SOVEREIGN
AFRICA RATINGS

REGIONAL ECONOMIC COMMUNITIES SERIES

Economic Community of West African States

Sector Commentary

September 2025

Regional Economic Communities: ECOWAS

1. Introduction

Purpose of the Series from a Credit Rating Perspective

As part of its commitment to deepening sovereign risk analysis across the continent, Sovereign Africa Ratings (SAR) is launching a series of research publications focused on Africa's Regional Economic Communities (RECs). These groupings play a pivotal role in shaping the macroeconomic, institutional, and geopolitical environments in which sovereigns operate.

This series turns to the Economic Community of West African States (ECOWAS), a pivotal regional bloc whose governance structures, integration agenda, and institutional mechanisms shape the macroeconomic and credit landscape of its member states. By analysing ECOWAS's political cohesion, infrastructure initiatives, and role in continental integration, SAR seeks to equip investors, policymakers, and development partners with a nuanced understanding of how regional dynamics inform sovereign risk profiles and long-term credit trajectories across West Africa.

The series will also serve as a foundation for SAR's future rating and sectoral assessments, particularly in areas such as regional debt sustainability, financial integration, and institutional resilience.

Importance of RECs in Sovereign Risk Analysis

Regional Economic Communities are more than political alliances; they are economic ecosystems that shape trade flows, fiscal co-ordination, infrastructure development, and crisis response mechanisms. RECs offer critical context for evaluating:

Macroeconomic Stability: RECs influence regional trade balances, inflation trends, and investment flows, which are key inputs in sovereign credit assessments.

Institutional Strength: The governance and enforcement capacity of RECs can either enhance or undermine national institutions, thereby affecting transparency, the rule of law, and policy predictability.

Debt and Fiscal Co-ordination: Regional frameworks may support debt harmonisation, fiscal surveillance, or bailout mechanisms, which impact sovereign default risk.

Political Risk Mitigation: RECs often play a role in conflict resolution and democratic consolidation, reducing political volatility across member states.

Financial Market Development: Initiatives such as regional bond markets or payment systems contribute to financial deepening and investor confidence.

By analysing RECs, SAR seeks to highlight both the credit-enhancing and credit-constraining features of regional integration, offering a more holistic view of sovereign risk in Africa.

2. Macroeconomic Overview of the Region

Aggregate GDP, Growth Trends, Inflation, and Fiscal Balances

The ECOWAS region, encompassing 15 member states and a population exceeding 440 million, recorded an estimated aggregate GDP of $535 billion in 2024. Nigeria, Ghana, and Côte d'Ivoire collectively contributed over 60% of the bloc's total economic output, underscoring their central role in regional performance. Following the pandemic-induced contractions of 2020, ECOWAS experienced a notable recovery, with GDP growth rebounding to 3.9% in 2021 and stabilising between 4.2% and 4.5% from 2022 to 2024. This resurgence was largely driven by strong agricultural and extractive sector performance, increased infrastructure investment in transport and energy, and the rapid expansion of digital and financial services.

However, growth patterns across the region have diverged significantly. Coastal economies such as Senegal and Côte d'Ivoire posted robust growth rates exceeding 6%, buoyed by relative political stability and diversified economic bases. In contrast, Sahelian states grappled with persistent challenges stemming from political instability and climate-related shocks, which dampened their growth trajectories and exacerbated structural vulnerabilities.

Inflation dynamics across ECOWAS have been shaped by a confluence of global commodity price fluctuations, exchange rate volatility, and domestic supply constraints. Between 2022 and 2023, inflation surged in several key economies, Nigeria reached 28%, Ghana 23.3%, and Sierra Leone over 40% primarily due to currency depreciation and food price shocks. By 2024, inflationary pressures began to moderate, with regional averages projected to ease to approximately 8–10%. Nonetheless, these figures remain above the convergence targets set by ECOWAS. WAEMU countries, benefiting from monetary discipline under the BCEAO, maintained relatively lower inflation rates in the range of 4–6%.

Fiscal balances across the region remain under strain. Pandemic-era spending widened deficits, and ongoing infrastructure investments, coupled with rising debt servicing costs, have kept fiscal pressures elevated. In 2024, the average fiscal deficit was estimated at –4.5% of GDP, with notable outliers such as Senegal (–12.6%) and Liberia (–7.1%) reflecting deeper structural imbalances. Government debt levels averaged around 58% of GDP, though some countries, such as Cabo Verde at 114% and Ghana at 76%, faced significantly higher burdens. The combination of rising interest payments and increased external borrowing has further constrained fiscal space and heightened concerns over debt sustainability.

In sum, ECOWAS economies are navigating a complex landscape marked by the dual imperatives of sustaining growth and ensuring fiscal discipline. While aggregate indicators suggest resilience, underlying vulnerabilities, particularly in debt composition, inflation management, and political stability, highlight the need for coordinated regional strategies to safeguard long-term economic stability and integration.

ECOWAS Macroeconomic Indicators – 2024

Country	GDP (USD Billion)	Real GDP Growth (%)	Inflation (%)	Fiscal Balance (% of GDP)
Nigeria	252.0	3.3	28.0	–4.8
Ghana	72.0	2.9	23.3	–5.7
Côte d'Ivoire	78.5	6.5	4.5	–5.0
Senegal	32.1	8.8	5.8	–12.6
Burkina Faso	20.4	4.2	3.9	–4.3
Mali	19.7	4.5	6.0	–3.5
Benin	18.6	6.4	2.5	–1.3
Togo	10.9	5.1	4.7	–3.2
Guinea	20.2	5.3	9.1	–2.9
Niger	14.5	5.8	4.2	–4.0
Sierra Leone	4.6	3.1	40.0	–6.5
Liberia	4.2	4.0	9.8	–7.1
The Gambia	2.1	5.0	7.5	–3.8
Guinea-Bissau	1.7	3.9	6.2	–4.0
Cabo Verde	2.5	4.7	3.5	–5.2

In terms of real GDP growth, Senegal (8.8%), Benin (6.4%), and Côte d'Ivoire (6.5%) are outperforming the ECOWAS average, propelled by infrastructure investment and diversified export bases. Nigeria and Ghana continue to battle high inflation, driven by currency depreciation and persistent food price pressures. Fiscal deficits remain elevated in Senegal and Ghana, reflecting the weight of public investment and rising debt service costs. Meanwhile, West African Economic and Monetary Union (WAEMU) countries like Benin, Côte d'Ivoire, and Togo show greater macroeconomic stability, supported by BCEAO's[1] coordinated monetary policy and fiscal discipline.

[1] The Central Bank of West African States (BCEAO) is an international public institution with headquarters in Dakar, Senegal. It is the common issuing institution of the member States of the West African Monetary Union (WAMU).

Trade and Investment Flows Within ECOWAS

Indicator	Value / Country (2024)	Commentary
Total Exports	**$129 billion**	Crude petroleum, gold, and agricultural commodities dominate
Total Imports	**$160 billion**	Refined petroleum, machinery, and transport equipment lead
Main Exporter	**Nigeria – $61 billion**	Accounts for ~47% of ECOWAS exports; driven by oil and gas
Main Importer	**Nigeria – $68.4 billion**	Largest consumer market; imports refined fuel, vehicles, electronics
Main Export Destination	**Switzerland – $12.6 billion**	Primarily gold and petroleum exports
Main Import Source	**China – $42.3 billion**	Machinery, electronics, and manufactured goods dominate imports

The region's export profile is resource-heavy, with minimal beneficiation, crude oil, gold, and cocoa leading the basket. Investment flows are increasingly targeting digital infrastructure, agribusiness, and energy, but FDI remains unevenly distributed, with Nigeria, Ghana, and Côte d'Ivoire capturing the lion's share.

ECOWAS Intra-Regional Trade: Performance & Comparative Insights

Senegal, Benin, and Côte d'Ivoire are currently leading economic growth within ECOWAS. Their performance is largely attributed to sustained infrastructure investment and the development of diversified export sectors, which have helped buffer these economies against external shocks and regional volatility.

In contrast, Nigeria and Ghana continue to struggle with elevated inflation, driven by currency depreciation and persistent food price pressures. These inflationary trends have undermined consumer purchasing power and complicated monetary policy efforts, particularly in economies with more flexible exchange rate regimes.

