			Projected		
				(Annual Percentage Change)						
National income and prices										
GDP at constant prices [2]	6.2	5.9	5.3	6.8	6.3	6.4	5.8	5.9	6.0	5.9
GDP per capita at constant prices	3.2	2.9	2.4	3.8	3.3	3.4	2.8	2.9	3.0	2.9
Consumer prices (average)	3.6	7.6	3.7	3.2	3.5	2.9	2.3	2.0	2.0	2.0
Terms of trade	-6.3	-12.3	7.9	4.2	12.4	9.3	3.6	-1.3	-1.0	-0.7
Nominal effective exchange rate	1.2	-2.3	6.3	3.5	...	...	...	...	...	...
Real effective exchange rate	1.5	-3.6	3.9	3.0	...	...	...	...	...	...
				(Percent of GDP)						
National accounts										
Gross national savings	20.4	18.8	18.8	22.4	20.8	21.7	23.1	23.2	23.4	23.8
Gross domestic investment	26.5	28.8	28.7	27.5	26.9	26.2	26.3	26.7	27.3	27.7
Of which: public investment	6.8	7.8	7.7	8.8	6.8	6.7	7.2	7.5	7.8	8.2
				(Annual changes in percent of beginning-of-period broad money)						
Money and credit										
Net foreign assets	1.7	-7.9	-7.2	0.5	6.1	2.7	2.1	3.2	3.2	2.2
Net domestic assets	16.9	20.7	10.0	12.6	3.4	9.9	10.3	9.9	9.7	10.2
Broad money	18.0	11.4	3.5	12.4	8.9	11.4	12.4	12.8	12.6	12.1
Credit to the economy	8.1	9.0	6.8	6.7	2.7	7.2	7.0	6.6	6.5	6.3
				(Percent of GDP, unless otherwise indicated)						
Government financial operations										
Government total revenue, excl. grants	16.1	15.8	16.5	17.3	16.6	17.3	17.7	18.2	18.5	18.8
Government expenditure	23.9	24.7	23.8	22.6	22.4	22.0	21.8	21.9	22.2	22.5
Overall fiscal balance, excl. grants	-7.8	-9.0	-7.3	-5.3	-5.8	-4.6	-4.1	-3.7	-3.7	-3.7
Overall fiscal balance, incl. grants	-6.3	-7.8	-6.3	-4.2	-5.2	-3.8	-3.3	-3.0	-3.0	-3.0
External sector										
Exports of goods and services [3]	20.0	19.6	17.7	21.4	18.8	21.3	21.8	21.4	20.9	20.7
Imports of goods and services [3]	25.9	29.7	27.5	26.5	24.6	24.4	23.8	23.4	23.3	23.2
Current account, excl. grants	-6.6	-10.7	-10.2	-5.4	-6.5	-4.9	-3.5	-3.7	-4.1	-4.1
Current account, incl. grants	-5.9	-9.8	-9.5	-4.8	-6.1	-4.5	-3.3	-3.5	-3.9	-3.8
External public debt	36.3	37.0	38.9	36.1	39.9	37.8	36.6	35.5	33.8	32.6
Total public debt	58.5	61.5	64.0	59.6	65.0	63.4	61.9	60.4	58.8	57.5
Broad money	40.7	40.8	39.1	40.6	38.8	39.4	41.0	42.8	44.6	46.3
Memorandum items:										
Nominal GDP (billions of CFA francs)	100,963	112,343	121,414	131,429	133,227	145,965	157,833	170,313	183,993	198,973
Nominal GDP per capita (US dollars)	1,308	1,259	1,356	1,436	1,446	1,508	1,588	1,663	1,744	1,831
CFA franc per US dollars, average	554.2	622.4	606.5	606.2	...	...	...	...	...	...
Gross international reserves										
In months of next year's imports (of goods and services)	5.0	4.1	3.5	3.5	4.6	4.7	4.8	4.9	5.1	5.2
In percent of current GDP	13.9	10.1	7.8	8.2	10.1	10.0	10.1	10.3	10.6	10.7
In percent of the BCEAO's sight liabilities	79.7	63.8	56.9	58.1	66.9	67.1	66.5	66.0	66.2	66.0
In millions of US dollars	24,172	18,398	15,764	17,872	21,593	24,165	26,254	28,967	32,156	35,185

Sources: IMF, African Department database; World Economic Outlook; World Bank World Development Indicators; IMF staff estimates and projections.

All projections presented were prepared in April 2025.

[1] Shows data from the IMF Country Report 24/90 issued on March 1, 2024.

[2] The acceleration in GDP growth in 2024 is due to the start of production of large hydrocarbon projects in Niger and Senegal.

[3] Excluding intraregional trade.

Table 2. WAEMU: Selected National Accounts and Inflation Statistics, 2021-29

	2021	2022	2023	2024	2025	2026	2027	2028	2029
			Act.	Est.			Proj.		
	(Annual percentage changes)								
Real GDP									
Benin	7.2	6.3	6.4	6.5	6.5	6.2	6.2	6.0	6.0
Burkina Faso	6.9	1.5	3.0	4.4	4.3	4.5	4.7	4.9	4.9
Côte d'Ivoire	7.1	6.4	6.5	6.0	6.3	6.4	6.5	6.6	7.0
Guinea-Bissau	6.2	4.6	5.2	5.0	5.0	5.0	5.0	4.5	4.5
Mali	3.1	3.5	4.7	4.4	4.9	5.1	5.1	5.1	5.1
Niger [1]	1.4	11.9	2.4	10.3	6.6	6.7	6.4	6.0	6.0
Senegal [1]	6.5	4.0	4.3	6.7	8.4	4.1	4.8	5.1	4.6
Togo	6.0	5.8	5.6	5.3	5.3	5.5	5.5	5.5	5.5
WAEMU	6.2	5.9	5.3	6.3	6.4	5.8	5.9	6.0	5.9
Real GDP per capita									
Benin	4.2	3.4	3.6	3.6	3.5	3.1	3.1	2.9	2.8
Burkina Faso	4.1	-1.1	0.4	1.9	1.7	1.9	2.1	2.3	2.3
Côte d'Ivoire	4.1	3.4	3.5	3.1	3.3	3.4	3.5	3.6	4.0
Guinea-Bissau	3.9	2.3	3.0	2.8	2.9	2.9	2.9	2.4	2.5
Mali	-0.2	0.3	1.5	1.2	1.7	1.9	1.9	1.9	1.9
Niger	-2.4	7.8	-1.3	6.3	2.8	2.9	2.6	2.3	2.3
Senegal	3.7	1.2	1.5	3.8	5.5	1.3	2.0	2.3	1.8
Togo	3.5	3.3	3.1	2.8	2.8	3.0	3.0	3.0	3.0
WAEMU	3.2	2.9	2.4	3.3	3.4	2.8	2.9	3.0	2.9
Inflation									
Benin	1.7	1.4	2.7	1.2	2.2	2.0	2.0	2.0	2.0
Burkina Faso	3.9	13.8	0.9	4.2	3.0	2.5	2.1	2.0	2.0
Côte d'Ivoire	4.2	5.2	4.4	3.5	3.0	2.2	2.0	2.0	2.0
Guinea-Bissau	3.3	7.9	7.2	4.2	2.0	2.0	2.0	2.0	2.0
Mali	3.8	9.7	2.1	3.2	3.0	2.0	2.0	2.0	2.0
Niger	3.8	4.2	3.7	9.1	4.7	3.2	2.0	2.0	2.0
Senegal	2.2	9.7	5.9	0.8	2.0	2.0	2.0	2.0	3.0
Togo	4.5	7.6	5.3	3.3	2.3	2.0	2.0	2.0	2.0
WAEMU	3.6	7.6	3.7	3.5	2.9	2.3	2.0	2.0	2.0
Gross national savings									
Benin	24.7	30.5	32.3	30.9	32.2	32.6	33.7	34.0	34.6
Burkina Faso	25.4	7.9	7.9	12.2	15.0	15.4	14.8	14.5	13.9
Côte d'Ivoire	19.1	19.4	18.4	22.6	24.7	28.0	27.8	27.9	28.6
Guinea-Bissau	17.5	9.4	8.6	10.3	12.2	15.0	16.1	17.3	18.3
Mali	14.2	11.1	10.2	11.2	13.1	15.0	13.9	14.6	13.9
Niger [2]	17.8	11.1	9.9	14.5	17.3	15.7	16.5	16.0	15.3
Senegal	24.6	27.1	27.4	25.5	20.6	20.2	20.9	21.3	22.5
Togo	17.7	20.1	27.8	24.9	22.8	23.8	25.2	26.3	26.8
WAEMU	20.4	18.8	18.8	20.8	21.7	23.1	23.2	23.4	23.8
Gross domestic investment									
Benin	28.9	36.5	40.5	37.3	38.3	37.9	38.4	38.5	38.9
Burkina Faso	25.1	15.1	16.6	18.6	17.1	17.5	18.4	18.9	18.8
Côte d'Ivoire	23.6	27.5	26.1	26.8	28.3	30.1	30.6	31.4	31.7
Guinea-Bissau	18.3	18.1	17.2	17.8	18.3	19.3	20.3	21.3	22.3
Mali	21.8	18.7	17.8	17.3	18.2	16.6	16.0	16.3	16.5
Niger [2]	31.8	27.3	23.8	20.0	21.1	20.4	20.0	19.7	19.5
Senegal	36.7	47.1	46.4	37.6	28.8	26.3	26.4	27.1	28.1
Togo	19.9	23.5	30.7	27.8	25.8	26.8	27.8	28.7	29.4
WAEMU	26.5	28.8	28.7	26.9	26.2	26.3	26.7	27.3	27.7

Sources: IMF, African Department database; and staff estimates.

[1] Higher growth rates in 2024 in Niger and Senegal in 2024-2025 reflect coming on stream of hyrdrocarbon production.

[2] Investment in Niger includes the change in inventories.

Table 3. Sub-Saharan Africa: Cross-Group Comparison, 2021–29

	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Est.			Proj.		
	(Annual percentage changes)								
Real GDP									
WAEMU	6.2	5.9	5.3	6.3	6.4	5.8	5.9	6.0	5.9
CEMAC [1]	1.9	3.3	2.2	2.9	2.6	3.3	3.4	3.7	3.7
Sub-Saharan Africa [2]	4.6	4.1	3.6	3.9	4.1	4.5	4.6	4.5	4.5
Inflation (annual averages)									
WAEMU	3.6	7.4	3.8	3.6	2.9	2.3	2.0	2.0	2.1
CEMAC [1]	1.4	5.3	5.4	3.9	3.3	3.0	2.7	2.6	2.6
Sub-Saharan Africa [2]	10.7	13.7	14.5	15.1	12.7	8.8	7.8	7.6	7.6
Terms of trade									
WAEMU	-6.3	-12.3	7.9	12.4	9.3	3.6	-1.3	-1.0	-0.7
CEMAC [1]	13.4	9.6	-7.5	5.2	6.7	-8.7	-2.6	-0.4	0.1
Sub-Saharan Africa [2]	6.4	-0.1	-2.2	7.2	4.8	1.6	1.9	2.4	2.8
	(Percent of GDP, unless otherwise indicated)								
Gross national investment									
WAEMU	26.5	28.8	28.7	26.9	26.2	26.3	26.7	27.3	27.7
CEMAC [1]	24.5	24.1	25.5	26.2	26.1	26.9	27.2	27.1	27.6
Sub-Saharan Africa [2]	25.8	25.6	24.4	23.7	24.5	25.2	25.8	26.1	26.4
Overall fiscal balance, incl. grants									
WAEMU	-6.3	-7.8	-6.3	-5.2	-3.8	-3.3	-3.0	-3.0	-3.0
CEMAC [1]	-1.4	2.4	0.7	-1.1	-0.7	-1.4	-1.3	-1.3	-1.4
Sub-Saharan Africa [2]	-5.0	-4.5	-4.0	-4.2	-4.1	-3.8	-3.4	-3.3	-3.3
External current account, incl. grants									
WAEMU	-5.9	-9.8	-9.5	-6.1	-4.5	-3.3	-3.5	-3.9	-3.8
CEMAC [1]	0.4	3.6	-0.5	-1.2	-1.4	-1.9	-2.0	-2.1	-2.4
Sub-Saharan Africa [2]	-0.8	-2.1	-2.6	-1.9	-2.2	-1.9	-1.7	-1.8	-1.9
Total public debt									
WAEMU	58.5	61.5	64.0	65.0	63.4	61.9	60.4	58.8	57.5
CEMAC [1]	58.4	52.8	56.6	56.9	55.9	54.5	53.2	52.0	51.4
Sub-Saharan Africa [2]	56.5	56.7	60.2	61.0	61.0	59.4	57.8	56.4	55.0

Sources: IMF, African Department database; and staff estimates.

[1] Central African Economic and Monetary Community (CEMAC).

[2] Including Nigeria and South Africa.

