



ECOWAS cracks as Burkina Faso, Mali and Niger (BMN) exit

February 2024

Outline

03

Historical
Context



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Burkina Faso, Mali
and Niger (BMN)
leave ECOWAS



Economics
of ECOWAS



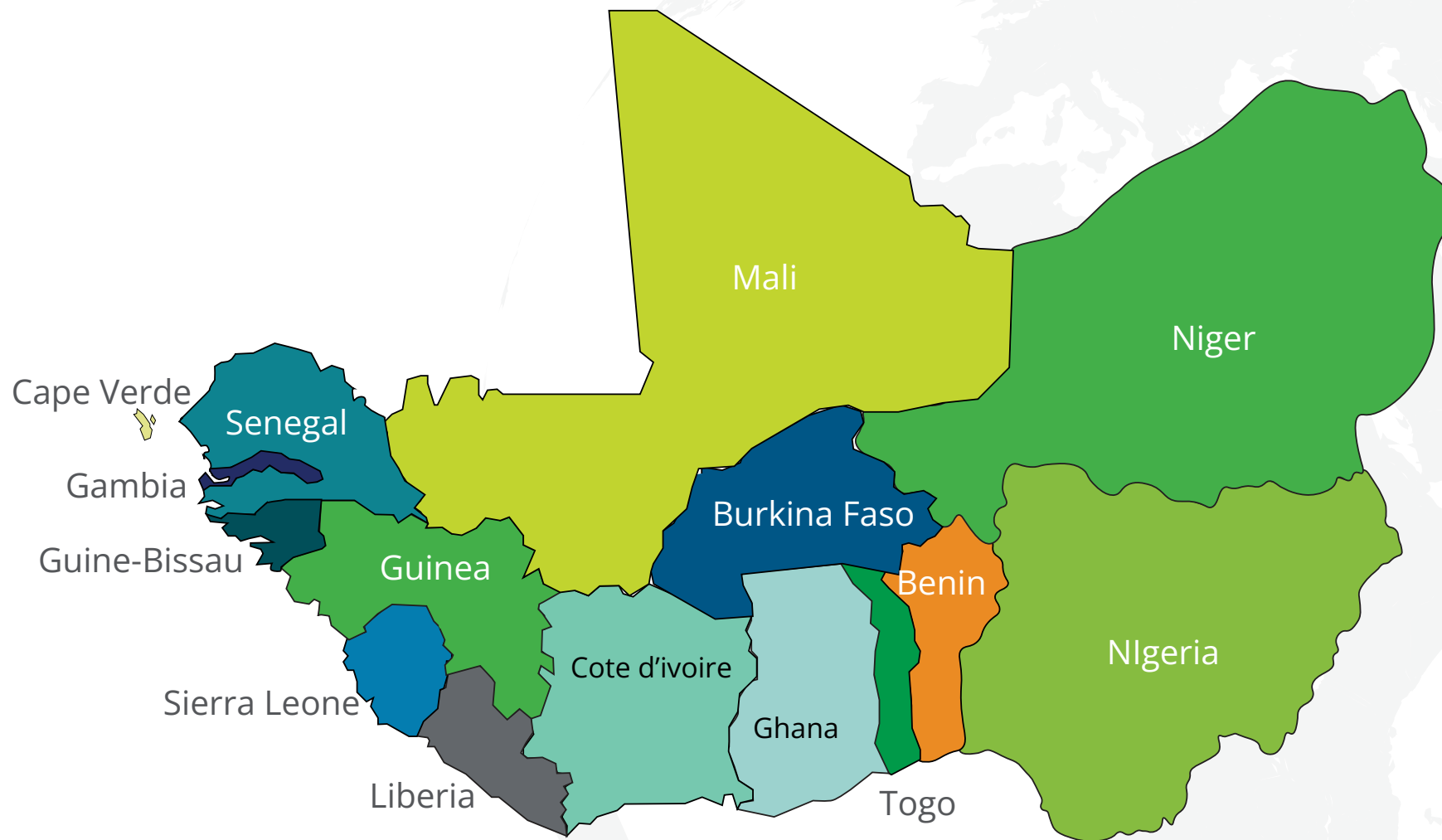
Implications for
trade, security,
GDP, investment