Fiscal stress remains a concern in Senegal and Ghana, where large deficits reflect the burden of infrastructure spending and rising debt service obligations. These imbalances have narrowed fiscal space and raised questions about long-term sustainability, especially in the absence of robust revenue mobilisation.

Meanwhile, WAEMU countries such as Benin, Côte d'Ivoire, and Togo have demonstrated greater macroeconomic stability. Their relatively lower inflation and more disciplined fiscal management are supported by the BCEAO's coordinated monetary framework, which has helped insulate these economies from some of the volatility affecting the broader region.

Comparative Metric: Intra-Trade Share (% of Total Exports)

This metric allows benchmarking ECOWAS against other African and global trade blocs:

Trade Bloc	Intra-Trade Share (%)	Commentary
ECOWAS	11.3%	Low integration; dominated by extra-regional exports (oil, gold, cocoa)
SADC	~22%	Stronger industrial base and transport corridors
EAC	~20%	Harmonised customs union and shared infrastructure
EU	~65%	Deep integration with common market and regulatory alignment
ASEAN	~25%	Diversified manufacturing and regional supply chains

ECOWAS's intra-regional trade remains below the African average of approximately 15%, highlighting a significant gap between policy ambition and practical integration. Despite the existence of frameworks such as the ECOWAS Trade Liberalisation Scheme (ETLS), the region continues to underutilise its potential for internal commerce, limiting opportunities for economic diversification and resilience.

To address this, ECOWAS must fully operationalise the ETLS by removing informal trade barriers and harmonising product standards across member states. Reducing transaction costs through strategic investment in transport and digital infrastructure is also essential, as poor connectivity and logistical bottlenecks continue to hinder cross-border trade efficiency.

Industrial diversification is another key priority. By promoting sectors such as agro-processing and light manufacturing, ECOWAS can foster complementary trade flows that strengthen regional value chains and reduce dependence on external markets. Aligning with the African Continental Free Trade Area (AfCFTA) offers an additional pathway to integrate into broader continental value chains and expand market access for ECOWAS-based producers.

Ultimately, intra-regional trade growth is more than a statistical target as it reflects the region's capacity for economic resilience, value creation, and improved sovereign creditworthiness. Strengthening trade protocols, investing in logistics corridors like Abidjan–Lagos, and deepening regional cooperation will be critical to unlocking ECOWAS's full trade potential and enhancing its macroeconomic stability.

Foreign Direct Investment (FDI) Inflows by Country – ECOWAS (2024)

Country	FDI Inflows (USD Millions)	% of GDP (Approx.)	Key Sectors
Nigeria	1,873	~0.9%	Energy, fintech, telecoms
Ghana	1,319	~1.8%	Mining, agribusiness, digital
Côte d'Ivoire	1,753	~2.2%	Agro-processing, infrastructure
Senegal	2,641	~8.2%	Energy (gas), transport, tourism
Benin	~600	~3.2%	Logistics, textiles, agribusiness
Mali	698	~3.5%	Gold mining, infrastructure
Niger	966	~6.7%	Uranium, energy, logistics
Guinea	893	~4.4%	Bauxite, hydropower
Liberia	745	~6.5%	Forestry, mining
Sierra Leone	~500	~10.9%	Mining, agriculture
Togo	~450	~4.1%	Maritime, cement, textiles
The Gambia	~300	~14.3%	Tourism, services
Cabo Verde	~250	~10.0%	Tourism, renewable energy
Guinea-Bissau	~150	~8.8%	Cashew processing, fisheries
Burkina Faso	~400	~2.0%	Mining, infrastructure

FDI inflows remain concentrated in resource-rich and reform-oriented economies. Senegal and Côte d'Ivoire lead in attracting diversified investment, while Nigeria's inflows lag relative to its GDP due to macroeconomic and FX constraints.

Currency Regimes and Monetary Policy Co-ordination

ECOWAS operates under two distinct monetary regimes, each reflecting different approaches to currency management and macroeconomic coordination. The West African Economic and Monetary Union (WAEMU) comprises eight ECOWAS member states, including Côte d'Ivoire, Senegal, and Benin. These countries use the CFA franc, a currency pegged to the euro and backed by the French Treasury. Monetary policy within WAEMU is centralised under the BCEAO (Central Bank of West African States), which has helped maintain low inflation and fiscal discipline across the union. While this arrangement offers exchange rate stability and predictability, it also limits the monetary autonomy of individual member states.

In contrast, the West African Monetary Zone (WAMZ) includes six ECOWAS members, such as Nigeria, Ghana, and Sierra Leone. These countries operate independent national currencies (like the naira and the cedi) and manage monetary policy through their respective central banks. This framework allows for greater flexibility in responding to domestic economic conditions, but it also exposes these economies to higher macroeconomic risks. Common challenges include inflation volatility, exchange rate instability, and fiscal dominance, which can undermine policy effectiveness and investor confidence.

In essence, WAEMU prioritises stability through monetary integration, while WAMZ emphasises sovereignty and adaptability, albeit with greater exposure to economic shocks. This dual structure presents both opportunities and constraints for ECOWAS's broader goals of regional convergence and economic integration.

The ECO currency project represents ECOWAS's long-standing ambition to establish a single regional currency to deepen economic integration and facilitate trade. Initially scheduled for launch in 2020, the initiative has faced repeated delays due to a lack of macroeconomic convergence among member states, the disruptive impact of the COVID-19 pandemic, and ongoing political divergence.

Despite these setbacks, momentum has not been lost. In March 2025, ECOWAS finance ministers reaffirmed their commitment to the ECO roadmap, emphasising its potential to reduce transaction costs, enhance intra-regional trade and investment flows, anchor inflation expectations, and reinforce monetary discipline across the bloc.

However, several structural and political challenges continue to hinder progress. Member states exhibit divergent inflation and debt profiles, complicating efforts to align monetary policy. The absence of a fiscal union or stabilisation mechanism further limits the feasibility of a shared currency. Moreover, political hesitancy, particularly from Nigeria, the region's largest economy, reflects concerns over relinquishing monetary sovereignty, which remains a critical barrier to consensus.

The ECO project thus stands at a crossroads: while its strategic benefits are widely acknowledged, its implementation demands deeper policy coordination, institutional reforms, and sustained political will.

Co-ordination Mechanisms

Despite lacking a unified currency, ECOWAS has made notable strides in coordinating monetary policy across its member states. Institutions such as the Convergence Council and the Macroeconomic Policy Technical Committee play a central role in monitoring key indicators, including inflation rates, fiscal deficits, and debt ratios. These mechanisms aim to foster greater macroeconomic alignment and prepare the region for deeper integration.

To guide this process, ECOWAS has established convergence criteria, such as maintaining inflation below 5% and fiscal deficits under 3% of GDP. However, adherence to these benchmarks remains uneven, with several member states struggling to meet the targets consistently.

Within this framework, WAEMU countries have shown stronger performance relative to their WAMZ counterparts. Thanks to centralised monetary policy under the BCEAO, WAEMU members maintain lower inflation and tighter fiscal discipline. This divergence has contributed to differences in sovereign credit ratings across the region, reinforcing the need for more harmonised policy implementation.

3. Institutional and Governance Framework

Although ECOWAS has yet to implement a unified currency, the region has made meaningful progress in coordinating monetary policy. Institutions such as the Convergence Council and the Macroeconomic Policy Technical Committee actively monitor key indicators like inflation, fiscal deficits, and debt ratios. These bodies support the enforcement of convergence criteria, including targets such as inflation below

5% and fiscal deficits under 3% of GDP. However, compliance across member states remains uneven, reflecting differences in economic structures and policy execution.

WAEMU countries consistently outperform their WAMZ counterparts in meeting these benchmarks, particularly in maintaining lower inflation and stronger fiscal discipline. This divergence is largely due to WAEMU's centralized monetary governance under the BCEAO, which enforces tighter controls and fosters macroeconomic stability. As a result, rating disparities persist across the region, underscoring the need for deeper harmonization if ECOWAS is to advance toward monetary integration and shared economic resilience.