Table 4. WAEMU: Summary Accounts of the Banking System, 2021–29
(in billions of CFAF, unless otherwise noted)

	2021	2022	2023	2024	2025	2026	2027	2028	2029
			Act.	Proj					
				I. Central Bank					
Net foreign assets	8,880	5,836	3,104	5,710	7,125	8,352	10,415	12,775	14,611
(In billions of US$)	*15.3*	*9.4*	*5.2*	*9.1*	*11.8*	*13.8*	*17.2*	*21.0*	*24.1*
Gross International Reserves	14,027	11,397	9,484	13,517	14,623	15,913	17,572	19,515	21,351
Gross Foreign Liabilities	5,152	5,566	6,385	7,812	7,497	7,562	7,158	6,740	6,739
Net domestic assets	6,350	10,115	12,066	11,863	12,760	13,678	14,297	14,825	15,861
Net credit to the nonfinancial public sector	2,362	3,158	6,497	6,438	6,124	6,188	5,784	5,366	5,366
Of which: Net credit to the central government	2,367	3,159	6,501	6,446	6,132	6,196	5,792	5,374	5,374
Net Credit to the Financial Sector	6,772	9,868	9,206	10,003	10,960	11,851	12,788	13,815	14,940
Other net assets and capital account	-2,784	-2,911	-3,637	-4,578	-4,324	-4,361	-4,275	-4,356	-4,444
Base Money	15,213	15,934	15,120	18,249	19,822	21,966	24,649	27,537	30,410
Currency in circulation	10,407	11,428	11,669	13,678	14,773	16,324	18,283	20,385	22,424
Commercial reserves and other deposits	4,806	4,506	3,450	4,571	5,049	5,642	6,366	7,152	7,986
				II. Consolidated Banking System					
Net foreign assets	7,748	4,480	1,173	4,084	5,499	6,726	8,789	11,149	12,985
(In billions of US$)	*13.3*	*7.2*	*1.9*	*6.5*	*9.1*	*11.1*	*14.5*	*18.4*	*21.4*
Net domestic assets	35,088	43,622	48,222	49,852	54,968	60,868	67,286	74,349	82,701
Net Credit to the nonfinancial public sector	17,430	22,574	25,951	27,844	30,272	33,542	36,059	39,248	42,856
Of which: Net credit to the central government	15,682	20,410	23,780	25,913	28,156	31,254	33,589	36,580	39,970
Net credit to the private sector	24,142	27,572	30,403	32,065	35,431	39,148	43,176	47,620	52,474
Other net assets and capital account	-6,485	-6,525	-8,132	-10,057	-10,734	-11,822	-11,949	-12,519	-12,629
Broad money	41,130	45,823	47,439	51,653	57,529	64,681	72,949	82,144	92,101
Currency in circulation	9,455	10,369	10,704	12,481	13,460	14,905	16,751	18,731	20,635
Deposits	31,675	35,454	36,735	39,173	44,069	49,776	56,197	63,413	71,467
				(12-month percentage change)					
Currency in circulation	19.3	9.8	2.1	17.2	8.0	10.5	12.0	11.5	10.0
Base money	24.3	4.7	-5.1	20.7	8.6	10.8	12.2	11.7	10.4
Narrow Money	20.0	14.5	2.7	9.2	10.9	12.2	12.7	12.5	11.9
Broad money	18.0	11.4	3.5	8.9	11.4	12.4	12.8	12.6	12.1
Deposits	17.4	11.9	3.6	6.6	12.5	13.0	12.9	12.8	12.7
Credit to the private sector	12.0	14.2	10.3	5.5	10.5	10.5	10.3	10.3	10.2
Memorandum items:									
Central Bank Foreign Exchange Reserves (months of imports)	5.0	4.1	3.5	4.6	4.7	4.8	4.9	5.1	5.2
Commercial Bank Credit to Private Sector (percent of GDP)	23.8	24.5	24.9	24.0	24.2	24.7	25.3	25.8	26.3
Change in Central Bank Refinancing y/y	504	3,065	-752	795	899	838	881	966	1,058
Change in Commercial Bank Holdings of Government Debt y/y	3,107	4,101	137	2,592	2,290	2,836	2,739	3,292	3,306

Sources: BCEAO; and Fund staff estimates and projections.
Small residuals between assets and liabilities are explained by non-liquid liabilities, small and not reproduced here.

Table 5. WAEMU: Selected Fiscal Indicators, 2021-29[1]

	2021	2022	2023	2024	2025	2026	2027	2028	2029
			Act.			Proj.			
			(Percent of GDP)						
Primary fiscal balance									
Benin	-3.5	-3.8	-2.6	-1.2	-1.3	-1.4	-1.3	-1.4	-1.4
Burkina Faso	-5.8	-8.4	-4.2	-3.6	-2.3	-1.5	-0.7	-0.9	-1.0
Côte d'Ivoire	-2.9	-4.5	-2.6	-1.3	-0.2	-0.6	-0.6	-0.6	-0.7
Guinea-Bissau	-4.3	-4.7	-5.5	-2.0	-0.2	-0.3	-0.3	-0.6	-0.7
Mali	-3.5	-3.3	-2.0	-0.8	-1.7	-1.2	-0.9	-0.7	-0.8
Niger	-5.0	-5.5	-4.0	-2.5	-1.4	-1.4	-1.5	-1.7	-1.7
Senegal	-9.5	-10.3	-9.2	-7.6	-3.0	-0.4	1.7	1.6	1.6
Togo	-2.5	-5.9	-3.9	-2.2	-0.5	-0.6	-0.8	-1.0	-1.1
WAEMU	-4.5	-5.8	-3.9	-2.6	-1.2	-0.9	-0.5	-0.5	-0.6
Overall fiscal balance (including grants), commitment basis									
Benin	-5.7	-5.5	-4.1	-3.0	-2.9	-2.9	-2.9	-2.9	-2.9
Burkina Faso	-7.5	-10.3	-6.5	-5.7	-4.3	-3.6	-3.0	-3.0	-3.0
Côte d'Ivoire	-4.9	-6.7	-5.2	-4.0	-3.0	-3.0	-3.0	-3.0	-3.0
Guinea-Bissau	-5.9	-6.1	-8.2	-5.0	-3.0	-3.0	-3.0	-3.0	-3.0
Mali	-4.9	-4.7	-3.6	-2.6	-3.1	-3.0	-3.0	-3.0	-3.0
Niger	-6.1	-6.8	-5.4	-4.3	-3.0	-3.0	-3.0	-3.0	-3.0
Senegal	-11.5	-12.6	-12.3	-11.7	-7.3	-5.0	-3.0	-3.0	-3.0
Togo	-4.7	-8.3	-6.7	-4.9	-3.0	-3.0	-3.0	-3.0	-3.0
WAEMU	-6.3	-7.8	-6.3	-5.2	-3.8	-3.3	-3.0	-3.0	-3.0
Government revenue (excluding grants)									
Benin	13.2	13.8	14.3	14.7	15.2	15.6	16.1	16.5	16.9
Burkina Faso	17.8	18.8	19.8	19.8	18.6	18.8	19.1	19.4	19.6
Côte d'Ivoire	15.1	14.6	15.4	15.9	17.0	17.5	18.1	18.6	19.0
Guinea-Bissau	12.8	11.8	11.6	11.1	11.7	12.2	12.5	12.6	12.6
Mali	21.3	19.3	20.6	22.0	22.7	21.7	21.7	21.7	21.9
Niger	10.8	10.1	8.7	7.7	9.1	9.8	10.3	10.8	11.0
Senegal	18.6	19.1	20.1	19.0	20.6	21.3	22.0	22.3	22.5
Togo	15.3	15.1	16.8	16.6	17.1	17.6	18.1	18.5	19.1
WAEMU	16.1	15.8	16.5	16.6	17.3	17.7	18.2	18.5	18.8
Government expenditure [2]									
Benin	19.9	19.8	19.2	18.2	18.7	19.1	19.5	19.9	20.3
Burkina Faso	27.8	31.2	27.9	26.8	24.1	23.6	23.4	23.6	23.8
Côte d'Ivoire	20.5	21.9	21.3	20.4	20.4	20.8	21.3	21.8	22.2
Guinea-Bissau	25.0	21.3	21.9	19.8	18.4	18.7	19.0	19.2	19.3
Mali	26.9	24.4	24.8	24.7	26.2	25.0	25.3	25.7	26.1
Niger	24.3	21.6	15.8	13.4	13.4	14.1	14.5	14.8	15.0
Senegal	31.0	32.5	33.3	31.1	29.0	27.3	26.0	26.4	26.5
Togo	21.8	26.0	26.6	23.7	21.6	22.0	22.5	22.9	23.3
WAEMU	23.9	24.7	23.8	22.4	22.0	21.8	21.9	22.2	22.5
Government current expenditure									
Benin	11.7	11.0	10.7	10.8	11.3	11.5	11.7	11.7	11.8
Burkina Faso	18.6	20.8	17.2	15.9	14.2	14.4	14.6	14.0	13.8
Côte d'Ivoire	14.7	14.8	14.5	14.1	14.3	13.7	13.8	13.7	13.8
Guinea-Bissau	15.5	15.0	16.0	14.0	12.7	12.5	12.5	12.2	12.2
Mali	15.9	15.4	16.3	16.2	16.5	16.2	16.3	16.2	15.9
Niger	10.7	10.0	9.6	8.7	8.0	8.3	8.6	8.7	8.7
Senegal	17.9	19.2	18.7	20.6	19.7	17.8	17.7	17.2	17.3
Togo	13.6	16.2	15.1	14.7	14.5	14.4	14.2	14.0	13.9
WAEMU	15.1	15.5	14.9	14.7	14.5	13.9	14.0	13.9	13.8
Government capital expenditure									
Benin	8.2	8.8	8.5	7.5	7.4	7.6	7.8	8.1	8.5
Burkina Faso	9.1	10.5	10.7	10.8	9.9	9.3	8.7	9.6	10.0
Côte d'Ivoire	5.8	7.1	6.7	6.3	6.2	7.1	7.6	8.0	8.4
Guinea-Bissau	9.5	6.3	5.9	5.7	5.6	6.2	6.5	6.9	7.1
Mali	6.0	3.8	3.6	3.9	4.8	3.9	4.1	4.6	5.3
Niger	13.1	10.8	5.6	4.7	5.6	5.9	6.0	6.2	6.4
Senegal	13.0	13.3	14.7	10.4	9.3	9.5	8.3	9.2	9.2
Togo	8.2	9.7	11.5	9.0	7.1	7.7	8.3	8.8	9.4
WAEMU	8.2	8.7	8.3	7.3	7.0	7.4	7.4	7.9	8.2

Sources: IMF, African Department database; and staff estimates.

1 Fiscal data for Senegal over 2019-2023 reflect the authorities' preliminary estimate based on the report by the Court of Auditors published on February 12, 2025.

2 In Mali, operations linked to the Etablissements Publics Nationaux are included in total expenditures but classified as neither capital nor current. In Burkina Faso and Niger, discrepancies between total expenditures and the sum of capital and current expenditures reflect net lending.

Table 6a. WAEMU: Balance of Payments, 2021-29
(Millions of USD)

	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Est.			Proj.		
				(Millions of USD)					
Balance on current account	-10,747	-17,707	-19,036	-13,456	-10,821	-8,487	-9,751	-11,690	-12,567
Excluding official transfers	-12,085	-19,353	-20,514	-14,183	-11,507	-8,953	-10,261	-12,276	-13,177
Balance on goods and services	-11,637	-18,560	-19,591	-12,806	-7,422	-5,037	-5,675	-7,287	-8,125
Exports of goods and services [1]	42,598	44,452	45,568	51,947	62,062	68,739	72,843	76,883	82,373
Exports of goods	37,821	39,498	40,443	45,362	54,989	60,987	64,410	67,604	72,151
Exports of services	4,777	4,954	5,125	6,585	7,073	7,751	8,434	9,279	10,222
Imports of goods and services [1]	54,235	63,013	65,158	64,753	69,484	73,775	78,518	84,170	90,498
Imports of goods	39,826	47,757	47,785	47,154	51,243	54,185	57,706	62,151	67,044
Imports of services	14,409	15,256	17,373	17,599	18,241	19,590	20,812	22,020	23,454
Income, net	-5,184	-5,514	-5,448	-6,688	-9,473	-9,881	-10,973	-11,755	-12,204
Income credits	2,307	2,414	2,404	2,925	3,011	3,326	3,607	3,942	4,298
Income debits	7,491	7,928	7,852	9,612	12,484	13,207	14,581	15,696	16,501
Current transfers, net	6,043	6,368	6,250	5,837	5,882	5,937	6,337	6,721	7,114
Private current transfers, net	4,706	4,722	4,773	5,109	5,196	5,470	5,827	6,134	6,504
Official current transfers, net	1,337	1,646	1,478	728	686	466	510	587	610
Balance on capital and financial account	7,278	12,293	15,657	19,284	13,393	10,575	12,464	14,879	15,596
Balance on capital account	2,692	2,221	2,146	1,785	2,188	2,440	2,448	2,665	2,927
Balance on financial account	4,586	10,072	13,511	17,499	11,205	8,135	10,016	12,214	12,669
Direct investment, net	5,005	6,809	7,838	7,302	6,391	6,482	8,092	8,712	7,513
Portfolio and other investments, net	-419	3,263	5,673	10,197	4,813	1,653	1,924	3,502	5,156
Errors and omissions, net	5,914	-361	745	0	0	0	0	0	0
Overall balance	2,444	-5,774	-2,633	5,828	2,572	2,089	2,713	3,189	3,029

Source: IMF, African Department database.

[1] Including intraregional trade.

Table 6b. WAEMU: Balance of Payments, 2021-29
(Percent of GDP)

	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Est.			Proj.		
				(Percent of GDP)					
Balance on current account	-5.9	-9.8	-9.5	-6.1	-4.6	-3.3	-3.5	-3.9	-3.9
Excluding official transfers	-6.6	-10.7	-10.2	-6.5	-4.9	-3.5	-3.7	-4.1	-4.1
Balance on goods and services	-6.4	-10.3	-9.8	-5.8	-3.1	-2.0	-2.1	-2.4	-2.5
Exports of goods and services [1]	23.4	24.6	22.8	23.6	26.3	26.9	26.4	25.8	25.6
Exports of goods	20.8	21.9	20.2	20.6	23.3	23.8	23.3	22.7	22.4
Exports of services	2.6	2.7	2.6	3.0	3.0	3.0	3.1	3.1	3.2
Imports of goods and services [1]	29.8	34.9	32.5	29.5	29.4	28.8	28.5	28.3	28.1
Imports of goods	21.9	26.5	23.9	21.5	21.7	21.2	20.9	20.9	20.8
Imports of services	7.9	8.5	8.7	8.0	7.7	7.7	7.5	7.4	7.3
Income, net	-2.8	-3.1	-2.7	-3.0	-4.0	-3.9	-4.0	-3.9	-3.8
Income credits	1.3	1.3	1.2	1.3	1.3	1.3	1.3	1.3	1.3
Income debits	4.1	4.4	3.9	4.4	5.3	5.2	5.3	5.3	5.1
Current transfers, net	3.3	3.5	3.1	2.7	2.5	2.3	2.3	2.3	2.2
Private current transfers, net	2.6	2.6	2.4	2.3	2.2	2.1	2.1	2.1	2.0
Official current transfers, net	0.7	0.9	0.7	0.3	0.3	0.2	0.2	0.2	0.2
Balance on capital and financial account	4.0	6.8	7.8	8.8	5.7	4.1	4.5	5.0	4.8
Balance on capital account	1.5	1.2	1.1	0.8	0.9	1.0	0.9	0.9	0.9
	4.9								
Balance on financial account	2.5	5.6	6.7	8.0	4.7	3.2	3.6	4.1	3.9
Direct investment, net	2.7	3.8	3.9	3.3	2.7	2.5	2.9	2.9	2.3
Portfolio and other investments, net	-0.2	1.8	2.8	4.6	2.0	0.6	0.7	1.2	1.6
Errors and omissions, net	3.2	-0.2	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	1.3	-3.2	-1.3	2.7	1.1	0.8	1.0	1.1	0.9

Source: IMF, African Department database.