04

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Economic Community of West African States (ECOWAS)



Historical Context



Founded in
1975



With the objective to **promote economic trade, cooperation, and self-reliance of member states**



Headquartered in **Abuja, Nigeria**

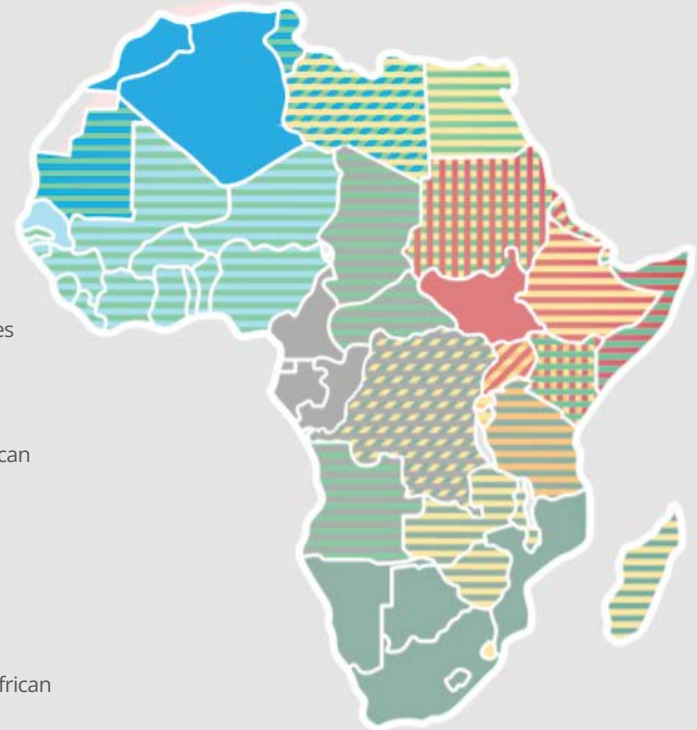


One of the **eight regional economic blocs** in Africa

Regional Economic Communities

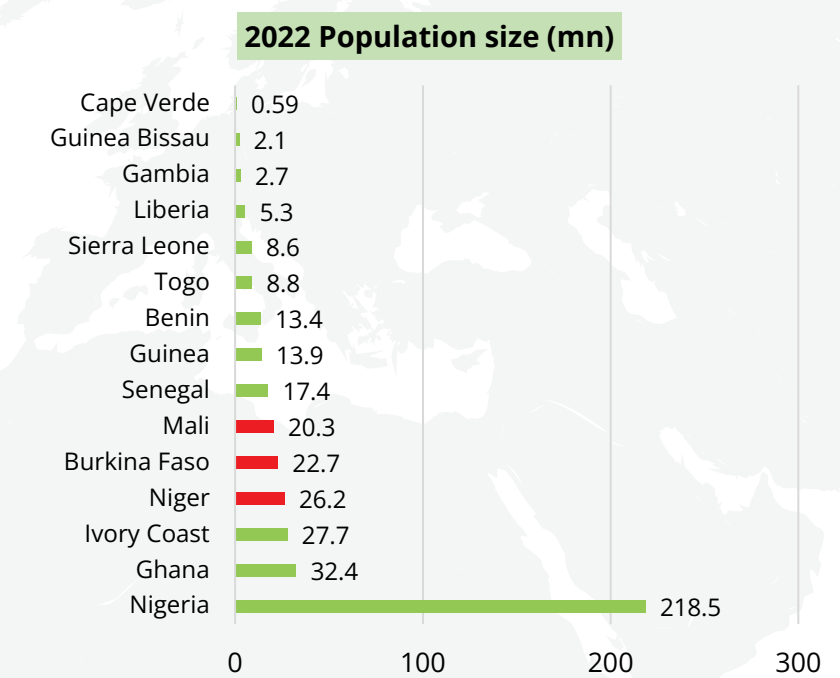
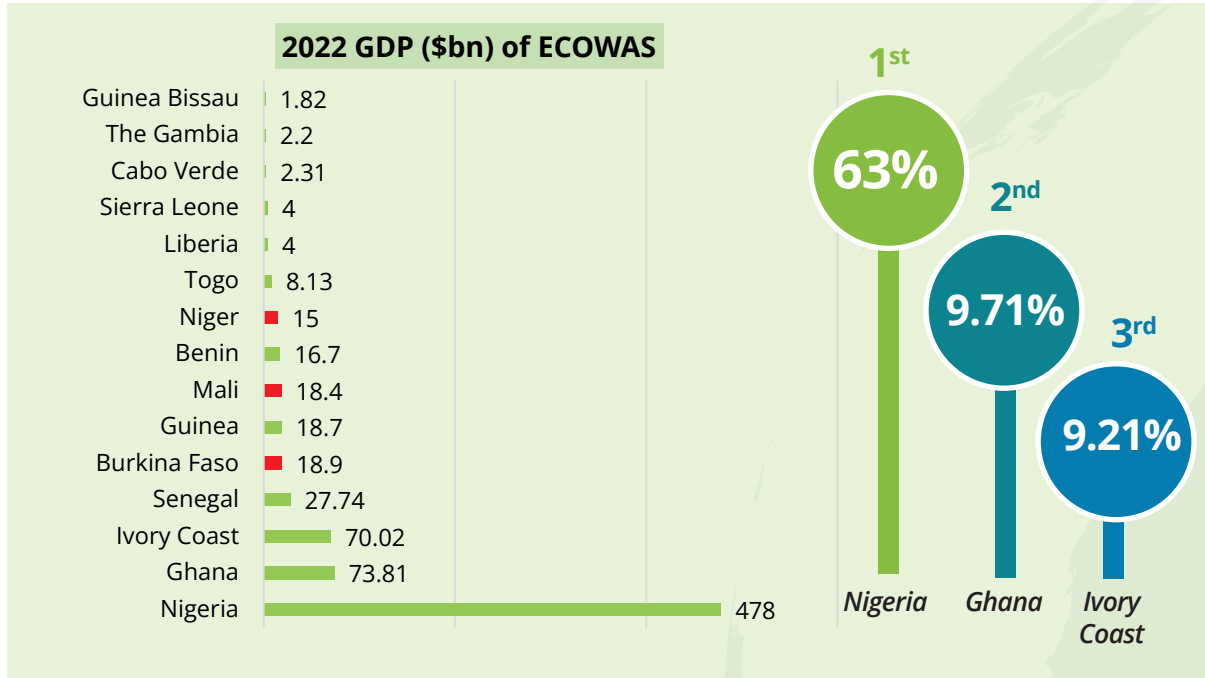
The African Union recognises eight different RECs under its administration:

- Arab Maghreb Union (UMA)
- Common Market for Eastern and Southern Africa (COMESA)
- Community of Sahel-Saharan States (CEN-SAD)
- East African Community (EAC)
- Economic Community of West African States (ECOWAS)
- Intergovernmental Authority on Development (IGAD)
- Southern African Development Community (SADC)
- Economic Community of Central African States (ECCAS)



Source: European Centre for Development Policy Management (ECDPM)

Economics of ECOWAS



Source: The EIU

Consists of **15 member countries**, with an aggregate economic size

approx. **\$760bn**

Nigeria and Ghana are **the top two largest member states**

73% of total ECOWAS GDP

Total population size of **approximately 420.59mn**

29.49% of total African population (1.43bn)