Core Institutions

Institution	Role and Function
ECOWAS Commission	Executive body responsible for policy implementation, co-ordination, and monitoring
ECOWAS Parliament	Consultative assembly promoting democratic oversight and regional dialogue
ECOWAS Court of Justice	Judicial organ ensuring legal compliance and protecting human rights
Mediation and Security Council	Oversees peacekeeping, conflict resolution, and political stability
West African Monetary Agency (WAMA)	Co-ordinates monetary policy and convergence efforts among member states
ECOWAS Bank for Investment and Development (EBID)	Finances regional infrastructure and development projects

Evolution of Legal Foundations

The Economic Community of West African States (ECOWAS) was established in 1975 through the Lagos Treaty with the primary aim of fostering economic integration and collective self-sufficiency among its member states. The Revised Treaty of 1993 expanded ECOWAS's mandate beyond trade and development to include peace and security, democratic governance, and human rights. This evolution was codified through supplementary protocols such as the 1999 Protocol on Conflict Prevention and the 2001 Protocol on Democracy and Good Governance.

Core Institutions and Functional Architecture

ECOWAS operates through a multi-tiered institutional framework designed to balance executive authority, judicial oversight, and consultative representation. The ECOWAS Commission functions as the executive arm, responsible for implementing decisions, co-ordinating regional programs, and monitoring compliance. It is supported by the ECOWAS Parliament, a consultative body that fosters democratic dialogue and regional accountability, though its powers remain advisory rather than legislative. The ECOWAS Court of Justice plays a critical role in upholding legal standards and protecting human rights, offering recourse for both states and individuals. In the security domain, the Mediation and Security Council oversees peacekeeping operations and political interventions, while specialised agencies like the West African Monetary Agency (WAMA) and the ECOWAS Bank for Investment and Development (EBID) support macroeconomic convergence and infrastructure financing, respectively.

Governance Agenda and Normative Influence

ECOWAS has positioned itself as a regional norm-setter in promoting constitutional order, electoral integrity, and anti-corruption standards. Through its governance protocols and electoral observer missions, the bloc has intervened in several member states to prevent or reverse unconstitutional changes of government, including in Côte d'Ivoire, Guinea-Bissau, and, more recently, Mali and Niger. The ECOWAS Early Warning and Response Network (ECOWARN) enhances its capacity for conflict prevention by monitoring political risks and facilitating rapid diplomatic engagement. While these mechanisms have contributed to democratic consolidation in some contexts, their effectiveness is increasingly tested by political fragmentation and contested legitimacy.

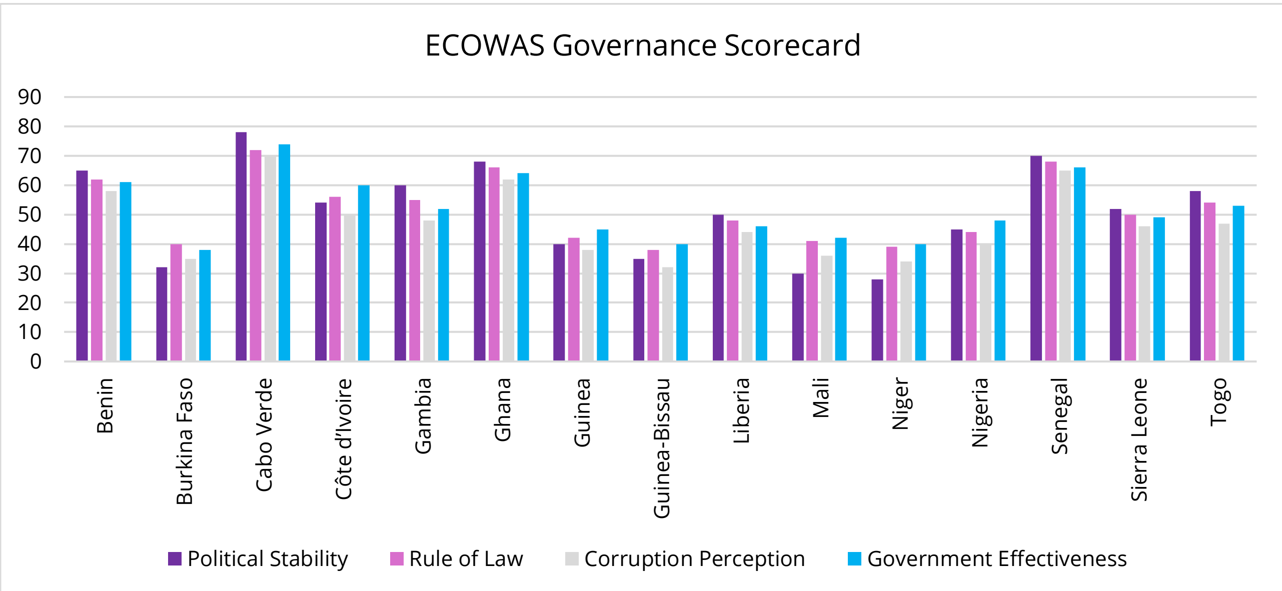
Challenges to Institutional Cohesion

Political divergence among member states (exemplified by the recent withdrawal of Mali, Burkina Faso, and Niger) has exposed fault lines in regional solidarity and weakened the bloc's ability to enforce collective norms. Moreover, ECOWAS's reliance on consensus-based decision-making limits its capacity to respond decisively to crises, especially when national interests conflict with regional objectives. Funding constraints further complicate implementation, as many programs depend heavily on external donors, raising concerns about sustainability and strategic autonomy.

ECOWAS's institutional framework is among the most advanced of Africa's regional economic communities, offering a blend of legal instruments, executive co-ordination, and peacekeeping capacity. However, its credibility and cohesion are increasingly contingent on member state commitment, resource mobilisation, and political alignment. For sovereign risk analysis, ECOWAS's governance mechanisms provide stabilising buffers in fragile contexts, but their ability to influence credit outcomes depends on consistent enforcement, regional unity, and institutional resilience.

ECOWAS Governance Scorecard (2024 Estimates)

Drawing from the World Governance Indicators (WGI), Ibrahim Index of African Governance (IIAG), and regional assessments. The scores are normalised on a scale from 0 to 100, where higher values indicate stronger governance performance.



Although ECOWAS has made progress in coordinating monetary policy, the region still operates under two distinct regimes. The West African Economic and Monetary Union (WAEMU) includes eight ECOWAS member states (such as Côte d'Ivoire, Senegal, and Benin) that use the CFA franc. This currency is pegged to the euro and backed by the French Treasury, with monetary policy centralised under the BCEAO. This arrangement ensures low inflation and fiscal discipline, offering exchange rate stability but limiting monetary autonomy for individual countries.

In contrast, the West African Monetary Zone (WAMZ) comprises six ECOWAS members, including Nigeria, Ghana, and Sierra Leone. These countries maintain independent national currencies, such as the naira and cedi, with monetary policy managed by national central banks. While this allows for greater flexibility in responding to domestic economic conditions, it also exposes these economies to higher macroeconomic risks, including inflation volatility and fiscal dominance. The divergence between WAEMU's stability and WAMZ's policy challenges underscores the complexity of ECOWAS's monetary landscape.

4. Financial Integration and Capital Markets

Regional Financial Integration Landscape

ECOWAS's financial integration remains fragmented, shaped by divergent currency regimes, regulatory frameworks, and capital market maturity. While the bloc has made strides in harmonising banking supervision and payment systems, capital markets are still largely national in scope, with limited cross-border listings or investor mobility.

ECOWAS has launched several key regional initiatives to strengthen financial integration and support cross-border investment. The West African Capital Markets Integration Council (WACMIC) seeks to harmonise trading platforms and regulatory standards across member states, aiming to create a more unified and efficient capital market. The West African Monetary Agency (WAMA) plays a complementary role by promoting convergence in monetary and financial policy, helping to align macroeconomic frameworks. Additionally, the ECOWAS Investment Guarantee Mechanism is designed to reduce investment risk and encourage cross-border capital flows by offering protection against political and commercial uncertainties.

Despite these efforts, progress remains uneven, and several structural constraints continue to hinder deeper integration. Currency fragmentation, particularly between the CFA franc used by WAEMU countries and the national currencies of WAMZ members, complicates financial harmonisation. Institutional investor participation across the region remains low, limiting the scale and sophistication of market activity. Furthermore, most ECOWAS financial markets suffer from shallow liquidity and limited depth, which restricts their ability to absorb large investments and support long-term growth. Addressing these challenges will be critical to unlocking the full potential of regional financial integration.