[1] Including intraregional trade.

Table 7. WAEMU: Government Debt and Debt Service, 2021-29[1]

	2021	2022	2023	2024	2025	2026	2027	2028	2029
				Est.			Proj.		
				(Percent of GDP)					
External Debt									
Benin	36.8	37.6	38.8	40.8	44.3	42.9	42.6	41.4	39.8
Burkina Faso	25.6	25.1	24.4	23.7	21.4	20.8	20.7	20.2	19.6
Côte d'Ivoire	30.4	34.1	35.5	37.6	36.1	35.6	34.1	31.9	30.7
Guinea-Bissau	40.2	39.0	35.4	33.9	32.7	31.4	30.2	29.0	28.2
Mali	29.0	26.2	26.4	24.2	23.3	21.9	21.0	20.5	20.3
Niger	33.0	32.7	31.6	26.8	25.0	24.9	24.8	24.9	25.2
Senegal	64.0	66.8	75.5	79.4	72.4	68.2	64.2	60.6	57.5
Togo	27.3	26.2	25.9	30.4	30.4	31.2	31.9	32.0	31.5
WAEMU	36.3	37.0	38.9	39.9	37.8	36.6	35.5	33.8	32.6
Domestic Debt									
Benin	13.5	16.6	16.1	13.3	8.2	8.4	7.5	7.5	8.1
Burkina Faso	29.8	31.3	28.2	29.0	28.8	29.0	29.2	29.1	29.0
Côte d'Ivoire	19.7	21.9	22.0	21.7	22.0	20.8	20.8	21.2	21.3
Guinea-Bissau	38.6	41.7	44.0	43.7	42.1	40.9	39.8	39.1	38.3
Mali	22.5	24.1	25.5	27.6	28.5	28.5	28.6	28.3	28.1
Niger	17.8	17.6	20.3	20.3	18.4	17.3	17.0	16.9	16.7
Senegal	25.4	27.8	31.8	34.3	39.1	42.4	42.9	42.9	43.2
Togo	37.6	41.2	42.1	40.2	39.1	36.5	34.1	32.1	31.2
WAEMU	22.2	24.4	25.1	25.1	25.6	25.3	24.9	24.9	24.9
Total Debt									
Benin	50.3	54.2	54.9	54.0	52.5	51.2	50.0	48.9	47.9
Burkina Faso	55.4	56.4	52.7	52.7	50.2	49.8	49.9	49.3	48.6
Côte d'Ivoire	50.2	56.0	57.5	59.3	58.1	56.4	54.9	53.1	52.0
Guinea-Bissau	78.8	80.7	79.4	77.6	74.8	72.3	70.0	68.2	66.5
Mali	51.6	50.3	51.9	51.8	51.7	50.5	49.6	48.9	48.4
Niger	50.9	50.4	51.9	47.2	43.4	42.2	41.8	41.8	41.9
Senegal	89.4	94.6	107.4	113.7	111.4	110.6	107.1	103.5	100.7
Togo	64.9	67.4	68.0	70.6	69.5	67.7	66.0	64.2	62.7
WAEMU	58.5	61.5	64.0	65.0	63.4	61.9	60.4	58.8	57.5
				(Percent of government revenue excluding grants)					
Total debt service									
Benin	94.1	62.5	67.6	125.0	43.6	33.3	22.7	18.1	25.6
Burkina Faso	45.8	45.6	47.1	43.5	43.9	42.6	17.5	15.4	14.5
Côte d'Ivoire	34.7	44.5	51.6	56.5	58.6	60.1	55.5	56.5	57.5
Guinea-Bissau	102.0	64.1	93.8	105.5	110.0	124.7	127.5	108.8	100.6
Mali	25.9	33.4	34.2	30.5	31.4	48.0	58.2	63.0	60.3
Niger	65.9	35.2	45.2	145.9	128.1	107.5	112.9	105.4	104.5
Senegal	35.7	40.1	45.5	77.3	60.5	67.2	48.7	38.4	64.2
Togo	59.8	62.1	78.2	47.6	48.7	61.9	49.5	52.9	43.0
WAEMU	43.3	43.7	46.2	65.3	52.1	49.5	42.6	40.7	43.8
Debt service, interest									
Benin	16.9	18.0	28.6	21.5	10.5	9.8	9.7	8.7	8.5
Burkina Faso	7.6	9.1	10.7	8.7	10.8	11.7	12.2	10.7	10.2
Côte d'Ivoire	12.8	15.0	16.6	16.7	16.4	13.6	13.2	12.4	11.7
Guinea-Bissau	12.5	11.5	22.6	26.4	24.2	22.3	21.2	19.4	18.9
Mali	5.6	7.2	7.0	6.7	6.5	7.4	10.4	10.1	10.1
Niger	10.4	12.3	15.9	23.4	18.4	16.4	14.2	12.0	11.6
Senegal	10.8	11.6	15.3	21.7	20.5	21.6	21.4	20.6	20.6
Togo	15.3	17.6	17.1	16.3	14.1	13.4	11.9	10.6	9.7
WAEMU	11.1	12.8	15.4	15.9	14.7	13.9	14.0	13.0	12.5

Source: IMF, African Department database.

[1] Fiscal data for Senegal over 2019-2023 reflect the authorities' preliminary estimate based on the report by the Court of Auditors published on February 12, 2025.

Note: Coverage of public debt differs across the WAEMU member states.

Table 8. WAEMU: Financial Soundness Indicators, 2016-24

	2016	2017	2018[1]	2019	2020	2021	2022	2023	2024
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Jun.
Solvency ratios									
Regulatory capital to risk weighted assets	11.3	11.7	10.5	11.5	11.8	12.4	12.9	13.7	13.0
Tier I capital to risk-weighted assets	10.3	10.8	9.7	10.6	11.1	11.8	12.2	12.7	12.3
Provisions to risk-weighted assets	10.1	9.8	7.5	7.6	7.5	6.7	6.1	5.8	5.7
Capital to total assets	5.8	6.3	6.8	6.6	6.6	6.7	6.5	7.3	7.2
Composition and quality of assets									
Total loans to total assets	52.2	54.1	55.7	56.2	52.3	50.0	51.3	53.5	53.4
Concentration: loans to 5 largest borrowers to capital	101.9	89.8	82.6	86.1	76.9	81.7	99.1	100.1	102.4
Sectoral distribution of loans									
Agriculture	3.2	3.9	4.6	3.0	3.0	3.1	3.3	2.9	3.0
Extractive industries	1.6	1.5	1.7	1.7	1.8	1.8	2.1	2.0	2.1
Manufacturing	15.5	16.2	15.1	14.3	13.0	12.0	12.2	12.0	11.6
Electricity, water and gas	4.9	5.6	5.6	4.6	4.7	5.5	6.1	5.8	5.6
Construction	10.8	9.8	10.6	11.2	10.2	10.7	9.5	8.2	8.2
Retail and wholesale trade, restaurants and hotels	26.7	26.8	27.7	25.9	26.5	26.7	28.3	26.8	26.7
Transportation and communication	9.9	11.6	10.5	11.3	10.8	9.5	8.1	8.9	8.4
Insurance, real estate and services	7.2	7.2	6.8	7.2	8.4	8.4	7.4	8.7	9.1
Other services	20.1	17.4	17.5	20.8	21.7	22.4	23.1	24.8	25.3
Gross NPLs to total loans	13.8	13.9	12.4	11.4	11.0	10.3	8.4	8.7	9.0
Provisioning rate	65.5	63.6	65.3	63.3	67.2	65.1	68.0	63.3	62.3
Net NPLs to total loans	5.2	5.5	4.7	4.5	3.9	3.9	2.8	3.4	3.6
Net NPLs to capital	47.2	48.0	38.2	38.3	31.0	28.8	22.4	24.6	26.6
Earnings and profitability									
Average cost of borrowed funds	2.9	2.5	2.4	0.7	0.9	2.0	2.0	2.6	…
Average interest rate on loans	9.8	8.4	7.6	7.1	7.6	6.9	7.1	8.1	…
Average interest margin	6.9	5.9	5.2	6.4	6.7	4.9	5.1	5.6	…
After-tax return on average assets (ROA)	1.3	1.3	1.2	1.3	1.2	1.5	1.5	1.8	…
After-tax return on average equity (ROE)	20.2	17.6	14.6	15.3	13.9	17.4	17.4	19.5	…
Noninterest expenses to net banking income	58.5	58.3	60.5	58.9	58.1	55.2	53.0	50.9	…
Salaries and wages to net banking income	25.6	25.0	25.9	24.8	25.1	23.9	22.9	23.2	…
Liquidity									
Liquid assets to total assets	27.1	27.3	27.8	26.0	24.4	23.1	24.1	24.2	22.8
Liquid assets to total deposits	42.3	42.3	42.4	38.7	35.5	32.8	35.5	35.6	33.8
Total loans to total deposits	89.5	92.0	92.2	90.2	82.2	76.3	80.1	83.2	83.7
Total deposits to total liabilities	64.1	64.5	65.7	67.1	68.7	70.3	67.9	68.1	67.6
Sight deposits to total liabilities	34.4	34.7	35.1	35.8	37.1	39.2	38.7	38.0	37.2
Term deposits to total liabilities	29.7	29.8	30.6	31.4	31.5	31.1	29.2	30.1	30.4

Source: BCEAO.

[1] First year of data reporting in accordance with Basel II/III prudential standards and the new banking chart of account.

Table 9. WAEMU: Other Key Indicators Across Countries in 2023 [1]

	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAEMU Total
Nominal GDP (billions of CFAF)	11,935	12,846	48,294	1,216	12,848	10,194	18,573	5,507	121,414
Nominal GDP (billions of US Dollars)	20	21	80	2	21	17	31	9	200
Nominal GDP per capita (thousands of CFAF)	870	552	1,553	628	552	377	1,023	607	823
SDR Quota (million)	124	120	650	28	187	132	324	147	1,712
Population (millions)	13.7	23.3	31.1	1.9	23.3	27.1	18.2	9.1	147.6
Land area (thousands of sq.km. in 2021)	113	274	318	28	1,220	1,267	193	54	3,466
Exports of goods and services (billions of CFAF)	2,739	3,307	11,712	179	3,717	1,243	4,302	1,402	28,600
Imports of goods and services (billions of CFAF)	3,757	4,058	13,403	364	4,892	2,812	8,990	1,991	40,267
Share of individual countries (in percent)									
In nominal GDP	9.8	10.6	39.8	1.0	10.6	8.4	15.3	4.5	100
In population	9.3	15.8	21.1	1.3	15.8	18.3	12.3	6.1	100
In land area	3.3	7.9	9.2	0.8	35.2	36.5	5.6	1.6	100
In exports	9.6	11.6	41.0	0.6	13.0	4.3	15.0	4.9	100
In imports	9.3	10.1	33.3	0.9	12.1	7.0	22.3	4.9	100

Sources: World Bank, *World Development Report*; IMF, *Direction of Trade Statistics*, World Development Indicators; and staff estimates.

[1] Unless otherwise indicated.

Annex I. External Sector Assessment[1]

Overall Assessment: *The 2024 WAEMU external position is assessed as moderately weaker than fundamentals and desirable policy settings. The current account deficit is estimated to have narrowed significantly in 2024, reflecting favorable terms of trade and the completion of hydrocarbon projects. The level of reserves is just above the lower bound of adequacy metrics. The exchange rate is also found to be moderately overvalued than suggested by fundamentals.*

Potential Policy Responses: *In 2025, carefully tailored monetary policy remains appropriate to maintain external sector and macroeconomic stability. Over the medium term, compliance with a reinstated fiscal rule in the context of the Convergence Pact, along with the implementation of structural reforms, will be critical to supporting the external position.*

Foreign Assets and Liabilities: Position and Trajectory

Background. The WAEMU's net international position (NIIP) deteriorated to -49.1 percent of union GDP at end-2022 (the date of the most recent observation for NIIP), from -46.8 percent of GDP at end-2021. This trend was largely driven by an increase in external public debt, to 37.4 percent of GDP at end-2022 from 35.9 percent in 2021. Current account deficits amid tightening global financing conditions since then are likely to have continued to erode the NIIP.

Assessment. The current account deficit observed in 2024 is expected to continue to worsen the NIIP. Looking ahead, the projected improvement in CA positions should contribute to stabilizing the NIIP ratio in the medium term. Foreign direct investments (FDI) and other investments constitute, each, over 40 percent of WAEMU's external liabilities, while portfolio investments and derivatives represent the remaining relatively small part. A high share of FDI mitigates risks from the negative NIIP, which appear contained.

2022 (percent of GDP)	NIIP: -49.1%	Gross Assets: 33.5%	Debt Assets: N/A	Gross Liab.: 82.6%	Debt Liab.: N/A

Current Account

Background. Based on the published autumn 2024 WEO data, the WAEMU external CA deficit (including grants) is estimated to have contracted from 9.5 percent in 2023 (revised up from 7.2 percent since the last Article IV) to 6.2 percent of GDP in 2024, amid the completion of large-scale hydrocarbon projects in Senegal and favorable terms of trade. Over the medium term, the CA deficit would continue to improve towards 3.5 percent of GDP, reflecting the expected export increase following the full realization of hydrocarbon export potential in Niger, Senegal and Côte d'Ivoire.

Assessment. When applied to data and projections for 2024 (and again based on the published autumn 2024 WEO data), the EBA-Lite current account (CA) model estimates a current account norm of -5.2 percent of GDP against an adjusted CA balance of -6.4 percent of GDP. The CA deficit in Senegal was unusually large, in part due to temporary import requirements from large-scale hydrocarbon projects, which are expected to create significant exports going forward. As such, 0.6 percentage points of Union GDP adjusters are applied, to avoid such temporary factors disproportionately impacting the union-level assessment. As before the pandemic, in 2024 the WAEMU member states are estimated to have seen a combination of positive and negative CA gaps. The EBA-Lite CA model gap suggests the external position for WAEMU as a whole is moderately weaker than the level implied by fundamentals and desirable policies.