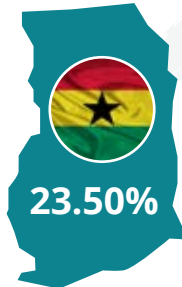
Economics of ECOWAS



Sierra Leone has the highest inflation rate in the bloc



Nigeria is 2nd



Ghana is 3rd



10 countries have inflation rates below 10%



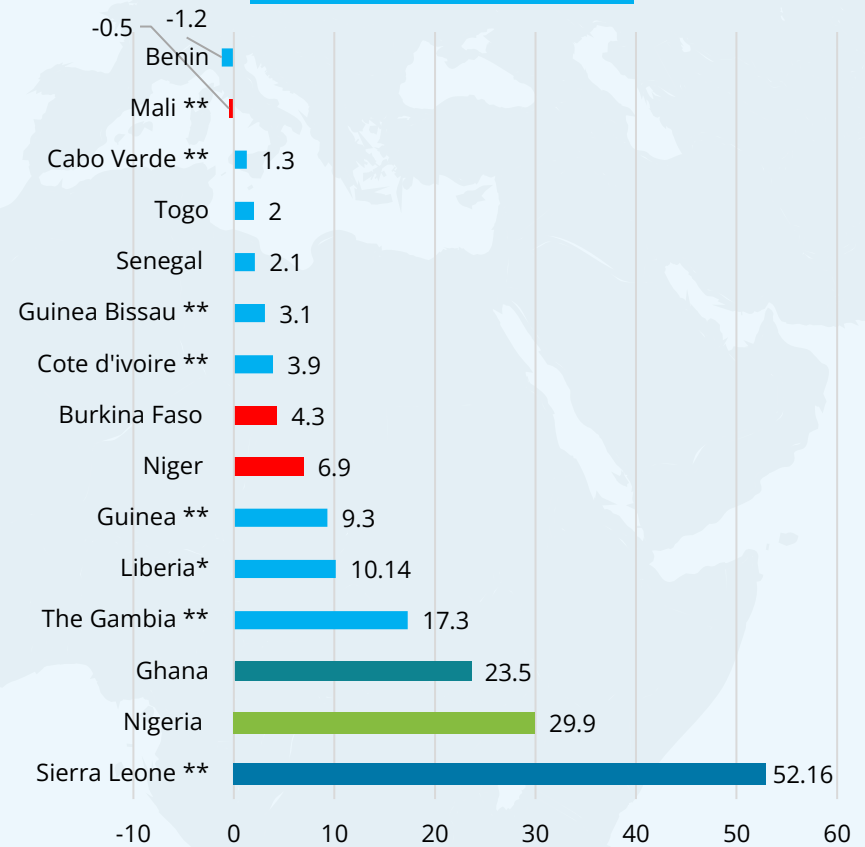
Only Benin and Mali are in **deflation**