Domestic Market Capitalisation by Country (2024 Estimates)

Country	Market Capitalisation (USD Billion)	Key Exchanges / Notes
Nigeria	~55.2	Nigerian Exchange (NGX); largest in ECOWAS; diversified listings in banking, telecoms, energy
Ghana	~7.4	Ghana Stock Exchange (GSE); active in banking and consumer sectors
Côte d'Ivoire	~12.8	Bourse Régionale des Valeurs Mobilières (BRVM); headquartered in Abidjan, serves 8 WAEMU countries
Senegal	~3.2	BRVM member; growing interest in sovereign bonds and fintech IPOs
Benin, Togo, Burkina Faso, Mali, Niger	Included in BRVM	Combined capitalisation via BRVM; limited domestic listings
Sierra Leone, Liberia, Guinea, Gambia	<1.0 (each)	Nascent or inactive exchanges; limited institutional infrastructure
Cabo Verde	~0.5	Small but functional exchange; focused on tourism-linked assets
Guinea-Bissau	Negligible	No active capital market infrastructure

As of 2024, the Bourse Régionale des Valeurs Mobilières (BRVM) has reached a total market capitalisation of approximately $13.5 billion. It serves WAEMU countries through a unified platform that enables regional listings and cross-border trading, offering a rare example of integrated capital markets within ECOWAS. While the BRVM's model presents a scalable blueprint for broader regional financial integration, its limited liquidity and narrow listing diversity continue to constrain its impact.

Nigeria's Nigerian Exchange (NGX) remains the largest and most influential capital market in ECOWAS, but it faces persistent challenges, including foreign exchange volatility, regulatory uncertainty, and low foreign investor participation. Ghana's Stock Exchange (GSE), though reform-oriented, is hampered by macroeconomic instability and a heavy debt burden. Across most ECOWAS member states, capital markets remain underdeveloped, with limited access to active bond markets, derivatives, and institutional investor depth, factors that restrict the region's ability to mobilise long-term capital.

To strengthen financial integration and build more resilient capital markets, ECOWAS must prioritise several strategic actions: establishing unified regulatory frameworks and incentives for cross-border listings; developing regional sovereign bond markets to finance infrastructure collectively; deploying digital platforms to expand retail investor access; and enforcing investor protection and ESG disclosure standards to attract global capital and enhance market credibility.

5. Debt Sustainability and Fiscal Co-ordination

Regional Debt Trends and Risk-Sharing Mechanisms

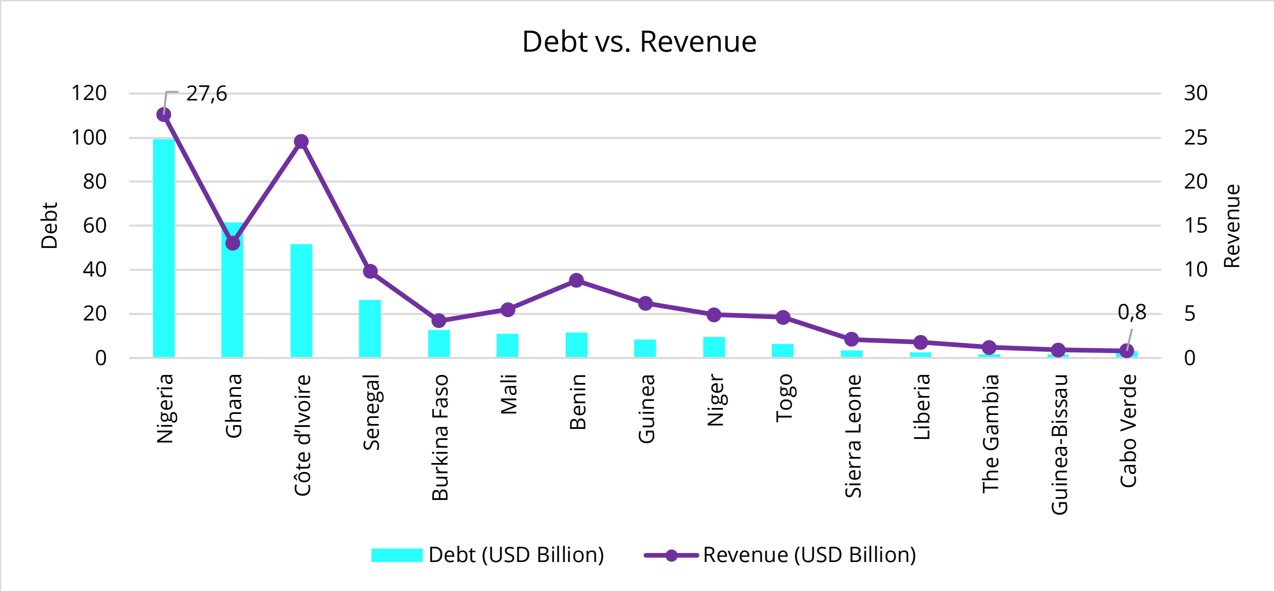
Over the past decade, ECOWAS member states have experienced a marked rise in public debt, driven by infrastructure investment, pandemic-related spending, and external shocks. As of 2024, average public debt across the region stands at ~58% of GDP, with several countries (such as Ghana (76%), Cabo Verde (114%), and Senegal (74%)) exceeding the convergence threshold of 70% set by ECOWAS.

The debt landscape across ECOWAS is marked by high external exposure, particularly among non-WAEMU countries, where reliance on foreign borrowing has increased vulnerability to exchange rate and interest rate shocks. Rising debt service obligations are crowding out essential social and capital expenditures, while access to concessional financing remains limited, especially for middle-income economies that no longer qualify for preferential terms. These pressures have intensified concerns over fiscal sustainability and long-term development financing.

Despite the absence of a formal regional risk-sharing mechanism akin to the EU's Stability and Growth Pact, ECOWAS has developed informal buffers to promote fiscal discipline and macroeconomic stability. The ECOWAS Convergence Criteria set targets for inflation (below 5%) and fiscal deficits (under 3% of GDP), providing a framework for policy alignment. WAEMU countries benefit from a pooled monetary system under the BCEAO, which enhances fiscal oversight and debt sustainability monitoring. Additionally, the ECOWAS Bank for Investment and Development (EBID) plays a critical role in providing concessional loans and guarantees for infrastructure and social projects. Nonetheless, the lack of a fiscal union or stabilisation fund continues to limit the region's capacity to absorb asymmetric shocks and coordinate counter-cyclical responses effectively.

Sovereign debt management practices across ECOWAS vary significantly in sophistication and institutional capacity. Nigeria and Ghana operate relatively advanced debt management offices, equipped to handle complex borrowing strategies and market engagement. However, both countries continue to face challenges related to foreign exchange liquidity, rollover risks, and investor confidence. In contrast, WAEMU member states benefit from centralised debt issuance and surveillance through the UEMOA Securities Market (UMOA-Titres), which enhances transparency and fosters greater trust among investors.

Smaller economies such as Liberia, Guinea-Bissau, and Sierra Leone often lack the foundational infrastructure for effective debt management. These countries typically struggle with fragmented debt data systems, the absence of medium-term debt strategies, and limited access to diversified financing instruments. Common weaknesses across the region include shallow domestic bond markets and an overreliance on short-term and external borrowing. To address these gaps, ECOWAS countries have increasingly turned to technical assistance from institutions like the West African Institute for Financial and Economic Management (WAIFEM) and capacity-building programs supported by the IMF, aimed at improving debt sustainability and institutional resilience.



There are significant disparities in fiscal capacity across ECOWAS. Nigeria and Ghana collectively account for over half of the region's total debt stock, yet both countries face elevated debt-to-revenue ratios due to persistent challenges in revenue mobilisation. This imbalance underscores their limited fiscal space and heightened vulnerability to refinancing pressures.