WAEMU: Model Estimates for 2024 (in percent of GDP)

	CA model 1/	**REER model**
CA-Actual	**-6.2**	
Cyclical contributions (from model) (-)	0.7	
Additional temporary/statistical factors (-)	-0.6	
Natural disasters and conflicts (-)	0.1	
Adjusted CA	**-6.4**	
CA Norm (from model) 2/	**-5.2**	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	**-5.2**	
CA Gap	**-1.2**	**0.1**
o/w Relative policy gap	**1.3**	
Elasticity	-0.2	
REER Gap (in percent)	**6.7**	**-0.7**

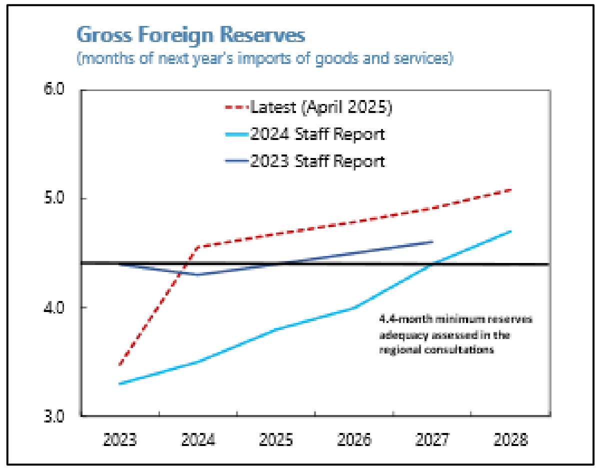
1/ Based on the EBA-lite 3.0 methodology.
2/ Cyclically adjusted, including multilateral consistency adjustments.

[1] Prepared by Bruno Perdigao (SPR).

Real Exchange Rate
Background. After depreciating for most of the previous decade, the CFA Franc (CFAF) saw an appreciation of the real effective exchange rate for two consecutive years of about 6.8 percent between 2022 and 2024, reflecting the relative appreciation of the CFAF with respect to WAEMU's trading partners' currencies. **Assessment.** The EBA-Lite Real Effective Exchange Rate (REER) model finds a negligible misalignment of the CFAF, estimating an undervaluation of approximately 0.7 percent with respect to values implied by economic fundamentals and equilibrium policies. This result contrasts with the estimates obtained using the EBA-Lite CA model, which suggest a moderate overvaluation of 6.7 percent for 2024 assuming an elasticity of the real exchange rate to the CA deficit of -0.2 (IMF staff assumption). When the models are in contradiction, best practice is to opt for the CA deficit model.
Capital and Financial Accounts: Flows and Policy Measures
Background. Net capital inflows are projected to increase substantially from 7.6 percent of GDP in 2023 to 9.1 percent in 2024, largely driven by a rebound in net portfolio inflows, estimated to increase from -0.3 to 3.2 percent of GDP in the same period. The estimates reflect higher market absorption of government debt in 2024. Over the medium term, net inflows from the financial and capital accounts would remain around 5 percent of GDP as official loans to the government and FDI weaken, the latter related to hydrocarbon projects coming to fruition. **Assessment.** Market perceptions of WAEMU countries have generally been broadly favorable in 2023 and 2024. However, tight monetary policies in advanced economies led to tight international financing conditions for the region in 2023, and governments responded by relying more on domestic and regional financing, thus contributing to reserve loss. In contrast, 2024 marked a rebound in public external financing, with increased Eurobond issuances. Over the medium term, policies to improve the competitiveness of the region and guarantee the soundness of the macroeconomic framework will be important to enhance the attractiveness of union economies and to boost capital inflows.
FX Intervention and Reserves Level
Background. The WAEMU pooled reserves recovered from about 9.5 trillion CFAF (3.3 months of prospective imports) at end-2023 to about 13.5 trillion in 2024 (4.6 months of prospective imports) and are projected to further recover to about 10 percent of union GDP (4.8 months of imports) by 2026. These developments reflect a variety of factors, in particular better terms of trade and the rump-up of hydrocarbon exports in Senegal and Niger, as well as significant flows from IMF disbursements. Reserves are projected to recover over the medium term as the CA balance improves amid still favorable terms of trade and fiscal consolidation, reducing pressure on external savings. **Assessment.** The ARA CC approach estimates an adequate range for the level of reserves of 4.4 to 6.4 months of prospective import coverage for the WAEMU, with the lower end calibrated on fragile states and the higher end calibrated on non-resource rich countries. Based on this model, the level of reserves in 2024 (4.6 months of imports) is slightly above the estimated lower bound adequate level, while the level projected for the medium term (5.2 months of prospective imports by 2029) would reach higher levels. Growth-friendly fiscal consolidation, appropriate monetary policy, and implementation of structural reforms will be key to sustaining reserve accumulation going forward.

Annex II. Drivers of WAEMU Reserve Accumulation and Risks[1]

1. WAEMU's baseline scenario considers a steady recovery in reserve accumulation. Reserves would rise steadily from 4.6 months of imports in 2024 to 4.7 in 2025 and 5.2 in 2029. This increase is driven mainly by narrower current account deficits, from 9.5 percent of GDP in 2023 to 4.5 in 2025 and 3.8 in 2029. Comparing 2023 and 2029, Côte d'Ivoire and Senegal would each account for about 40 percent of the improvement in the regional current account, with Niger and Mali accounting for about 10 percent each. This improvement represents a significantly faster pace of projected reserve accumulation than envisaged in the previous two discussions on common policies.



2. Higher commodity exports, and to a lesser extent increased government external liabilities, contribute to this increase. Commodity exports contribute to the improvement in the current account and thus reserves, both in terms of volume (cocoa for Côte d'Ivoire and hydrocarbons for Niger and Senegal), as well as higher prices (gold for Mali and Burkina Faso, and cocoa for Côte d'Ivoire). To a lesser degree, increased external government borrowing in some countries is also contributing to reserve accumulation. The quantification of these factors is illustrated by the risk scenarios presented below.

3. A series of shock scenarios illustrate the importance of these drivers for reserve accumulation, both individually and in aggregate terms (Figure 1).

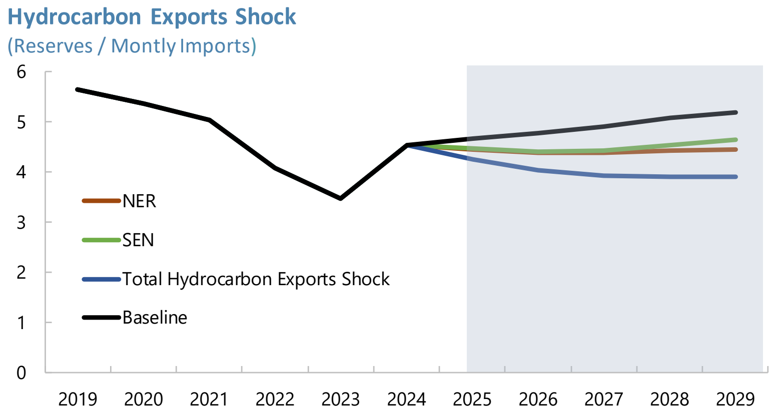
- Import coverage would fall to 4.3 and 3.9 months in 2025 and 2029, respectively, if there were no ramp-up in oil-related production in Senegal and Niger, and the values of oil-related exports in both cases were to remain at 2024 levels.
- Similarly, reserve coverage would drop to 4.0 and 1.4 months in 2025 and 2029 if gold prices (for Mali and Burkina Faso) and cocoa prices (for Côte d'Ivoire) were to remain at 2024 levels.
- With respect to financing, reserve coverage would drop to 3.4 months of imports in 2025 and 1.9 in 2029, in the event WAEMU countries were unable to increase PPG external debt (in nominal values) beyond 2024 levels (but would still be able to roll it over).

4. Overall, these simulations show that external vulnerabilities in WEAMU are salient, despite the favorable baseline scenario.

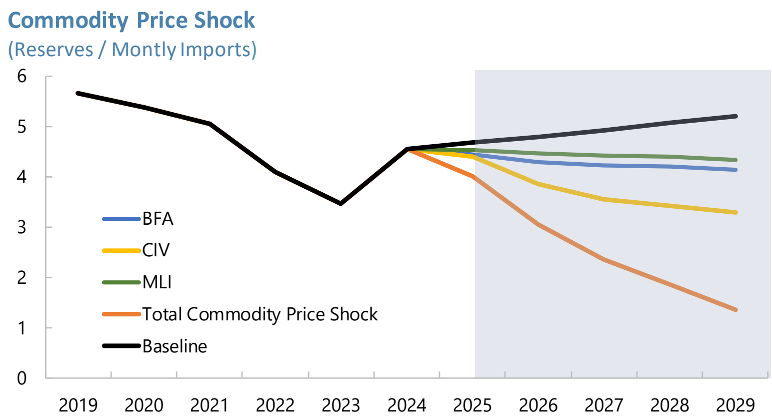
[1] Prepared by Bruno Perdigao (SPR)

Annex II. Figure 1. WAEMU: Reserves and Current Account Under Alternative Scenarios

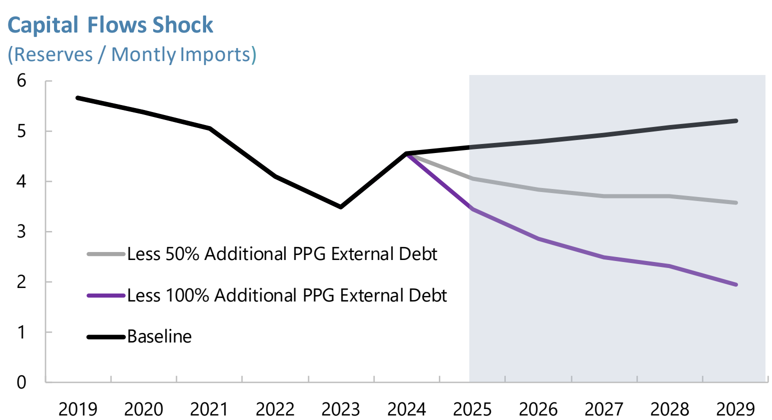
Reserves/imports in 2025 (2029) would drop to 4.3 (3.9) if values of hydrocarbon exports in SEN and NER were fixed at 2024 levels.



Similarly, reserves/imports in 2025 (2029) would drop to 4.0 (1.4) if gold (for MLI and BFA) and cocoa prices (for CIV) were fixed at 2024 levels.



Additionaly, reserves/imports would drop to 3.4 in 2025 and 1.9 in 2029 if WEAMU countries were unable to increase PPG external debt beyond 2024.

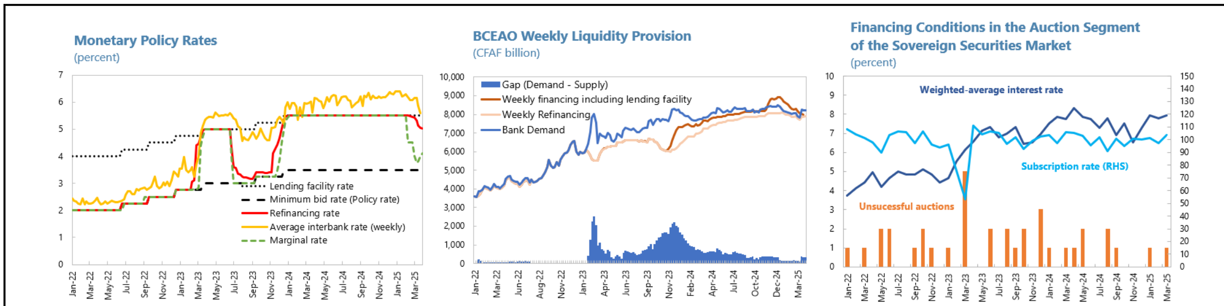


Source: IMF Staff Calculations.

Annex III. Divergence in Financing Conditions in the WAEMU Regional Market[1]

Yields on debt have increased and tenors have decreased for all WAEMU sovereigns in recent years, consistent with BCEAO monetary tightening amid large regional financing needs. However, a large gap has opened between Burkina Faso, Guinea-Bissau, Mali, and Niger (AES+GNB), and the other four members (Benin, Côte d'Ivoire, Senegal, and Togo, though more recently spreads on Senegal bonds are also increasing). Moreover, there is increasing evidence of a regional market's fragmentation along national lines, with investors in most WAEMU members more likely to acquire home-country sovereign debt, creating a further obstacle to regional financing for member states with smaller and more fragile banking systems. These developments are driven in part by perceived credit and liquidity risk, as well as perceived political instability and macroeconomic uncertainty in some member countries. Reducing the above-mentioned gap will require continued commitment to debt sustainability, strong institutions, and WAEMU membership, and will be crucial in strengthening financial sector stability and continued access to the regional market.

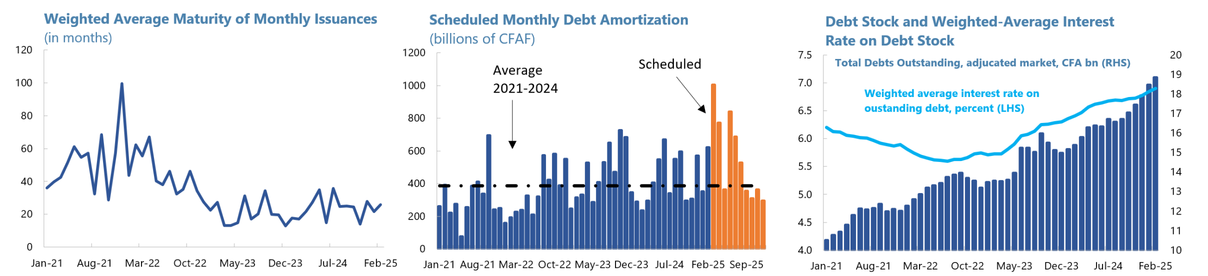
1. **Yields on government debt in the WAEMU have fallen from early 2024 peaks but remain high on continued tight monetary policy.** Faced with some inflation rebound and declining foreign exchange reserves, the BCEAO has pursued a tight monetary policy, first by raising rates over 2022-2023, and then by maintaining the effective rate for central bank liquidity at the top of the policy corridor (5.5 percent) throughout 2024. At the same time, debt increased from 46 percent of GDP in 2019 to 65 percent of GDP in 2024. These factors have largely contributed to pushing up the cost of borrowing for all WAEMU sovereigns. The weighted-average yield on newly issued government debt in the WAEMU rose from around 4 percent in 2022 to a peak of 8.3 percent in April 2024 (Figure 2). The average yield declined to 7.3 percent in December 2024, as the gap between demand for and supply of BCEAO refinancing narrowed and the tightening cycle was potentially perceived to be ending.