Average unemployment in the region

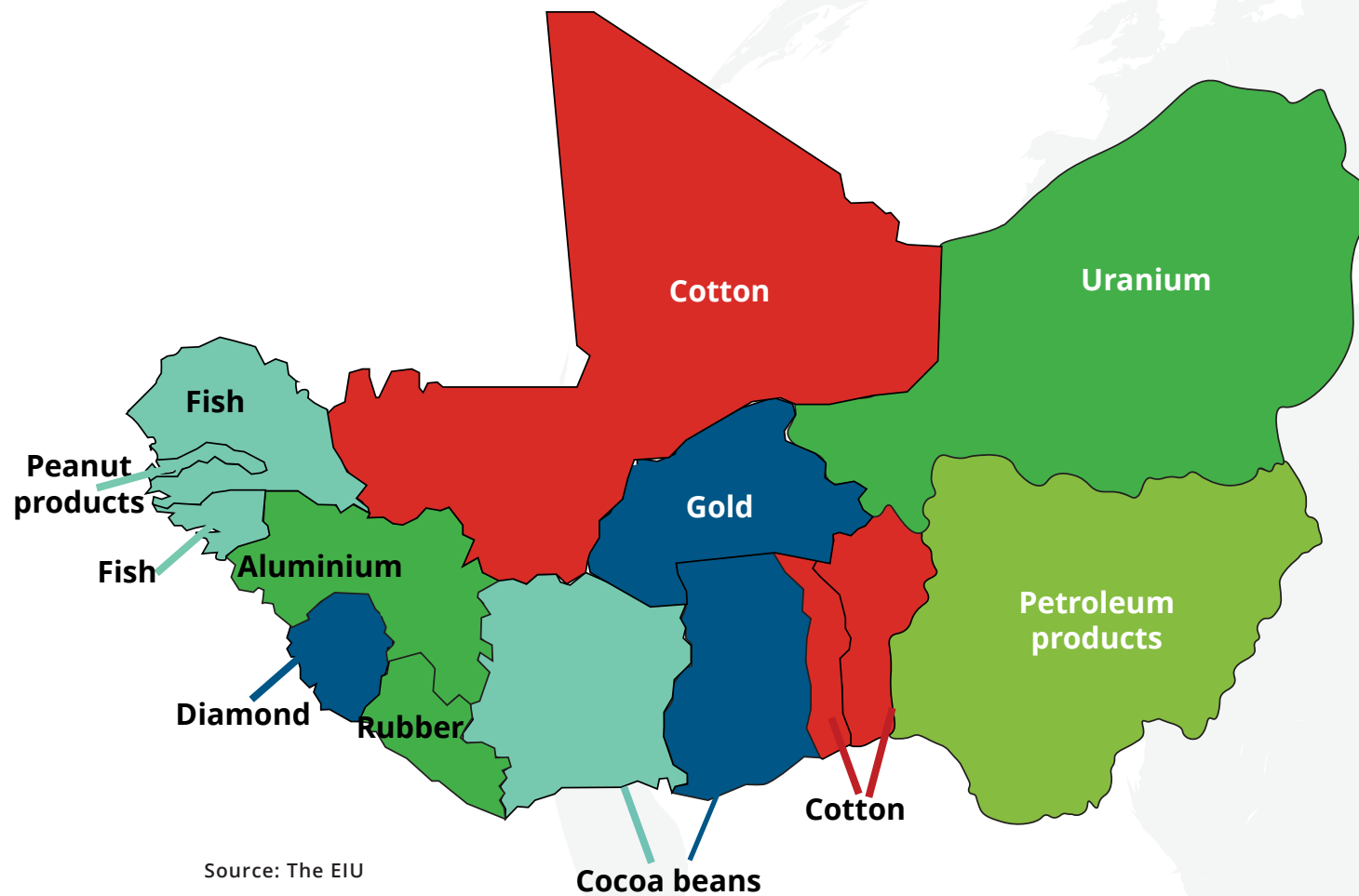


January 2024 Inflation (%)