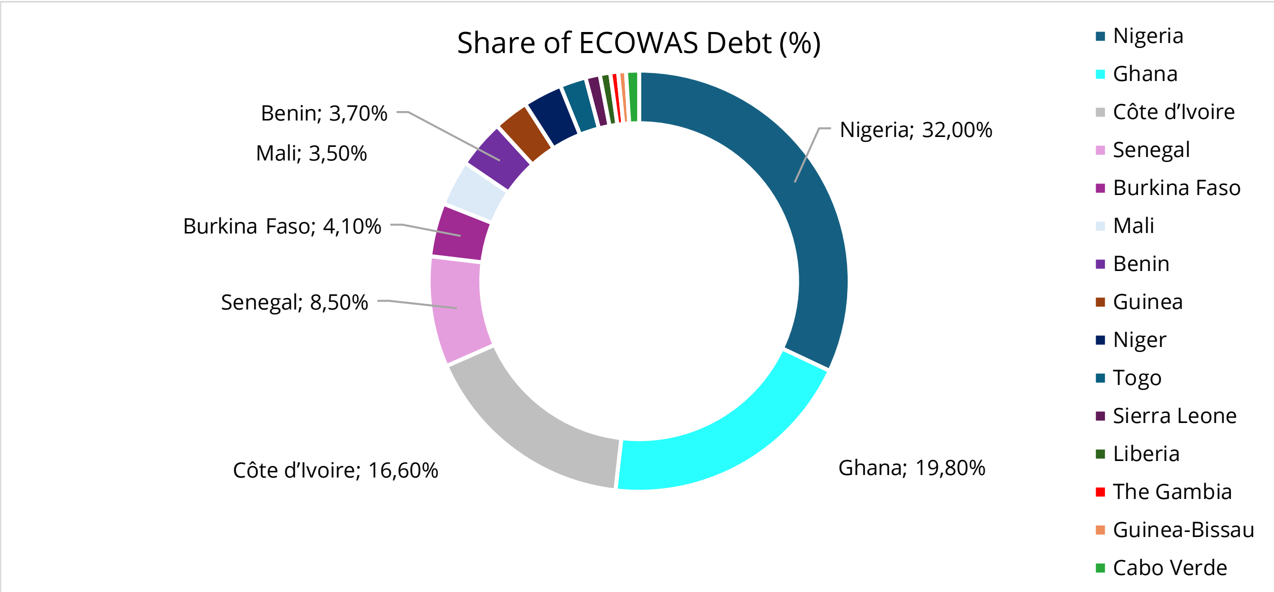
In contrast, Benin, Togo, and Côte d'Ivoire exhibit stronger fiscal fundamentals, maintaining debt-to-revenue ratios below 2x. Their performance is largely supported by WAEMU's monetary discipline and pooled debt issuance mechanisms, which enhance investor confidence and fiscal predictability. Cabo Verde and Ghana stand out for their severe debt affordability stress, with debt levels approaching four times their annual revenue. Meanwhile, countries like Guinea-Bissau and Burkina Faso, despite having modest overall debt volumes, show relatively high debt-to-revenue ratios, reflecting constrained fiscal space and limited capacity to absorb economic shocks.

ECOWAS's Role in Supporting Fiscal Distress

While ECOWAS does not operate a formal bailout mechanism, it plays a vital convening and coordination role during fiscal crises. Through diplomatic engagement, the bloc has facilitated dialogue between distressed governments and multilateral creditors, most notably in Ghana's recent debt restructuring and Nigeria's fiscal reform efforts. ECOWAS also promotes policy harmonisation via its Macroeconomic Policy Technical Committee, which encourages convergence in fiscal rules, debt thresholds, and reporting standards. During the COVID-19 pandemic, ECOWAS mobilised regional resources and advocated for debt relief under global initiatives such as the G20's Debt Service Suspension Initiative (DSSI) and the Common Framework.

However, ECOWAS's capacity for direct intervention remains limited. The absence of a centralised fiscal authority, constrained financial resources, and growing political fragmentation (particularly following the withdrawal of Mali, Burkina Faso, and Niger) undermine its ability to respond decisively to asymmetric shocks. To enhance debt sustainability and fiscal coordination, ECOWAS must consider establishing a regional fiscal stabilisation mechanism or guarantee facility, deepening domestic capital markets to reduce external vulnerability, strengthening debt transparency and reporting standards, and promoting peer review mechanisms with incentives for compliance. While its current framework offers soft discipline, it lacks the enforcement tools and liquidity backstops necessary to significantly reduce sovereign credit risk across the region.

Debt Share and Revenue Capacity



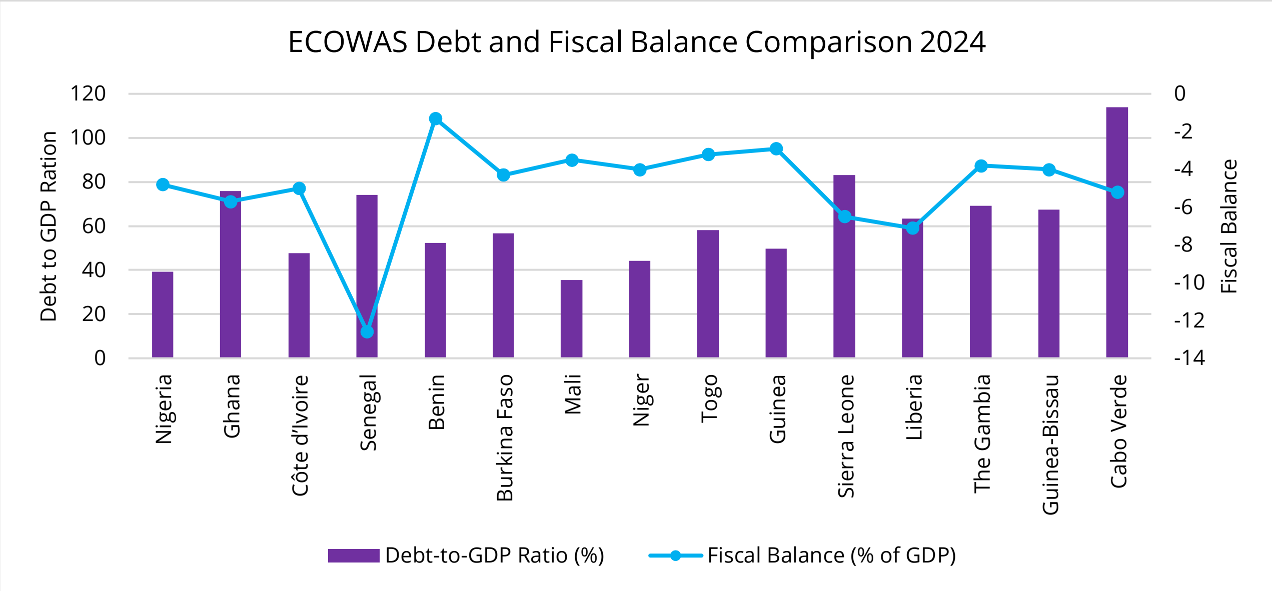
As of 2024, ECOWAS's total public debt stands at approximately $310 billion, with significant concentration among a few large economies. Nigeria and Ghana together account for over half of the region's debt stock, reflecting their economic scale but also underlying fiscal vulnerabilities. Nigeria's debt, while moderate relative to GDP (52.9%), is compounded by oil revenue volatility and weak revenue mobilisation. Ghana, with a debt-to-GDP ratio of 76.4%, remains under pressure despite recent restructuring efforts.

Côte d'Ivoire and Senegal follow as major contributors, driven by infrastructure-led growth strategies. Senegal's debt-to-GDP ratio is notably high at 94.6%, reflecting large-scale investments in energy and transport. WAEMU countries such as Benin, Togo, and Burkina Faso maintain moderate debt levels, supported by BCEAO's monetary oversight and pooled issuance mechanisms.

Smaller economies like Cabo Verde, Guinea-Bissau, and The Gambia face elevated debt ratios relative to their limited revenue bases. Cabo Verde, in particular, has the highest debt-to-GDP ratio in ECOWAS at 114%, underscoring its dependence on tourism and external financing. Meanwhile, countries such as Mali, Niger, and Guinea maintain relatively lower debt shares, though fiscal space remains constrained by political instability and security-related spending. Overall, the region's debt profile reflects a mix of scale-driven concentration, structural vulnerabilities, and varied institutional capacity.

ECOWAS Debt and Fiscal Balance Comparison

These indicators are central to SAR's sovereign rating methodology, reflecting fiscal space, credit risk, and macroeconomic resilience.