Source: BCEAO, UMOA-Titres, IMF Staff Calculations

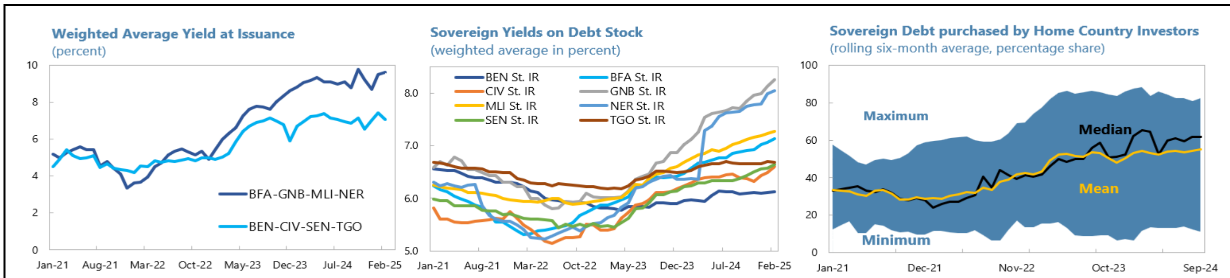
[1] Prepared by Lawrence Norton (AFR)

2. **Market preference also shifted towards shorter tenors, leading to higher sovereign liquidity constraints throughout 2024.** After averaging 52 and 44 months in 2021 and 2022, respectively, the maturity of debt at issuance fell dramatically in 2023, to 21 months, with a trough of just 13 months in March and April 2023 after the BCEAO withdrew the system of full allotment of liquidity to the banking system. Reluctance to absorb longer-term debt eased only modestly in 2024, rising from 22 to 25 months from the first to the second half of the year. While reliance on short-term debt allows sovereigns to reduce funding costs in the current interest rate environment, it increases rollover risk, with over CFAF 1 trillion falling due in March 2025 alone. Meanwhile, the interest rate on the debt stock continues to rise as debt issued before interest rates began to rise sharply in 2023 continues to roll off.



Source: UMOA-Titres, IMF Staff Calculations

3. **Interest rates have increasingly diverged among WAEMU sovereigns in the past two years.** Since early 2023, AES+GNB members have faced rising interest spreads over other WAEMU sovereigns. Several factors likely explain this trend, including tail risks related to insecurity and political instability as well as some uncertainty about AES countries' commitment to WAEMU membership. In addition, an increasing home-bias by investors has disfavored the AES+GNB members with generally weaker banking systems, including because regulatory forbearance in 2023 made it easier for local public banks to increase exposure to their own sovereign (see IMF SM/24/90). These members have sometimes secured financing by occasionally selling longer-term debt to local banks at below-market rates, but this generates additional risks to financial stability and introduces market distortions (see IMF EBS/24/147, Annex II).



Source: UMOA-Titres, IMF Staff Calculations

4. **Greater interest convergence among WAEMU sovereigns will require sustained policy commitments by those facing higher credit and liquidity risk.** Sustained commitments to debt sustainability by the AES+GNB members would reduce policy uncertainty and help rein in their borrowing costs, as would the commitment by all WAEMU members to a new Convergence Pact. Maintaining clear communication about a continued commitment to WAEMU membership would

also promote confidence. In addition, the divergence in borrowing costs could be reduced by a relaunching of the regional integration agenda as well as by a widening of the investor base beyond banks.

Annex IV. Risk Assessment Matrix (July 2024)[1]

Risks	Likelihood	Economic Impact	Policy Responses
		Country Specific	
• **Intensified conflict in the Sahel region with increasing spillovers into the coastal member states.** Extended violence disrupts trade, prompts a new surge in refugees and IDPs, and threatens social stability.	High	**High** Lower growth, rising inflation, weaker external balance. Pressure on the budget and reserves. Increased risks to debt sustainability. Risk of social tensions.	• Provide targeted fiscal support. • Promote security budget transparency. • Seek concessional external financing. •
• **Delays in hydrocarbon production and export in Senegal or Niger.** Production increases are delayed further due to technical or political issues.	High	**High** Weaker external balance, lower reserves, lower growth. Risks to debt sustainability and vulnerability to external shocks. More difficult access to external financing.	• Adopt a medium-term fiscal adjustment plan covering the entire public sector. • Seek additional concessional external financing.
• **A lack of liquidity leads to financing difficulties.** Regional banks are unable to absorb sovereign financing needs, leading governments to accumulate arrears.	Medium	**High** Banks incur recapitalization needs because of exposures to regional sovereigns, damaging their ability to finance the economy.	• Accelerate fiscal consolidation. • Take prudential measures to address the sovereign/bank nexus. • Deepen the local financial market.
		Conjunctural shocks and scenarios (Global)	
• **Intensification of regional conflicts.** Escalation of the conflict in Gaza and Israel, Russia's war in Ukraine, and/or other regional conflicts or terrorism disrupt trade (e.g., energy, food, tourism, supply chains), remittances, FDI and financial flows, and payment systems, and increase refugee flows.	High	**High** Lower economic growth, rising inflation, and weaker external balance. Rising pressure on the budget and reserves. Increased risks to debt sustainability. Risk of social tensions.	• Provide additional temporary and targeted fiscal support. • Seek concessional external financing for additional budget support, as needed. • Pursue medium-term reforms to increase resilience.
• **Commodity price volatility.** Supply and demand fluctuations (e.g., conflicts, export restrictions, OPEC+ decisions, green transition) cause commodity price volatility, external and fiscal pressures and food insecurity in EMDEs, spillovers, and social and economic instability.	High	**Medium** Lower economic growth, rising inflation, and weaker external balance. Rising pressure on the budget and reserves. Increased risks to debt sustainability. Risk of social tensions.	• Maintain flexible energy prices to mitigate budget impact. • Provide targeted fiscal support to the most vulnerable within the existing budget envelope. • Seek additional concessional external financing to fill any financing gap.

1/ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Risks	Likelihood	Economic Impact	Policy Responses
• **Systemic financial instability.** High interest rates and risk premia and asset repricing amid economic slowdowns and elevated policy uncertainty (including from elections) trigger market dislocations, with cross-border spillovers and an adverse macro-financial feedback loop.	**Medium**	**High** Rising international risk premia would hamper access to markets and increase strains on regional financing.	• Tighten monetary policy to anchor expectations and reserves. • Adopt a medium-term fiscal adjustment plan, leveraging also on revenue mobilization. • Accelerate the implementation of structural reforms to attract capital flows and FDI.
• **Sovereign debt distress.** High interest rates, deteriorating debt sustainability, unfunded spending, and/or disorderly debt events in some EMDEs spill over, amplified by sovereign-bank feedback, resulting in capital outflows, rising risk premia, loss of market access, and contraction of growth and social spending.	**Medium**	**High** Rising international risk premia would hamper access to markets and increase strains on regional financing.	• Tighten monetary policy as needed to anchor expectations and support reserves. • Adopt a medium-term fiscal adjustment plan, leveraging also on revenue mobilization. • Accelerate structural reforms to attract capital flows and FDI.
• **Structural Risks (Global)**			
• **Deepening geoeconomic fragmentation.** Conflicts, inward-oriented policies, and less cooperation result in a less efficient trade and FDI, supply disruptions, protectionism, policy uncertainty, payments systems fragmentation, financial instability, and international monetary fracturing.	**High**	**Medium** Regional tensions would further reduce the demand for commodity exports and increase pressures on security and social spending.	• Provide targeted fiscal support. • Expand the budget envelope by mobilizing reducing tax expenditures. • Adopt a medium-term fiscal adjustment plan covering the entire public sector.
• **Climate change.** Extreme climate events cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability. A disorderly transition to net-zero emissions and regulatory uncertainty lead to stranded assets and low investment.	**Medium**	**High** WAEMU is one of the most vulnerable regions to climate change, including drought and desertification.	• Provide targeted support to the vulnerable. • Pursue medium-term reforms to increase climate change adaptation.

Annex V. Status of Fund Relations

1. Benin: The IMF Executive Board approved on July 8, 2022, 42-month arrangements under the Extended Fund Facility (EFF) and the Extended Credit Facility (ECF) for Benin (391 percent of quota, about US$650 million), and on December 14, 2023, a new 24-month arrangement under the Resilience and Sustainability Facility (RSF) (about US$200 million, 120 percent of quota). Program performance under the EFF/ECF and RSF arrangements has been robust. The combined Fifth EFF/ECF and Second RSF reviews were completed by the Executive Board on December 17, 2024.

2. Burkina Faso: On September 21, 2023, the IMF Executive Board approved a 48-month arrangement under the ECF for Burkina Faso (190 percent of quota, about $302.5 million). Previously, on March 27, 2023, the IMF Executive Board approved a disbursement of about US$79.2 million (50 percent of quota) under the Food Shock Window of the Rapid Credit Facility. The second ECF program review was completed by the Executive Board on December 19, 2024.

3. Côte d'Ivoire: On May 24, 2023, the IMF Executive Board approved 40-month arrangements under the EFF and ECF (400 percent of quota, about US$3.5 billion), and on March 15, 2024, a new 30-month arrangement under the RSF (150 percent of quota, about US$1.3 billion). The performance under the current EFF/ECF has been strong. The Executive Board completed the combined third EFF/ECF reviews and second RSF review and 2024 Article IV consultation on December 11, 2024.

4. Guinea-Bissau: On January 30, 2023, the IMF Executive Board approved a new 36-month ECF arrangement to support economic policies. In the context of the third ECF review, the IMF Executive Board approved an augmentation of access under the ECF arrangement from 100 to 140 percent of quota (equivalent to US$53.14 million). The seventh ECF review was completed by the Executive Board on December 16, 2024.

5. Mali: The 2019-22 ECF-supported program expired in August 2022 after completing just three out of six reviews, because of the coup d'état in 2021 and sanctions in 2022. A disbursement for 50 percent of quota under the RCF Exogenous Shock Window was approved in April 2025, following the earlier approval of a Staff Monitored Program to establish a track record for a potential future Fund arrangement.

6. Niger: On December 8, 2021, the IMF Executive Board approved a three-year arrangement under the ECF for Niger (150 percent of quota, about US$275.8 million), and in July 2023 a RSF arrangement (75 percent of quota, about US$131.5 million). The fourth and fifth ECF reviews and first RSF review were completed on July 17, 2024. The two arrangements were extended by six months until December 2025, with the sixth ECF review, second RSF review, and 2024 Article IV completed on January 22, 2025.

7. Senegal: On June 26, 2023, the IMF Board approved US$1.83 billion in financial assistance to Senegal, including US$1.51 billion under the EFF and ECF (350 percent of quota), and US$324 million under the RSF (75 percent of quota). The first program reviews were completed on December 13, 2023, which unlocked disbursements of US$214.86 million from the EFF/ECF and US$64.45 million from the RSF. Given the deteriorated fiscal position and policy inaction around and after the 2024 presidential elections, the programs went off track and are set to expire. The authorities have requested to negotiate a new program to reflect their new development strategy.

8. **Togo**: On March 1, 2024, the IMF Board approved a new 42-month ECF arrangement for Togo (200 percent of quota, about US$390 million). The 2024 Article IV consultation was concluded on September 4, 2024, and the Executive Board completed the first ECF review on December 20, 2024.

Annex V. Table I. WAEMU: Current IMF Arrangements for WAEMU Members

Country	Type	Date Of Commitment	Expiration Date	Total Agreed (Million of SDR)	Total Agreed (Million US $ at the time of approval)
Benin	EFF ECF	8-Jul-22	7-Jan-26	484.1	638.0
	RSF	14-Dec-23	13-Dec-25	148.6	200.0
Burkina Faso	ECF	21-Sep-23	20-Sep-27	228.8	302.5
Cote d'Ivoire	EFF ECF	24-May-23	23-Sep-26	2,601.6	3,500.0
	RSF	15-Mar-24	15-Sep-26	975.6	1,300.0
Guinea-Bissau	ECF	30-Jan-23	29-Jan-26	28.4	37.9
Mali	RCF	16-Apr-25		93.3	129.0
	SMP	28-Mar-25	28-Feb-26		
Niger	ECF RSF	8-Dec-21 5-Jul-23	7-Dec-25 7-Dec-25	296.1	407.3
Senegal	EFF ECF RSF	26-Jun-23	25-Jun-26	1,375.3	1,834.0
Togo	ECF	1-Mar-24	31-Aug-27	293.6	389.5
TOTAL				6,525.3	8,738.2

Annex V. Table II. WAEMU: Member Countries' Fund Credit Outstanding (As of February 28, 2025)

	SDR million				Percent of quota			
	EFF	ECF	RSF	Total	EFF	ECF	RSF	Total
Benin	328.9	348.6	49.5	727.0	265.6	281.6	40.0	587.2
Burkina Faso	-	326.1	-	326.1	-	270.9	-	270.9
Côte d'Ivoire	1,431.8	946.0	304.9	2,682.6	220.1	145.4	46.9	412.5
Guinea Bissau	-	52.3	-	52.3	-	184.1	-	184.1
Mali	-	326.6	-	326.6	-	175.0	-	175.0
Niger	-	360.1	59.9	420.0	-	273.7	45.5	319.2
Senegal	609.4	409.9	48.5	1,067.8	188.3	126.7	15.0	330.0
Togo	-	305.3	-	305.3	-	208.0	-	208.0
Total	**2,370.1**	**3,075.0**	**462.8**	**5,907.9**	**138.5**	**179.7**	**27.0**	**345.2**

Source: IMF.