Source: The EIU
*October 2023 data
** December 2023 data

Economies are rich in natural resources and agriculture



Precious metals/ Minerals



Oil



Food/ Drink



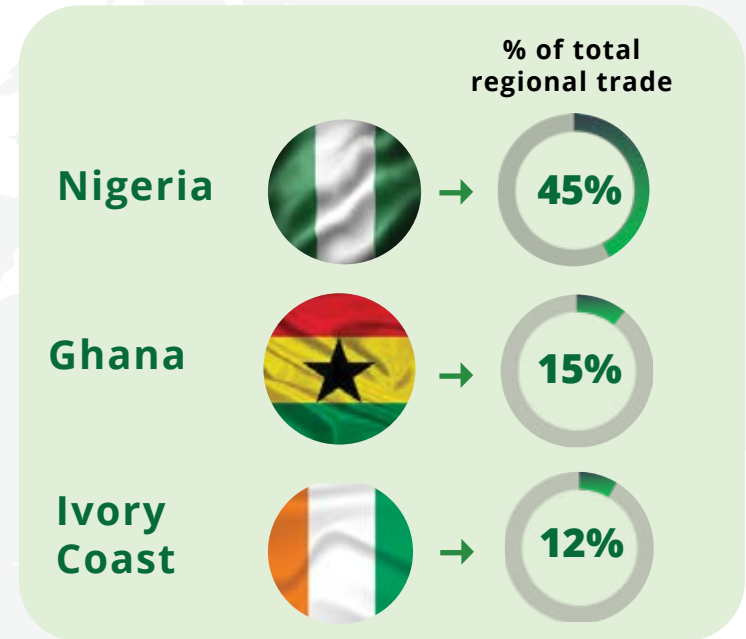
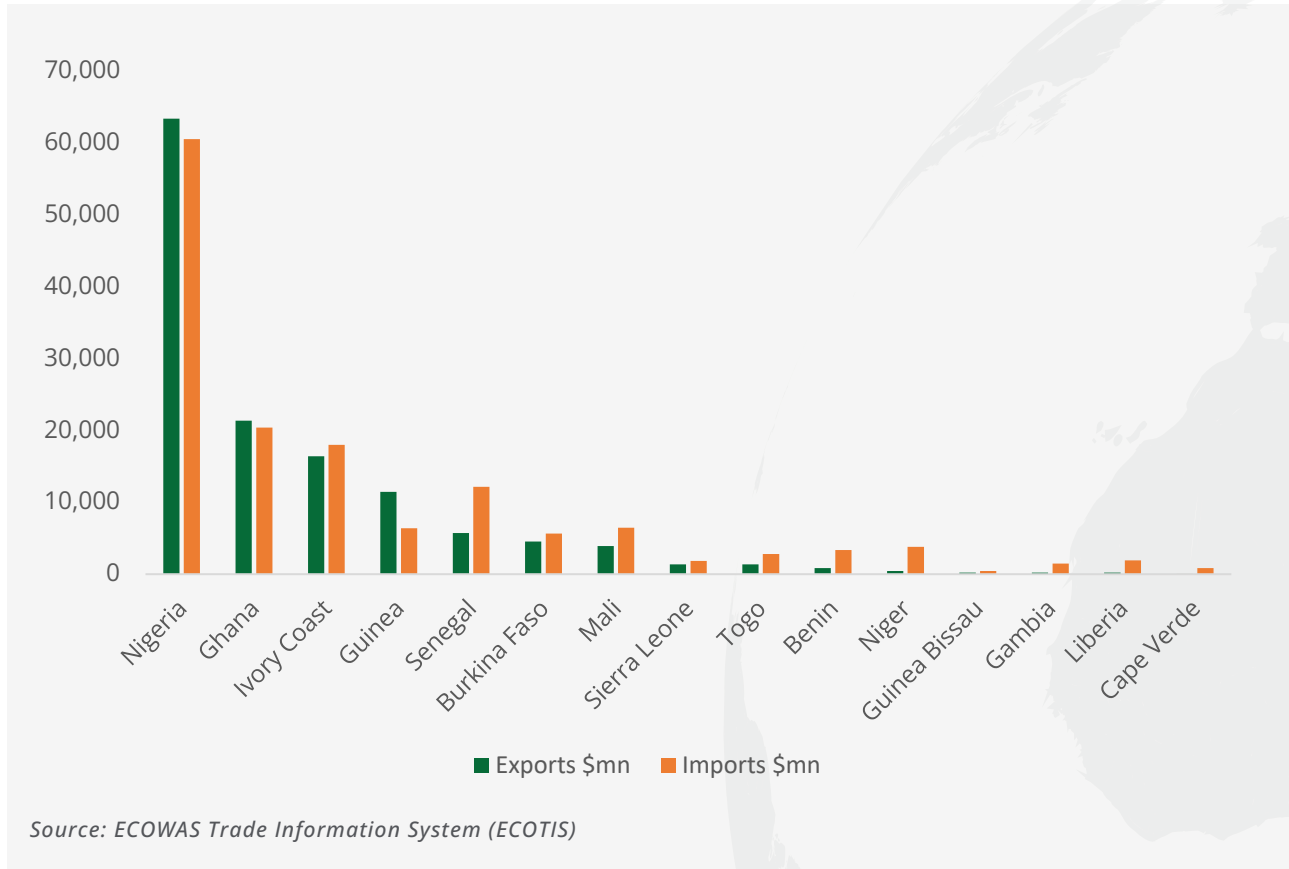
Textile / Apparel



Metals/ Minerals



ECOWAS Trade (in goods) Statistics



ECOWAS total trade (2022):



=

Total exports:



+

Total imports:

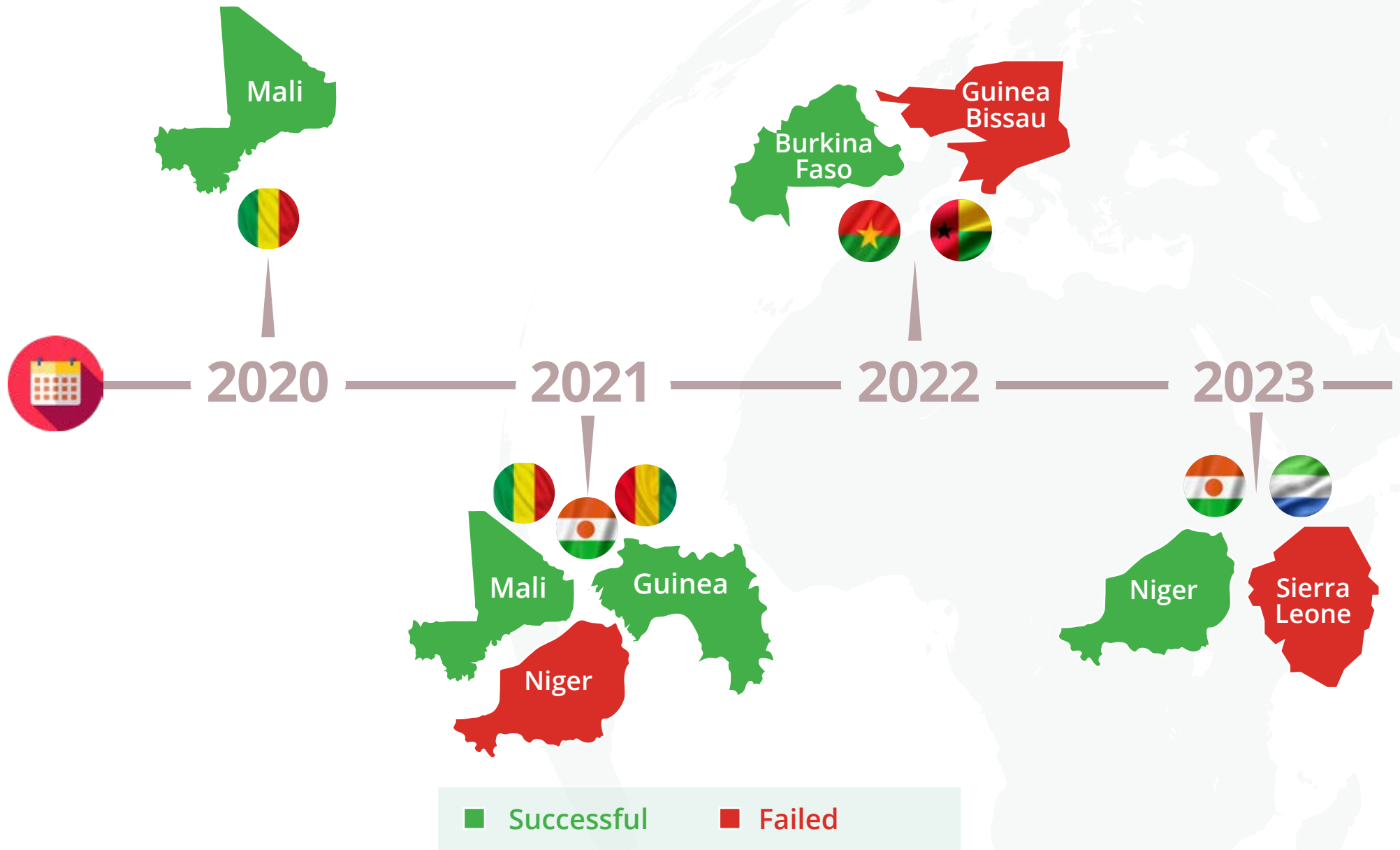


\$277.22bn

\$131.37bn

\$145.85bn

Military Coups in West Africa since 2020



Some challenges facing ECOWAS



Terrorism



High poverty rate



High unemployment



Wide infrastructure gap

Political instability



High inflation



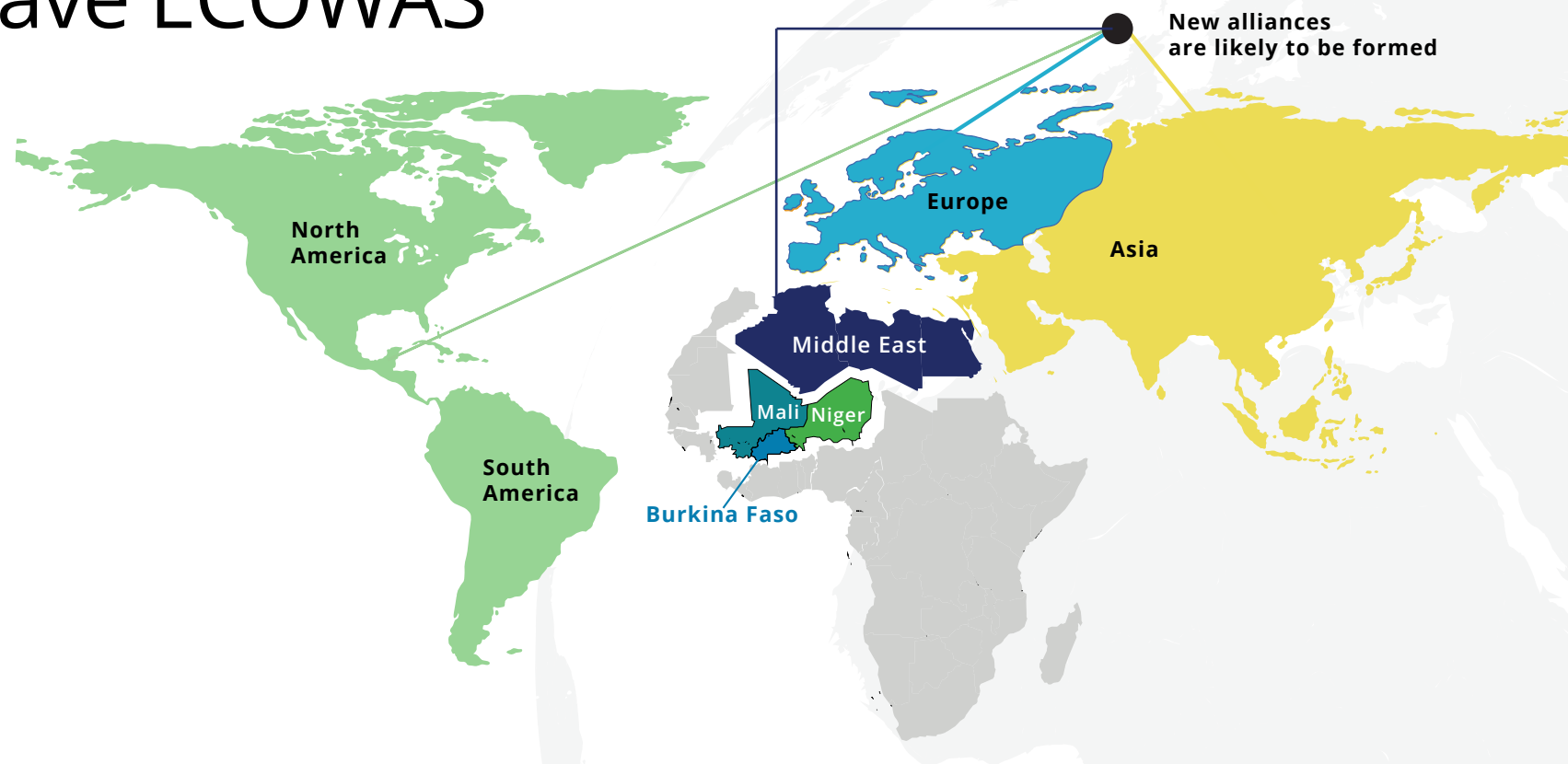
Endemic corruption



Prone to deadly viruses



Burkina Faso, Mali and Niger (BMN) leave ECOWAS



- Citing concerns of **ECOWAS'** divergence from its founding principles and influence from foreign powers
- BMN was colonised by France and benefitted from France's resources and infrastructure
- Mali and Burkina Faso have dropped French as their official language
- All witnessed military coups in the last 4 years
- Collectively account for **6.88% of ECOWAS GDP**
- High average poverty rate above **50%**
- All are land locked and Sahel nations
- Members of the **8-nation** West African Monetary Union
- Local currency is the West Africa CFA franc, pegged to the Euro

Implications

ECOWAS

Economic fragmentation and weakening of the ECOWAS bloc, which may signal additional exits from other member countries



Weakened alliance within the Sahel against terrorism



Increased smuggling due to porous borders



Minimal impact on regional trade as **BMN accounts for just 9% of total trade**



Burkina Faso, Mali and Niger (BMN)



The three countries seem to have more to lose due to their **low level of influence and significance**



Loss of access to **visa free travel within the bloc**



Halt in foreign aid from multilateral organizations- the IMF, World Bank



New alliances and bilateral agreements to be formed, e.g with North Africa, non Western countries like Russia, etc. Could deepen geopolitical tensions within the bloc



Further **economic and financial isolation** as they are land locked

- Difficulty accessing resources
- No more free flow of trade, labour, reduced backward remittance flow
- Loss of access to regional financial market

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