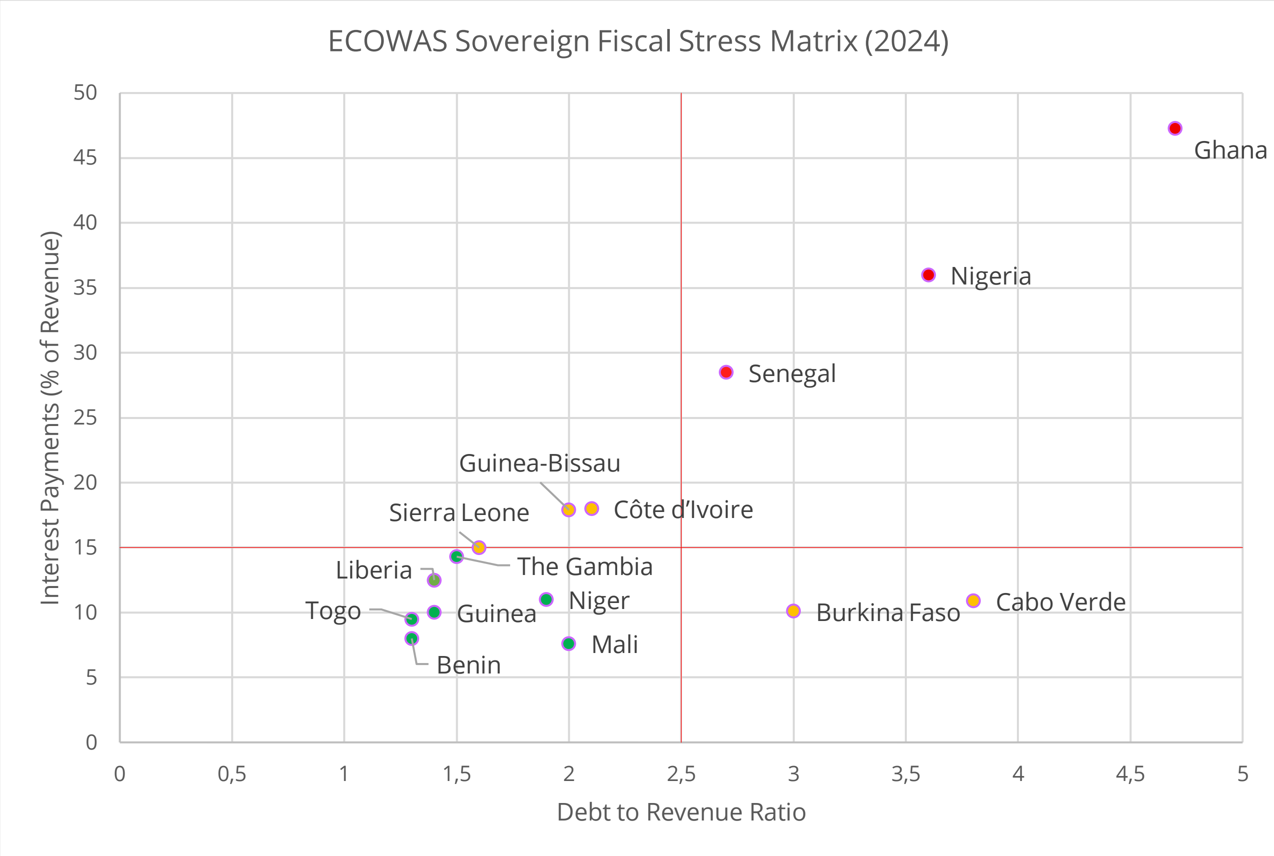
ECOWAS countries exhibit wide disparities in debt sustainability and fiscal performance. Nigeria maintains a moderate debt-to-GDP ratio (39.4%) but faces rising interest payments and vulnerability to oil revenue fluctuations. Ghana, with a high debt burden (76.0%), is undergoing fiscal consolidation following recent restructuring. Côte d'Ivoire and Benin demonstrate relatively stable profiles, supported by infrastructure investment and strong fiscal discipline, respectively. Senegal's elevated deficit (–12.6%) reflects large-scale spending on energy and transport megaprojects.

WAEMU countries such as Togo, Burkina Faso, and Guinea show moderate debt levels and benefit from regional monetary oversight, though security-related expenditures and limited revenue bases pose challenges. Mali and Niger maintain lower debt ratios but face fiscal constraints due to political instability and infrastructure pressures. Meanwhile, Sierra Leone, Liberia, and Guinea-Bissau are grappling with high debt distress risks, weak fiscal metrics, and heavy reliance on external support. Cabo Verde stands out with the highest debt ratio (114.0%), where tourism recovery remains central to fiscal sustainability. Overall, the region's fiscal landscape reflects a mix of resilience, reform, and structural fragility.

ECOWAS's lack of a formal fiscal union or stabilisation fund limits its ability to co-ordinate responses to debt distress. Strengthening regional debt transparency, harmonising fiscal rules, and exploring pooled financing mechanisms could enhance resilience and investor confidence.

ECOWAS Sovereign Fiscal Stress

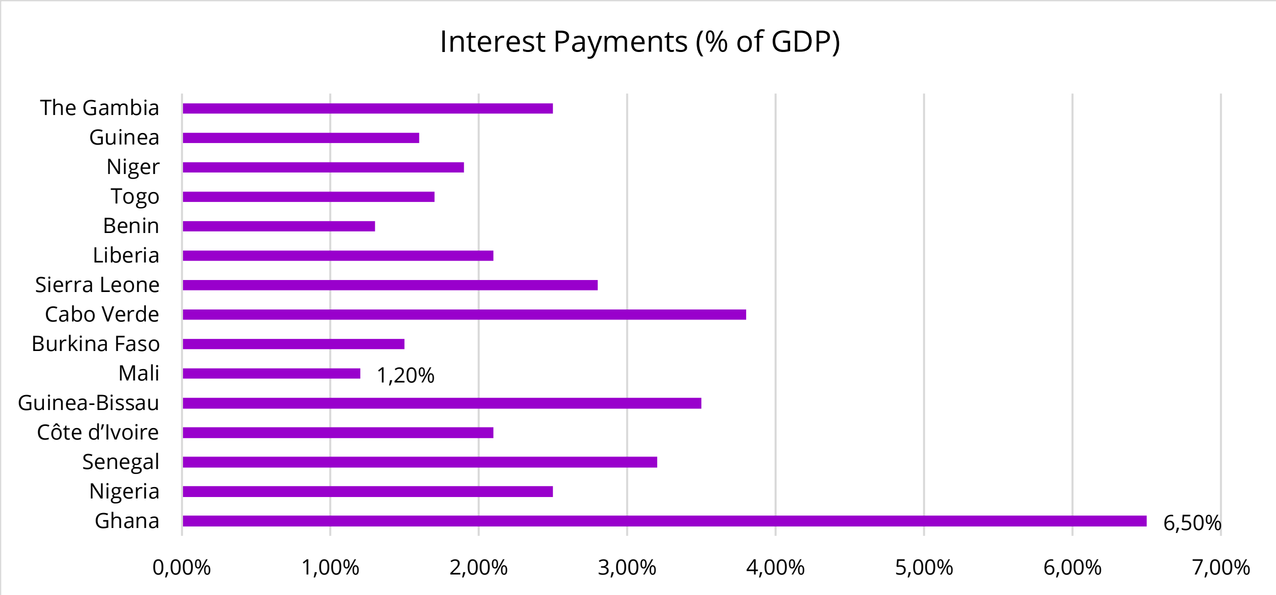
Debt affordability reflects a country's ability to service its debt without compromising fiscal sustainability. SAR considers both debt stock and interest payment burdens when assessing sovereign creditworthiness.



Ghana and Nigeria exhibit high-risk profiles, driven by elevated interest-to-revenue ratios that signal constrained fiscal space and increased refinancing risk. These dynamics raise concerns about debt sustainability and investor confidence, especially in the absence of robust buffers or diversified revenue streams.

In contrast, WAEMU countries such as Benin, Côte d'Ivoire, and Togo benefit from the monetary discipline and pooled debt issuance mechanisms provided by BCEAO oversight. This framework supports lower interest burdens and enhances fiscal predictability. Meanwhile, smaller economies like Cabo Verde, Guinea-Bissau, and The Gambia continue to face affordability challenges. Despite access to concessional borrowing, their narrow revenue bases limit fiscal flexibility and heighten vulnerability to external shocks.