Annex V. Table III. WAEMU: Member Country SDR Position
(As of February 28, 2025)

	(in millions of SDRs)	
	Net Cumulative Allocation	Holdings
Benin	195.93	177.82
Burkina Faso	196.86	172.98
Côte d'Ivoire	1146.58	934.28
Guinea-Bissau	63.31	40.82
Mali	210.93	268.21
Niger	253.27	189.07
Senegal	99.10	464.96
Togo	282.00	211.03
WAEMU	**2,447.97**	**2,459.18**

Annex V. Table IV. WAEMU: Capacity to Repay the IMF

	2025	2026	2027	2028	2029	2030
Fund obligations based on existing credit						
(in millions of SDRs)						
Principal	693	662	645	661	745	648
Charges and Interest	96	84	74	66	56	47
Fund obligations based on existing and prospective credit						
(in millions of SDRs)						
Principal	693	662	645	661	771	787
Charges and Interest	132	162	161	153	143	130
Total obligations based on existing and prospective credit						
In millions of SDRs	825	824	807	813	914	916
In billions of CFA francs	671	673	661	669	751	753
In percent of government revenue	3	2	2	2	2	2
In percent of exports of goods and services	2	2	2	1	2	1
In percent of external debt	1.2	1.1	1.1	1.0	1.1	
In percent of GDP	0.5	0.4	0.4	0.4	0.4	
In percent of quota[1]	48	48	47	48	53	54
Oustanding Fund credit						
In millions of SDRs	10,288	10,358	9,819	9,161	8,392	7,608
In billions of CFA francs	8,372	8,463	8,047	7,532	6,900	6,255
In percent of government revenue	32	29	25	21	18	15
In percent of exports of goods and services	22	21	18	16	14	12
In percent of external debt	15	14	13	11	10	
In percent of GDP	6	5	5	4	3	
In percent of quota[2]	601	605	574	535	490	444
Net use of Fund credit						
Disbursements	1,573	732	106	2	2	2
Repayments and Repurchases	693	662	645	661	771	787
Memorandum Items						
Exports of Goods and Services (billions of CFA francs)	38,395	40,602	43,816	46,656	49,518	52,993
Government revenue and grants (billions of CFA francs)	26,322	29,031	32,210	35,347	38,531	41,503
External debt (billions of CFA francs)	56,571	59,775	62,688	65,782	68,514	

Sources: IMF staff estimates and projections

[1] This table is for information only and presents the aggregate of the 8 WAEMU member countries' individual financial data with the Fund.

[2] Note: WAEMU countries total quota is SDR 1,711.60 million.

Annex V. Table V. WAEMU Member State Debt Sustainability Assessments

Country	Risk of External Debt Distress	Overall Risk of Debt Distress	Date of Assessment
Benin	Moderate	Moderate	6-Dec-24
Burkina Faso	Moderate	Moderate	31-May-24
Cote d'Ivoire	Moderate	Moderate	19-Nov-24
Guinea-Bissau	High	High	27-Nov-24
Mali	Moderate	Moderate	9-May-23
Niger	High	High	17-Dec-24
Senegal	Moderate	Moderate	9-Jun-23
Togo	Moderate	High	3-Dec-24

Annex VI. Authorities Responses to the 2024 Policy Recommendations

	2024 Regional Discussions Recommendations	Authorities' Responses
Fiscal Policy Coordination		**Partially Consistent**
	– Bring fiscal deficits to 3 percent of GDP by 2025 (unless otherwise agreed with the IMF) while keeping deficits consistent with available financing.	– Fiscal deficits are projected to be reduced to 3 percent of GDP by 2025 in six member countries, and by 2026-2027 in Burkina Faso and Senegal (the latter, following large past fiscal data revisions). Sovereigns were able to satisfy their financing needs on the regional security market in 2024, but at shorter maturities. There has also been an increasing fragmentation of the market along national lines, while Burkina Faso, Guinea-Bissau, Mali, and Niger have paid much higher rates than other members.
	– Reintroduce and revamp regional fiscal rules with enhanced supporting elements and unchanged fiscal deficit and debt ceilings.	– The WAEMU Commission prepared a draft Pact, which the Council of Ministers agreed in April 2024 to submit for approval by the Conference of Heads of State and Government. The draft retains the 2015 convergence criteria, while also including an exogenous escape clause (triggered by a fall in GDP of at least 4 percentage points compared to the average of the last three years).
	– Implement PFM reforms to contain extra-budgetary and below-the-line operations (stock flow adjustments, SFA).	– SFA continued to add to the debt stock in 2024 (0.6 percent of GDP). In 2024, the Council of Ministers adopted policy guidelines for WAEMU member states for 2025, which include measures aimed at reducing the level of SFA, and the WAEMU Commission has initiated efforts to identify SFA sources in member countries.
Monetary Policy Stance		**Broadly Consistent**
	– Further tighten monetary policy to rebuild external buffers to adequate levels and contain financial risks.	– Inflation rose above the target band in 2024 mainly due to flooding in the Sahel before falling back below 3 percent by year-end. FX reserves have bounced back to adequate levels since November 2024. The BCEAO has maintained a tight monetary policy stance by keeping policy rates unchanged, while the effective refinancing rate remained at the ceiling of the policy corridor in 2024, before starting to recede from the ceiling in February 2025, signaling that the recent increase in reserves is feeding into higher deposit growth and easing financing conditions.

	2024 Regional Discussions Recommendations	Authorities' Responses
Financial Regulation and Supervision	– Make the bank resolution framework fully operational and effective to ensure that nonviable banks can be promptly intervened and resolved. – Introduce "targeted" Pillar 2 capital surcharges and liquidity requirements, enhance supervision independence, and implement an emergency liquidity assistance scheme. – Develop a medium-term plan to address the sovereign bank nexus, while avoiding disruptions in the regional debt market.	**Partially Consistent** – The Banking Commission had adopted resolution plans for 23 systemic banks by end-2024 and expects to do so for the remaining 11 systemic banks in 2025. Similar plans shall also be adopted for non-systemic banks. – Pillar 2 capital surcharges are under consideration, and a draft instruction on LCR and NFSR calculation methods, along with monitoring tools for government securities discounts and mandatory reserves, is being finalized. – Bank's sovereign claims increased moderately in 2024 but still account for 37 percent of total assets. There has been increased government shareholding in the banking sector.
Financial Sector Development	– Improve the depth and liquidity of the secondary sovereign security market with a view to mitigating market segmentation between syndication and auction modes of issuance.	**Partially Consistent** – The market remains segmented by mode of issuance. Preparatory work is ongoing to promote the role of security dealers in the regional financial market, and UMOA-Titres is finalizing its plans to launch a platform to trade sovereign securities in the coming months, which would promote the development of the secondary market for these securities.
Structural Reforms	– Promote regional integration through fostering trade, enhancing competition, and developing cross-border infrastructure.	**Partially Consistent** – In the context of its regional development strategy running through 2040, the WAEMU Commission adopted in November 2024 a Strategic Plan for 2025-2030. It also plans to propose a Macroeconomic Stabilization Fund to support members impacted by idiosyncratic shocks and enhance regional solidarity. The BCEAO has made progress towards launching a fast payment scheme in 2025, with a view to promoting regional integration and reducing costs by offering interoperable services across the region's many payment platforms.

Annex VII. Implementation Status—FSAP Update 2022 Recommendations[1]

Annex VII. Table 1. WAEMU: FSAP Update 2022: Key Recommendations

Recommendations	Time Frame	Status
Banking Sector Supervision and Regulation		
Modify the WAEMU Banking Commission's (CBU) governing documents to institute the independence of its Supervisory Board from member states, and require state representatives to serve in a non-voting capacity or establish the selection of commissioners based on professional qualifications.	ST	• The Annex to the Convention governing the WAEMU Banking Commission, amended by the WAEMU Council of Ministers on March 31, 2023, articulates the principle of independence in Article 9 as follows: "In the execution of its missions outlined in Article 2 of the governing Convention, the Banking Commission, its members, and those contributing to its functioning are prohibited from seeking or receiving directives or instructions from community institutions or bodies, the governments of WAEMU member states, any other organization, or any other individual." • The decision-making process within the Banking Commission, as outlined in the Annex, remains unchanged: each member has one vote, and decisions are reached by a majority of the votes cast. Nevertheless, there is a modification in the appointment process, as these members should now be appointed by the WAEMU Council of Ministers based on proposals from the member states.
Make the WAEMU Court of Justice the appellate jurisdiction for the CBU Supervisory and Resolution Boards' decisions.	MT	• The WAEMU Council of Ministers is maintained as the appeals body against decisions of the Banking Commission.
Continue strengthening the number and capacity of staff at the Secretariat General of the Banking Commission of the WAEMU (SGCB) assigned to supervisory functions.	ST	• The supervisory staffing at SGCB increased by 12, 10, 3 and 3 employees in 2021, 2022, 2023, and 2024 respectively, reaching a total of 28 agents.
Impose capital surcharges for concentration risk and interest rate risk (Pillar 2).	ST	• As part of the annual risk management report, a data collection framework has been developed and shared with financial institutions, helping to assess interest rate risks and formulate appropriate proposals for additional capital requirements. • The CBU monitors interest rate risk in institutions as part of its risk management analysis.

[1] Prepared by Knarik Ayvazyan (MCM).

Annex VII. Table 1. WAEMU: FSAP Update 2022: Key Recommendations (continued)

Recommendations	Time Frame	Status
Make more consistent use of monetary sanctions, publish sanctions and censures, and avoid repeated stays of proceedings.	ST	• The WAEMU Banking Commission regularly imposes pecuniary sanctions and has improved the disclosure of both disciplinary and pecuniary sanctions imposed. Specifically: • In 2021, pecuniary sanctions were imposed on all financial institutions facing disciplinary procedures. Two of these ten sanctions implied anonymous publications. • In 2022, nine of thirteen cases presented to the Supervision Board resulted in pecuniary sanctions. Twelve sanctions were published anonymously. • In 2023, pecuniary sanctions were imposed on twenty-eight financial institutions out of the thirty-four cases presented to the Supervision Board. Sanctions against fourteen institutions were published anonymously. • In 2024, out of twenty-two cases examined, the Supervisory Board imposed sixteen financial sanctions. Twelve sanctions were published anonymously. One sanction was published with names.
Publish a guidance note for banks on the preparation of stress tests.	ST	• A circular regarding crisis simulation within financial institutions is currently under development.
Strengthen AML/CFT supervision by fully adopting a risk-based approach and enhancing the capacity and methodology for onsite supervision.	ST	• The Regional AML/CFT law, adopted by the WAEMU Council of Ministers on March 31, 2023, was designed to align with FATF recommendations and consider the results of national risk assessments. It takes into account the risk profile of AML/CFT for supervised financial institutions, including branches, and incorporates the results of national assessments of AML/CFT risks in the member states of the Union. Additionally, in 2023, AML/CFT risk control shifted towards addressing specific vulnerabilities, achieved through a more targeted approach to checkpoints. Furthermore, the refinement process based on an autonomous AML/CFT risk rating system has been completed and implemented.
Macroprudential Framework and Tools		
Designate the BCEAO as the "macroprudential authority" and introduce a mechanism for national authorities to raise legitimate concerns.	ST	• The new Banking Law introduces requirements applied to the macroprudential authority. • A draft note and decision regarding the designation of the Macroprudential Authority have been prepared for submission to the next WAEMU Council of Ministers meeting.

Annex VII. Table 1. WAEMU: FSAP Update 2022: Key Recommendations (continued)

Recommendations	Time Frame	Status
Fill residual data gaps, including on the financial conditions of nonfinancial corporations, households, and the real estate sector.	MT	• This recommendation will be implemented by BCEAO as part of the development of the risk mapping for the WAEMU financial sector and the definition of early warning indicators.
Strengthen the monitoring of WAEMU's Financial Stability Committee (CSF-UMOA) recommendations by introducing a "comply or explain" mechanism.	MT	• This recommendation is being considered by the CSF-UMOA.
Systemic Liquidity		
Introduce the Basel III liquidity ratios and: (i) institute a government securities haircut; (ii) count required reserves toward liquid assets; and (iii) require banks to regularly report residual maturities on assets and liabilities, and interest rates.	ST	• Liquidity regulations have not yet incorporated developments related to the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). • A draft instruction on LCR and NSFR calculation methods, along with monitoring tools for government securities discounts and mandatory reserves, is being finalized.
Impose a higher liquidity coverage ratio (LCR) for banks with riskier profiles (Pillar 2).	MT	• The WAEMU Banking Commission is considering imposing stricter requirements on certain institutions in the future, based on their liquidity risk profile.
Support the development of the regional bond market by: (i) introducing a development objective in medium-term borrowing strategies; (ii) unifying the central depositories; and (iii) reforming the status of primary dealers.	MT	• A working group has been established within BCEAO to: (i) formulate proposals and guidelines for security dealers in the public debt market, and (ii) enhance the activities of market makers, known as Treasury Securities Dealers (TSDs), by setting a market share target for third-party transactions, diversifying and expanding the investor base beyond credit institutions, and promoting the regional public debt market through targeted events and the establishment of a TSD association. • Moreover, supportive measures for TSDs could be suggested by implementing a liquidity support mechanism, the institution of a commissioning system based on a performance contract, and strengthening the approval, supervision, and sanctioning framework.
Introduce: (i) funding plans to manage certain banks' excessive dependence on BCEAO funding; (ii) haircuts and concentration limits for BCEAO eligible assets adapted to the underlying risks; and (iii) a framework for emergency liquidity assistance (ELA).	ST	• This recommendation is being considered by the BCEAO.

Annex VII. Table 1. WAEMU: FSAP Update 2022: Key Recommendations (concluded)

Recommendations	Time Frame	Status
Resolution and Crisis Management		
Liquidate or resolve undercapitalized, nonviable credit institutions on a timely basis.	ST	• Decisive action has yet to be taken to address some banks' persistent non-compliance with solvency regulations.
Finalize banks' resolution plans in accordance with best practices.	ST	• At end-2024, resolution plans were adopted for 20 out of 32 systemic banks. • The Banking Commission also intends to adopt similar plans for non-systemic institutions.
Strengthen the independence of the: (i) Resolution Board from the Supervisory Board and member states; and (ii) Deposit Guarantee and Resolution Fund (FGDR), particularly from active banking industry members.	MT	• Article 177 of the new banking law stipulates the independence of the Resolution Board from the Supervision Board. • Article 10 of the Deposit Guarantee and Resolution Fund's Statutes establishes independence from active banking industry members by requiring the disclosure of any professional activities or business relationships with Fund members from the past five years. During their term, representatives must abstain from voting on any decisions or actions by the Fund that may involve these members or institutions, and they may not hold elective political mandates or government positions. Any proven inaccuracies in disclosing such relationships will result in automatic resignation.
Adopt a program for enhancing systemically important banks' loss-absorption capacity; speed the attainment of FGDR-UMOA's target insurance reserves coverage of eligible deposits; enable FGDR-UMOA recourse to member states in case of resource inadequacy.	MT	• The FGDR-UMOA has achieved the target of CFAF100 billion set for end-2023 (CFAF 103 billion) and a new goal of CFAF 200 billion has been set for end-2029. • The FGDR-UMOA has proposed the enabling of an additional financing mechanism, including emergency "Backup" funding and a refinancing mechanism for government securities.
Climate Risk		
Adopt a strategy for managing climate risks, including raising supervisors' and financial institutions' awareness of climate-related issues.	ST	• A draft climate policy is under development by the BCEAO.
Define the prudential expectations for financial institutions' integration of climate and environmental risks in risk management systems and disclosures.	MT	• An official memorandum is being developed to define the guidelines for issuing a circular of the Banking Commission, specifying instructions to financial institutions on how to integrate climate and environmental risks into their risk management framework.
Note: ST = Short Term (1 to 2 years); MT = Medium Term (3 to 5 years)		

Annex VIII. Stock-Flow Adjustments[1]

Over the past decade, public debt levels across the WAEMU have consistently risen faster than implied by measured fiscal deficits, a discrepancy generally named as Stock-Flow Adjustments (SFA). Persistent one-sided SFA can complicate policymaking because targeting a crucial policy indicator, the fiscal balance, is not sufficient to ensure debt sustainability. This annex discusses a few key contributors to persistently high SFA, the potential remedies, and actions taken by the regional authorities to address SFA.

1. **Stock-flow adjustments (SFA)—essentially defined as the difference between the change in public debt and the fiscal balance for a given period—can have numerous sources.** Potential sources of SFA can vary from extra-budgetary or off-budget funding, differences in institutional coverage or in accounting between the fiscal balance and debt, asset valuations effects, changes in financial assets (e.g., privatizations), arrears, carryover, government guarantees, and financial instruments covered in debt and debt relief. An extensive list and description is provided in IMF SIP, 2023.[2]

2. **We focus here on a few key contributors to persistently high SFA observed in WAEMU.** We estimate SFA in WAEMU at 1.2 percent GDP annually on average for 2013-2022, accounting for exchange rate effects, nominal GDP growth effects, and guarantees. Similarly, the WAEMU Commission estimates SFA at 1.3 percent GDP annually on average for 2012-2022 for member countries covered by on-site missions carried out in 2023-24 (all except Mali and Niger).[3] In its preliminary findings, the WAEMU Commission highlighted three potential key contributors to persistently high SFA: emergency and urgent national interest expenditures not properly regularized; differences in institutional coverage between the fiscal balance and public debt; and extrabudgetary operations. Improper fiscal recording of accrued interest on sovereign securities issued at a discount could also contribute to persistent and positive SFA, although the relevance of this factor was not assessed by the WAEMU Commission's missions.

3. **First, emergency and urgent national interest expenditures which are not properly and timely regularized generate positive and persistent SFA.** In the case of emergency and urgent national interest expenditures (whose perimeter is defined by each member state), spending can go through simplified, expedited procedures.[4] Such exceptional expenditures should, however, ultimately be regularized (i.e., brought into the budget) within the same fiscal year, as provided for

[1] Prepared by Ljubica Dordevic and Lawrence Norton (AFR).
[2] See Annex I in "Revamping the West African Economic and Monetary Union (WAEMU) Fiscal Framework" in WAEMU: Selected Issues Papers (2023).
[3] This exercise excluded additional factors from SFA compared to IMF estimation, such as accrued but unpaid interest, capitalized interest, debt relief, supplier arrears, and securitized bank claims.
[4] Formally, these expenditures are those that relate to cash disbursement bypassing the PFM controls, as they do not go through the standard spending procedure that includes 4 phases ("ELOP): the commitment ("engagement"), the validation ("liquidation"), the authorization of payment order ("ordonnancement"), and the cash payment ("paiement"), as per Directive N°07/2009/CM/UEMOA (Portant Règlement General sur la Comptabilité Publique au sein de l'UEMOA).

under regional and national legislation.[5] SFAs emerge when such spending is not timely regularized, and remains outside the budget perimeter for an extended period. In that case, exceptional expenditures are not recorded in the final budget law, but their financing does contribute to debt accumulation, generating a divergence between the two sources. There are two categories of such expenditures, known as *Dépenses avant ordonnancement—DAO*—in francophone PFM frameworks (IMF WP/22/148). The first are DAO made relative to a credit line in the budget. These DAO can be regularized (that is, recorded in the corresponding line of the budget) without difficulties. The second category consists of DAO made regardless of the existence of a credit line in the budget. Their regularization generally requires either an adjustment in the revised budget, namely, Amended Budget Law (LFR, *Loi de Finance Rectificative*), or a ministerial order to transfer an existing credit allocation.

4. Addressing the issues of unregularized DAO requires adherence to PFM guidelines. There have also been efforts to contain such spending in recent Fund-supported programs for some WAEMU countries, including Guinea Bissau (via an indicative ceiling on non-regularized expenditure) and Niger (indicative ceiling on the ratio of exceptional expenditures to authorized spending).[6] Incorporating similar ceilings in other Fund-supported programs for WAEMU countries where unregularized DAO have been an issue could support efforts to address this source of SFA.

5. Second, the difference in institutional coverage between the fiscal balance and public debt also generates positive SFA. Namely, in WAEMU, the fiscal account is generally confined to the central government in member countries, a concept that is reflected in the key budget table TOFE (*Tableau des Opérations Financières de l'Etat*). Public debt, however, often has a broader coverage as illustrated in the text Table below. As a result, public debt could rise by more than the deficit in those countries. The adoption of GFSM 2014 accounting standards in all countries would align the perimeters of fiscal deficit and public debt. Specifically, GFSM 2014 requires stock (public debt) and flow (fiscal deficit) consistency in government accounts.[7] The GFSM 2014 standard also expands the coverage of the TOFE beyond the central government.

6. Therefore, extrabudgetary operations can contribute to SFA if stock/flow perimeters are not aligned. Extrabudgetary operations are often related to general government transactions beyond the central government, often with separate banking and institutional arrangements, that are not included in the annual state budget.[8] Central government financial statements may not cover special funds, including social security funds, or entities established to carry out specific public functions, but could still be recorded under public debt and captured in monetary statistics.[9]

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[5] See regional Directive N°07/2009/CM/UEMOA.

[6] Guinea Bissau IMF-supported program (Staff Report, December 2024) has an indicative target of the ceiling on non-regularized expenditure (also known as Non-Titled Expenditures or "DNT"), defined as "any treasury outlay not properly accounted for by the National Budget Directorate and/or not included in the budget." Niger IMF-supported program (Staff Report, January 2025) has an indicative target on the ceiling of the ratio of exceptional expenditures on authorized spending, being defined as "payment made by the treasury without prior authorization, excluding debt service payments and expenditures linked to exemptions."

[7] Currently, only Senegal has fully transitioned to GFSM2014 for all statistical and surveillance purposes.

[8] See "Extrabudgetary Funds," International Monetary Fund, 2010.

[9] See Guidelines for Public Expenditure Management, IMF Section 4, Budget Execution.

Operations by public entities outside of the central government may also contribute to SFA if they are not included in central government financial statements, but that are included in public debt reporting. As discussed above, the debt perimeter in most WAEMU member states is considerably larger than included in fiscal budget reporting, which may also signal that extrabudgetary operations could be contributing to SFA.

7. Third, issuing public securities at a discount may contribute to SFA if the discount is not properly recorded in the TOFE. Because coupons at auctions in the regional sovereign debt market are often lower than the yields demanded by investors, the securities are issued at a discount from face value (around 8% in AES and 5% in other WAEMU members, based on MCM TA estimates). This means that the nominal interest rate is lower, but so is the amount of financing, requiring more issuance at face value to meet public financing needs. However, if the discount—which effectively represents higher interest accrued—is not properly recorded as such, debt would increase more than the deficit by the size of the discount. In this way, an improper accounting of the discount could systematically underreport the amount of debt accumulation needed to meet government financing needs. A recent staff report for Côte d'Ivoire (Staff Report, June 2024) documents a positive correlation between SFA and domestic debt, in particular securities—which are usually issued at a discount, suggesting that this practice may materially contribute to SFA. External financing does not face the same issue as the nominal interest rate is typically determined by market demand, and, in the case of official financing, determined in advance by the relevant institution. For example, all Eurobonds issued by WAEMU member states since 2018 have been issued at face value.[10] The adoption of GFSM 2014 would also eliminate this source of SFA, but countries do not need to have GFSM 2014 to address this issue, as long as the discount is properly recorded in TOFE.

8. The regional authorities have prioritized progress in containing SFA among WAEMU members, providing initial recommendations to member countries. The WAEMU Commission organized the first technical meeting of the National Economic Policy Committees (CNPE from the French acronym) on the theme of SFA via videoconference on April 29, 30, and May 2, 2024. This meeting aimed to examine the results of the circular missions to six member countries and raise awareness among state experts about the need to take measures to reduce the level of SFA. Furthermore, the Council of Ministers, during its session on July 11, 2024, adopted Recommendation No. 01/2024/CM/UEMOA on economic policy guidelines for member states of the Union for 2025. This Recommendation focuses on measures to reduce the level of SFA in the member states of the Union. To this end, the WAEMU countries were advised to take the following actions:

- Ensure compliance with public expenditure execution procedures, particularly regarding the regularization of expenditures executed through simplified or exceptional procedures, in accordance with regulatory provisions;

[10] See « Statistiques du Marche des Titres Publics, 4ème trimestre 2024, » UMOA-Titres, for a list of outstanding Eurobonds issued by Benin, Cote d'Ivoire, and Senegal. An analysis of each issuance since 2018 shows that they were all issued at face value (100%).

- Improve the system for collecting and processing data of the State Financial Operations Table (TOFE from the French acronym), notably through the establishment of a related information system;
- Continue efforts to broaden and harmonize the coverage of debt and TOFE by including data from the entire public sector in statistics, as well as contingent liabilities for memorandum purposes;
- Take measures to avoid payment arrears and pre-financing operations of expenditures;
- Continue to strengthen the capacities of staff responsible for public debt management and public finance statistics;
- Regularly conduct audits of public debt;
- Regularly evaluate stock-flow adjustments.

9. The authorities are integrating SFA into regional surveillance. The WAEMU Commission will regularly conduct SFA evaluation exercises in member states with the primary objective of raising awareness about compliance with public finance management procedures. Discussions are underway to integrate compliance with community provisions related to public expenditure execution procedures into the evaluation grid for implementing the harmonized public finance framework directives. Similarly, provisions will be made in the regional regulatory framework for the expansion and harmonization of the coverage of debt and TOFE.

Annex IX. New Regulatory Framework for the FinTech Sector[1]

1. The financial ecosystem of the WAEMU region has experienced significant advancements in recent years. This evolution is characterized by the emergence of new players such as electronic money issuers and financial technology (FinTech) companies. These developments have created opportunities as well as new risks, particularly related to transaction security and consumer protection.

2. Developing a comprehensive regulatory framework to effectively oversee and supervise the union's FinTech activities is essential for harnessing the benefits of technological innovation. Strengthening regulatory measures to protect consumers is also a priority to ensure a secure and trustworthy financial environment. Consumer protection in financial services remains a concern, given the recent changes in the WAEMU financial ecosystem[2].

3. The recently adopted unified banking law[3] establishes a more harmonized and consolidated regulatory framework for the WAEMU region. The new law extends the regulatory scope to include not only banks and financial institutions, as previously classified, but also electronic money institutions, bank holding companies, finance companies, and financial technology firms (FinTech). The law represents a comprehensive approach to regulating the growing diversity of financial service providers in the region.

4. According to the new Banking Law, no bank, credit financial institution, payment institution, or electronic money institution[4] in the union may engage in banking activities or present itself as such without prior approval and registration (Articles 31 and 42). This includes the use of terms such as "bank," "banker," "financial credit institution," "payment institution," or "electronic money institution" in their corporate name, commercial name, advertising, or in any aspect of their operations, thereby creating the appearance of such status.

5. The new law stipulates that no financial technology company may engage in banking activities or represent itself as a FinTech without prior approval or authorization from the BCEAO (Article 32). This includes the use of the term "FinTech" in the company's corporate name, trade name, advertising, or any other aspect of business operations. According to the regulation, a FinTech is defined as a financial technology company that is authorized to conduct one or more banking operations exclusively in accordance with the conditions and limitations specified in its license or authorization. The BCEAO is responsible for establishing the specific regulations applicable to FinTech companies.

[1] Prepared by Knarik Ayvazyan (MCM).

[2] See WAEMU Financial Inclusion Report 2022, p. 35.

[3] The new Banking Law is currently pending endorsement and enactment by the national parliaments of the WAEMU region (Decision No. 15 of 16 June 2023).

[4] The lists of registered institutions, along with any modifications, including deletions, are published in the Official Journal of the WAEMU member states by the Banking Commission.

6. Furthermore, the BCEAO is empowered to define and establish a financial innovation laboratory. This initiative, as outlined in Article 11, aims to promote the digitalization of financial services and foster digital innovation within the WAEMU region. The regulatory framework for this laboratory will allow authorized institutions and financial technology companies to test their innovative solutions, products, or services under BCEAO supervision, for a fixed period and within a streamlined regulatory framework.

7. BCEAO's adopted strategy for promoting FinTech companies is designed to foster an inclusive and supportive ecosystem. This strategy emphasizes the importance of establishing clear and equitable regulations for all participants in the financial sector. Furthermore, it aims to enhance consumer protection, improve service quality, and strengthen the security of payment systems and financial market infrastructures, while prioritizing cost reduction and financial inclusion across the region.

Annex X. Data Adequacy Assessment

Annex X. Table 1. WAEMU: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/

C

Questionnaire Results 2/

Assessment	National Accounts 3/	Prices	Government Finance Statistics 3/	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	B	B	B	C	C	C	C

Detailed Questionnaire Results

Data Quality Characteristics	National Accounts 3/	Prices	Government Finance Statistics 3/	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency
Coverage	B	B	C	B	B	
Granularity 4/	B		B	C	C	
			B		B	
Consistency			C	B		C
Frequency and Timeliness	C	A	B	C	C	

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.