Debt affordability is central to sovereign risk assessments. ECOWAS's lack of a regional debt stabilisation mechanism means member states must rely on national reforms, concessional financing, and external support to manage fiscal stress.



The interest payment-to-revenue ratio and the interest payment-to-GDP ratio offer distinct lenses for assessing sovereign debt sustainability. The interest-to-revenue ratio measures how much of a government's collected revenue is used to service debt interest, highlighting fiscal space and the pressure on public finances. A high ratio signals limited room for discretionary spending and elevated refinancing risk. In contrast, the interest-to-GDP ratio contextualises debt servicing costs within the broader economy, reflecting the macroeconomic burden of interest payments relative to national output. While the former is more relevant for budgetary planning, the latter is useful for comparing debt affordability across countries with varying revenue capacities.

In 2024, ECOWAS countries continue to face rising interest payments as a share of GDP, driven by elevated global interest rates and increased borrowing needs. According to the West African Development Outlook, many member states (particularly those outside WAEMU) have seen interest-to-GDP ratios climb due to currency depreciation, limited access to concessional financing, and growing reliance on external debt. Countries like Ghana, Sierra Leone, and Cabo Verde are especially exposed, with interest payments absorbing a significant portion of economic output. WAEMU members, benefiting from pooled issuance and BCEAO oversight, maintain relatively lower ratios, though infrastructure-driven borrowing is gradually increasing their debt service costs. Overall, the bloc's rising interest-to-GDP burden underscores the need for enhanced debt transparency, deeper domestic capital markets, and coordinated fiscal reforms to safeguard macroeconomic stability.

These metrics underscore the importance of revenue enhancement, debt transparency, and regional fiscal co-ordination. ECOWAS could play a stronger role in harmonising debt reporting standards and facilitating pooled financing mechanisms to reduce sovereign risk.

6. Political and Security Stability

Regional Conflict Resolution Mechanisms

ECOWAS has established one of Africa's most dynamic and multifaceted conflict resolution frameworks, integrating diplomatic mediation, military intervention, and normative enforcement. Its approach is grounded in two foundational instruments: the Protocol on Conflict Prevention, Management, Resolution, Peacekeeping and Security (1999), and the Supplementary Protocol on Democracy and Good Governance (2001). These protocols empower ECOWAS to deploy early warning systems, mediation teams, and standby forces to address crises across the region.

Over the years, ECOWAS has intervened in several high-stakes situations. In the 1990s, it deployed the ECOMOG force to Liberia and Sierra Leone to restore order and facilitate peace agreements. In Côte d'Ivoire and Guinea-Bissau, diplomatic missions and observer teams played key roles in stabilising electoral transitions. More recently, between 2020 and 2023, ECOWAS imposed sanctions and led negotiations in response to military coups in Mali, Burkina Faso, and Guinea, though the outcomes were mixed and highlighted the limits of its influence.

Despite its proactive posture, ECOWAS faces structural constraints that undermine its effectiveness. It lacks a permanent mediation commission and instead relies on ad hoc envoys and councils of elders. Its enforcement capacity is limited, particularly when member states resist regional authority. The formation of the Alliance of Sahel States (AES) by Mali, Burkina Faso, and Niger illustrates the growing risk of fragmentation within the bloc.

ECOWAS's conflict resolution model is inherently consensual and politically sensitive, prioritising regional legitimacy over coercive enforcement. While this approach enhances its credibility in stable environments, it significantly weakens its leverage in fragile or contested political contexts, where stronger institutional mechanisms may be required to uphold peace and democratic norms.

SAR's sovereign rating framework places political stability at the heart of governance risk, recognising its direct influence on investor confidence, capital flows, debt affordability, and access to concessional financing. Stable political environments foster fiscal predictability and enhance a country's ability to attract multilateral support, making political governance a foundational pillar in sovereign credit assessments.

Within ECOWAS, SAR identifies a clear bifurcation in political risk profiles. Countries such as Ghana, Senegal, and Côte d'Ivoire demonstrate rating resilience, underpinned by democratic continuity, peaceful transitions, and institutional maturity. These attributes contribute to lower risk premiums, stronger credit profiles, and more favourable rating outlooks. In contrast, states facing prolonged instability (namely Mali, Guinea, and Niger) experience rating volatility, with elevated borrowing costs and diminished access to international capital markets. Political fragmentation in these contexts also weakens regional risk-sharing mechanisms and undermines the broader integration agenda.

SAR's analysis highlights that regional political cohesion amplifies sovereign resilience, while institutional breakdowns in one member state can trigger contagion effects across the bloc. These spillovers are particularly pronounced in areas such as trade, security, and investor sentiment. ECOWAS's role as a mediator and stabiliser remains a vital buffer against sovereign risk, but its effectiveness hinges on member state compliance, adequate resource mobilisation, and sustained external diplomatic engagement. To mitigate rating volatility, SAR recommends strengthening regional governance enforcement, establishing permanent mediation infrastructure, and developing political risk insurance mechanisms tailored to the ECOWAS context.

7. Infrastructure and Economic Resilience

Regional Transport, Energy, and Digital Infrastructure

ECOWAS has made strategic investments in regional infrastructure to unlock trade potential, improve energy access, and accelerate digital transformation. Transport connectivity remains a cornerstone of this agenda, with flagship projects such as the Abidjan–Lagos Corridor (a multimodal highway linking five coastal economies) serving as a vital artery for over 70% of intra-regional trade. Complementary efforts to modernise ports in Lomé, Abidjan, and Dakar have improved maritime throughput, while long-term rail initiatives aim to connect landlocked Sahelian states to coastal export hubs. Despite these gains, persistent challenges such as poor rural connectivity, border delays, and limited multimodal integration continue to constrain logistics efficiency and regional competitiveness.

In the energy sector, ECOWAS has adopted a co-ordinated approach through the West African Power Pool (WAPP), which seeks to interconnect national grids and create a unified electricity market. The region's Master Plan for Power Generation and Transmission (2019–2033) outlines 59 priority projects, including cross-border transmission lines and renewable energy corridors. Countries like Nigeria and Ghana are expanding gas infrastructure to support industrial demand, while initiatives such as the West Africa Clean Energy Corridor (WACEC) promote solar and hydro integration. However, grid instability, low rural electrification rates, and underinvestment in renewables remain structural barriers to energy resilience.

Digital infrastructure has emerged as a new frontier for regional integration. ECOWAS's Digital Sector Development Strategy (2024–2029) aims to enhance cross-border fibre optic connectivity, promote digital ID systems, and foster regional fintech ecosystems. Nigeria, Ghana, and Senegal lead in mobile penetration and digital innovation, while other member states face affordability constraints and regulatory fragmentation. The push toward e-governance, digital trade platforms, and interoperable payment systems reflects ECOWAS's recognition that digital transformation is essential not only for economic diversification but also for institutional modernisation and youth inclusion.

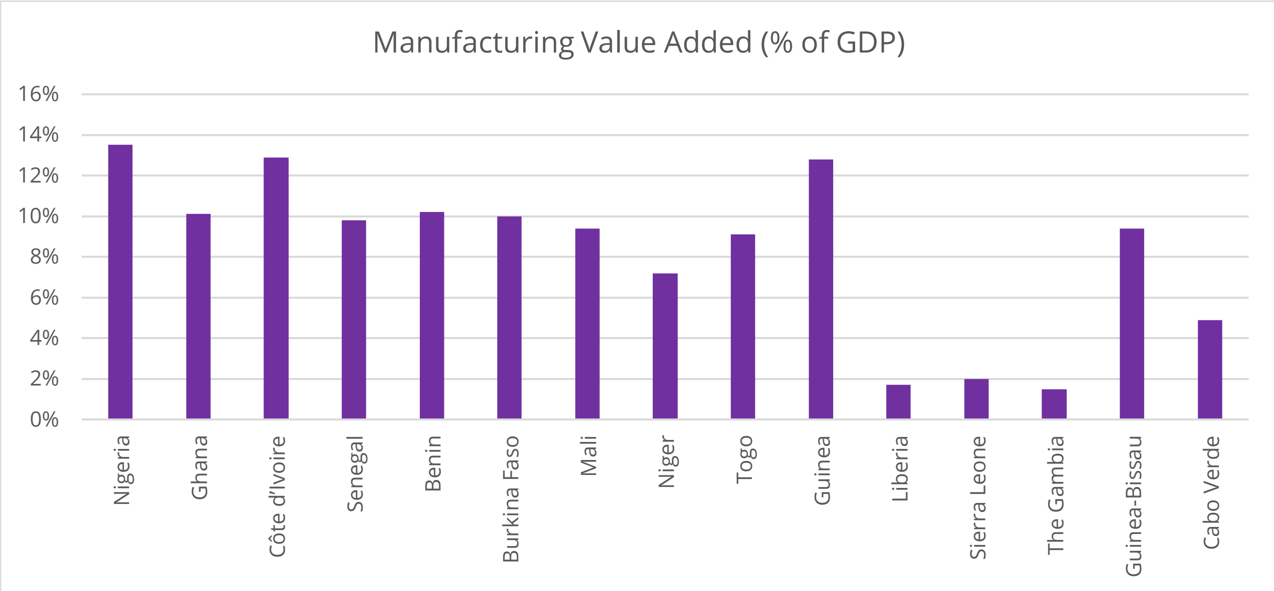
ECOWAS's Role in Enabling Economic Diversification