1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.

2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance*, January 2024, Appendix I).

3/ The primary source for Fund surveillance of the national accounts and government finance statistics comes from national authorities, and the assessment reflects the overall adequacy of the data provided by the eight member states, with some variation across member states.

4/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund is adequate for surveillance.
B	The data provided to the Fund has some shortcomings but is broadly adequate for surveillance.
C	The data provided to the Fund has some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund has serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. Data provision has some shortcomings that somewhat hamper surveillance, mitigated by the authorities' cooperative track record and provision of data under member states' Fund-supported programs. Regarding the national accounts, while coverage and granuality are broadly adequate across WAEMU members, countries generally release only annual data, and with a significant lag. The quality of government finance statistics varies across the membership, and in several countries only encompasses the central government. Moreover, the presence of persistent stock-flow adjustments suggest a need to understand possible shortcomings in coverage and consistency (Annex VIII). External sector statistics are produced with a lag of several months, and recent years have been subject to very large revisions with a lag of about two years for final data. The timely production of balance of payments statistics, and comprehensive reporting on the international investment position, would improve surveillance. Monetary and Financial statistics are broadly adequate and timely, but financial stability indicators are reported only semiannually, with a considerable lag. While inter-sectoral consistency varies across members, several country teams report shortcomings in ensuring interconnections across sectors.

Changes since the last Article IV consultation. The authorities have recently finalized enhancements to the CPI index, including updating the base year from 2014 to 2023 and updated weights as of data reported for January 2025.

Corrective actions and capacity development priorities. The emergence of undisclosed public debt in a member state underscores the importance of improving the coverage and consistency of government finance statistics by member states. GFSM shoud be introduced across the membership, the coverage of public debt and the TOFE broadened and harmonized, and extrabudgetary operations should be captured under public debt and in monetary statistics. Financial stability indicators should be made more granular, produced timely on a quarterly basis, consistent with international standards, and provided through the IMF official data portal. Improved granularity in financial sector data would also allow deeper analyses of financial sector conditions (e.g., financial conditions of nonfinancial corporations, households, and the real estate sector).

Use of data and/or estimates different from official statistics in the Article IV consultation. N.A.

Other data gaps. Surveillance could be improved by the production of statistics related to the impact of climate change, as well as on income and gender equality.

Annex X. Table 2. WAEMU: Data Standards Initiatives

All WEAMU countries are IMF Data Standards Initiatives participants: Senegal subscribed Special Data Dissemination Standard (SDDS), Burkina Faso, Benin, Côte D'Ivoire, Guinea-Bissau, and Togo participate in enhanced Data Dissemination System (e-GDDS) and publish data on National Summary Data Page (NSDP) and Mali and Niger have not launched NSDP yet. Learn more here: https://dsbb.imf.org/.

Statement by Mr. Ouattara Wautabouna, Executive Director for the West African Economic and Monetary Union, and Mr. Abdoulaye Tall , Senior Advisor to the Executive Director on 2025 Article IV Consultation on West African Economic and Monetary Union Executive Board Meeting May 2, 2025

I. INTRODUCTION

On behalf of our West African Economic and Monetary Union (WAEMU) authorities, we would like to thank staff and management for the constructive policy discussions with the region's authorities, both in the field and recently in Washington, on the sidelines of the 2025 IMF-World Bank Spring Meetings. We also thank Executive Directors for the Fund's continued support to WAEMU member countries.

The relationship between WAEMU member states and the IMF is at its strongest point. Seven out of eight countries currently have active Fund-supported programs, and discussions are progressing with the eighth member country to resume program relations. This enhanced Fund engagement helps to leverage surveillance, capacity development, and IMF resources to advance key reforms of common interest to both the region and individual member countries. Our authorities broadly share the assessment of the Union's policy challenges and recommendations.

II. RECENT REGIONAL ECONOMIC DEVELOPMENTS, OUTLOOK, AND RISKS

The WAEMU region continued to experience strong economic growth, but divergence among member states remains. Thanks to the authorities' forceful response to shocks impacting the Union, the recovery of agriculture owing to favorable weather conditions, and the launch of major oil, gas and mining projects, real GDP growth remained buoyant, increasing from 5.3 percent in 2023 to 6.3 percent in 2024. From a comparative perspective, WAEMU's region continued to consistently overperform peer-groupings growth performance over the past decade, as well as the sub-Saharan Africa region, which registered 3.9 per cent real GDP growth in 2024.

Inflation continued to decline from 3.8 in 2023 to 3.6 per cent in 2024 before settling within the region's target range; markedly lower that the 15.1 per cent average inflation in sub-Saharan Africa. Progress was also made on fiscal consolidation, with the region's overall fiscal deficit declining from 6.3 percent of GDP in 2023 to 5.2 percent in 2024. Public debt burden has increased on account of high debt service costs and rising spending pressures. However, the Union's debt was contained at 65 percent of GDP, below the region's 70 percent ceiling. The current account balance and external reserve position strengthened, with the reserves' levels exceeding the recommended metrics.

The outlook going forward is favorable. In 2025, most countries in the Union are expected to reach the regional convergence criterion of 3 percent of GDP fiscal deficit, marking a significant milestone. This achievement would represent a fiscal consolidation effort of 1 percent of GDP per year. The debt-to-GDP ratio is also expected to decline from 65 percent in 2024 to 63.4 percent in 2025 and remain on a downwards trend.

The authorities share the assessment that this strong overall performance is subject to significant downside risks. With the strong performance at the Union level also comes increased heterogeneity between countries. Significant downside risks include the difficult security situation in the region, vulnerability to extreme climate events such as flooding and drought, tight global and regional market conditions, declining official development assistance inflows, and geo-economic fragmentation and shifting trade policies. Upside risks include higher commodities prices and the potential for regional integration to support economic diversification and enhance resilience to shocks.

III. COMMON POLICIES

The authorities are committed to pursue prudent policies, facilitate convergence within the Union and deepen regional integration, with the view to supporting inclusive growth and enhancing resilience. They are also determined to step-up efforts to strengthen buffers and address vulnerabilities exacerbated by recent shocks, notably by advancing fiscal consolidation and controlling debt accumulation.

Regional Fiscal Policies

Regional policies are aimed at anchoring fiscal and debt sustainability through fiscal consolidation, enhanced domestic revenue mobilization, and effective monitoring of financing capacity on the regional capital markets.

A new Convergence Pact is in preparation to ensure fiscal convergence among member states. Under the current proposals being considered, **the fiscal deficit anchor of 3 per cent of GDP is expected to be maintained**. Mechanisms to ensure adherence to the new targets will be included in the new Pact. Innovations in the proposals include escape clauses for exceptional circumstances, and preventive measures to address fiscal slippages.

The authorities will continue their **fiscal consolidation** efforts to align deficits with available financing and reduce reliance on costly borrowing. They will implement realistic **medium-term budget frameworks** and pursue revenue-led fiscal consolidation plans to drive fiscal adjustment, while protecting priority spending. **To mobilize domestic revenues**, they will step up efforts to enhance tax collection, particularly VAT and corporate taxes, and improve tax administration. In this respect, a **regional domestic revenue mobilization action plan** has been adopted in 2024 with the goals of closing the revenue mobilization gap in the Union. The WAEMU Commission also stepped up efforts to support each country's efforts towards meeting the **revenue target of 20 percent of GDP.** In particular, the Commission engaged members towards implementation of the region's tax Directives, which seek to harmonize policies across the region. The Commission also partnered with FERDI, a leading global research institution on international development to estimate the tax potential in each country, and to identify promising reforms towards meeting the regional revenue mobilization goals.
On spending, the authorities will continue to prioritize allocating expenditures towards supporting priority development, social, and security spending.

On debt sustainability, the authorities have renewed their commitment to prudent debt policies, including through proposals in the new **Convergence Pact to maintain the debt ceiling of 70 percent of GDP.**

On transparency and accountability, the regional and member states' authorities renew their commitment to implementing WAEMU data provision standards and related best practices.
The authorities note that the processes already in place at the Union level are strong and in line with international best practices, including requirements for periodic audits of fiscal data by National Courts of auditors. These processes are instrumental in supporting sound public finance management in member countries.

Going forward, the authorities, at both the member states and regional levels are committed to further strengthening fiscal data reporting and monitoring frameworks. The national authorities are committed to transcribing WAEMU's public financial management directives into their domestic laws, which will notably help to harmonize the perimeter of common fiscal data and reduce stock-flow adjustments. The regional authorities will also strictly enforce existing laws and regulations, including through sanctions as needed, on government officials, financial institutions, or auditing companies involved in misreporting.

As they seek to further strengthen their domestic and regional frameworks, the authorities are grateful for the IMF's readiness to support them and look forward to benefiting from the Fund's technical expertise and capacity building.

Further on governance and anti-corruption, the authorities are committed to continuing to combat corruption and economic crimes. All WAEMU countries have ratified and are actively implementing the United Nation's Convention against Corruption (UNCAC), the only legally binding universal anti-corruption instrument. Moreover, each IMF program features enhanced governance reforms. The WAEMU-commissioned *Afristat's* ERI-ESI 2019 survey found high levels of **perception of corruption**, and significantly lower actual instances of corruption, with only **8 per cent** of the population aged 18 or over having paid bribes. More recent surveys confirm the progress made, including *Afrobarometer* and the *World Bank's Enterprise Surveys,* which found that WAEMU countries are amongst the least corrupt in sub-Saharan Africa, or lower income developing countries. Going forward, the authorities are resolved to make the most of the IMF's Governance diagnostic recommendations to further drive reforms and help improve trust in the institutions and tax compliance.

Monetary Policy, External, and Financial Sector Policies

Monetary policy is conducted at the regional level by the Central Bank of West African States (BCEAO). The current monetary policy stance aims to maintain price stability and the fixed exchange rate regime. After a series of interest rate increases, the Monetary Policy Committee deemed that further tightening may not be necessary, as indicators are now in line with fundamentals. However, the Central Bank is closely monitoring data, given the high level of uncertainty and the shifting global policy landscape, to react promptly as needed to fulfill its twin mandate of price and external stability.

On regional safeguards, the authorities welcome the latest safeguard assessment, which found that BCEAO has strong controls, including robust internal controls, and regular audits conducted by leading international audit firms. All recommendations from the assessment have been addressed. The 2019 reform of the relationship between BCEAO and France is also effective, and the process of reflecting these changes into domestic law in each member state through parliamentary approval is underway.

On financial sector issues, the authorities have continued the implementation of the FSAP's recommendations, including reforms aimed at strengthening the stability and resilience of the financial system while pursuing financial deepening.

Efforts to strengthen financial stability include managing risks such as the sovereign-bank nexus and liquidity concerns, and continuing reforms to deepen sovereign debt markets. Although the financial soundness indicators continued to remain strong, the Banking Commission has stepped-up onsite inspections to closely monitor individual banking institutions and to enforce regional regulation. To further strengthen bank's balance sheets, the authorities have **doubled minimal capital adequacy requirements**, with the three years mandatory implementation plans ending in 2026.

Regarding the sovereign-bank nexus, the authorities are determined to mitigate risks arising from the close ties between banks and sovereigns. To address liquidity concerns within the banking system, the authorities have been closely monitoring liquidity conditions and will aim at normalizing refinancing conditions to ease liquidity pressures.

To deepen the financial market and broaden governments' domestic financing sources beyond banks, the authorities pursued reforms aimed at diversifying financing options, such as developing capital markets and encouraging private sector participation.

Further efforts were made to overhaul and strengthen the regulatory frameworks, including those for FinTech firms. Reforms to the anti-money laundering (AML/CFT) framework are also in train to enhance oversight and address strategic vulnerabilities identified by the Financial Action Task Force. Significant progress has already been made towards ensuring a quick exit from FATF's grey list of all WAEMU countries.

On financial inclusion, the authorities took steps to promote access to financial services across the region through the implementation of the Union's strategy on financial inclusion. Financial access indicators have improved, although consumers' financing costs have increased owing to the global market tightening. Furthermore, the implementation of the BCEAO's fast payment system is promising in fostering efficiency and financial inclusion as it will offer interoperable payment services.

Structural Reforms

The WAEMU Commission's 2025-2030 structural reforms agenda, *Impact 2030,* builds on the Union's long-run strategic planning document, Vision 2040, to address key challenges and foster sustainable growth across the Union. The authorities are committed to deepening reforms along the adopted priorities and welcome the topical recommendations made in the well-researched Selected Issues Papers. Key priorities include:

The creation of a stabilization fund, to support member states during crises and compensate for inevitable losses resulting from trade integration, with the view to strengthening resilience to shocks and fostering solidarity and broad-based support for deeper regional integration.

On trade integration, the authorities are committed to enhancing intra-regional trade and global market access. They will aim to reduce non-tariff barriers within the customs union, including by harmonizing and simplifying customs administration, and advancing discussions under the African Continental Free Trade Area (AfCFTA) to boost trade and living standards.

To promote economic diversification, the authorities will seek to leverage the competitiveness provided by economies of scale to encourage investments in diverse industries, such as manufacturing and services, to create jobs and stabilize economies against external shocks.

On climate, the Union will seek to strengthen the region's ability to withstand climate-related shocks. In this respect, they will implement policies to mitigate climate risks, such as sustainable agricultural practices and infrastructure development to combat flooding and drought.

To foster sustainable and inclusive growth, the authorities will focus on improving education and promoting gender equality and women's participation in the economy. Among other policies, they will create incentives to invest in quality education, close gender gaps, and enhance healthcare systems to build a more skilled and resilient workforce.

Regarding food security, the authorities are determined to tackle rising food insecurity in a sustainable manner. Among other actions, they will intensify efforts to coordinate national and regional policy responses to food crises to maximize the impacts of various interventions.

IV. CONCLUSION

Amid significant challenges and downside risks, the WAEMU region has achieved appreciable results in increasing growth, advancing fiscal consolidation, maintaining price stability and implementing structural reforms to enhance resilience. Going forward, the authorities remain committed to pursuing their regional development plans and implementing sound macroeconomic and structural policies at both the regional and member-state levels. In this endeavor, they value the Fund's regional policy advice, and the financial and technical assistance provided to members. They look forward to continued support from the IMF and the international financial community.

In view of the authorities' achievements and strong policy commitments, we would appreciate Executive Directors' support for the conclusion of the 2025 regional consultation on WAEMU's common policies.