ECOWAS actively promotes economic diversification through a range of regional initiatives aimed at enhancing industrial capacity and reducing dependence on primary commodities. The ECOWAS Trade Liberalisation Scheme (ETLS) facilitates the duty-free movement of goods across member states, helping to stimulate intra-regional trade and support the growth of non-traditional exports. Investment promotion efforts, particularly through the ECOWAS Bank for Investment and Development (EBID), channel funding into agro-processing, manufacturing, and logistics hubs, sectors critical for value addition and job creation. Additionally, ECOWAS encourages industrial policy coordination to foster regional value chains in textiles, food processing, and light manufacturing, aiming to build a more integrated and resilient production base.

Despite these efforts, the region's export structures remain heavily commodity-dependent. Nigeria's economy is dominated by oil and gas exports, while Mali and Guinea rely on gold and bauxite. Côte d'Ivoire and Benin are major exporters of cocoa and cashew, reflecting limited diversification beyond raw agricultural goods. The lack of beneficiation and underdeveloped industrial ecosystems across ECOWAS countries continues to constrain resilience to external shocks, leaving economies vulnerable to price volatility and global demand fluctuations. Strengthening regional manufacturing capacity and improving infrastructure for value-added production remain essential to achieving sustainable diversification.

Natural Resource Beneficiation

Manufacturing remains a modest contributor to GDP across most ECOWAS countries, reflecting limited beneficiation of natural resources:



In terms of manufacturing value added across ECOWAS countries, Nigeria leads with 13.5% of GDP from manufacturing, anchored in cement, food processing, and textiles, though its growth is constrained by persistent power shortages and foreign exchange volatility. Côte d'Ivoire and Guinea also show strong performance, with 12.9% and 12.8% respectively, driven by cocoa processing and emerging bauxite beneficiation. Ghana and Benin maintain moderate industrial contributions of around 10%, supported by agro-processing and regional logistics advantages, though inflation and energy costs pose challenges.

Senegal, Burkina Faso, Mali, and Togo hover near the 9–10% range, with growth in construction materials, agribusiness, and mineral processing. However, political instability and limited diversification continue to hinder expansion in some of these economies. At the lower end, Niger, Liberia, Sierra Leone, The Gambia, and Cabo Verde exhibit minimal manufacturing activity, reflecting structural constraints such as narrow export bases, geographic limitations, and reliance on extractive industries or tourism. Overall, while pockets of industrial strength exist, most ECOWAS countries face significant hurdles in scaling manufacturing to support broader economic transformation.

8. ECOWAS's Role in Continental Integration

Alignment with AfCFTA and AU Agenda 2063

ECOWAS has emerged as one of the most dynamic and influential Regional Economic Communities (RECs) in Africa's continental integration architecture. As a recognised building block of the African Continental Free Trade Area (AfCFTA), ECOWAS plays a pivotal role in shaping trade policy, co-ordinating regional positions, and operationalising integration frameworks that extend beyond West Africa.

ECOWAS's institutional depth (anchored by its Common External Tariff (CET), Trade Liberalisation Scheme (ETLS), and regional customs code) has provided a ready-made foundation for AfCFTA tariff negotiations and implementation. The ECOWAS Commission has actively supported member states during AfCFTA negotiations, consolidating regional positions and facilitating technical capacity-building across ministries and trade agencies. This co-ordination has enabled ECOWAS to serve not only as a facilitator but also as a policy harmoniser, aligning national trade regimes with continental objectives.

Moreover, ECOWAS's experience in managing free movement of persons and goods, through protocols and task forces, positions it as a key enabler of AfCFTA's broader goals, particularly in services liberalisation and cross-border investment facilitation.

Trade Harmonisation and Private Sector Engagement

ECOWAS has made notable progress in harmonising trade rules, standards, and procedures across its 15 member states. Its engagement with the regional private sector (through platforms like the ECOWAS Business Council and SheTrades AfCFTA initiatives) has helped consolidate business interests and promote inclusive trade policy development. These mechanisms are critical for translating AfCFTA commitments into actionable reforms and for ensuring that regional integration delivers tangible benefits to SMEs, women-led enterprises, and informal traders.

However, implementation remains uneven. Non-tariff barriers, infrastructure bottlenecks, and regulatory fragmentation continue to limit intra-African trade, which still accounts for less than 15% of total trade across the continent. ECOWAS's ability to address these constraints will determine its effectiveness as a continental integration catalyst.

ECOWAS collaborates with other RECs such as SADC, EAC, and COMESA on trade facilitation, peacekeeping, and migration governance. These interactions are essential for building continental coherence, especially in areas where REC mandates overlap. ECOWAS's peacekeeping experience and migration protocols offer valuable models for cross-regional co-ordination, particularly in fragile border zones and conflict-prone corridors.

Institutional fragmentation and political divergence among RECs pose risks to AfCFTA's harmonisation agenda. ECOWAS's continued relevance will depend on its ability to align with continental institutions like the African Union and the AfCFTA Secretariat, while maintaining internal cohesion and reform momentum.

9. Rating Implications and Outlook

Country	GDP Per Capita (USD)	GDP Growth (%)	FDI Inflows (% of GDP)	Inflation Rate (%)	Corruption Control Index (0–100)
Nigeria	823	3.1	~0.9	22.8	24
Ghana	2 451	2.8	~1.6	38.1	40
Côte d'Ivoire	2 777	6.5	~2.2	4.5	45
Senegal	1 785	8.1	~8.2	5.9	44
Benin	1 567	6.0	~3.2	2.7	43
Burkina Faso	1 000	4.2	~2.0	3.5	35
Mali	1 141	3.9	~1.5	4.1	30
Niger	722	5.0	~6.7	4.8	32
Togo	1 052	5.3	~4.1	6.2	41
Guinea	1 759	5.7	~4.4	9.5	33
Liberia	874	3.5	~6.5	11.2	29
Sierra Leone	853	3.2	~10.9	13.4	31
The Gambia	948	4.0	~14.3	7.8	38
Guinea-Bissau	984	3.6	~8.8	6.9	28
Cabo Verde	5 299	4.5	~10.0	3.1	52

From SAR's sovereign risk perspective, ECOWAS's role in continental integration enhances member states' market access, policy credibility, and regional risk-sharing potential. Countries that actively align with ECOWAS and AfCFTA frameworks (such as Côte d'Ivoire, Senegal, and Ghana) tend to benefit from stronger investor sentiment and more favourable credit outlooks.

Conversely, political fragmentation (exemplified by the withdrawal of Mali, Burkina Faso, and Niger from ECOWAS) undermines regional integration benefits and introduces rating volatility, particularly in trade, security, and institutional effectiveness domains.

SAR's analysis underscores that ECOWAS's contribution to continental integration is not merely symbolic, it is structurally linked to sovereign credit trajectories, investment flows, and macroeconomic resilience across West Africa.

Sovereign ratings across ECOWAS reflect a spectrum of fiscal and governance dynamics shaping credit trajectories. Countries such as Côte d'Ivoire, Benin, and Senegal are currently viewed with positive outlooks, supported by strong economic growth, moderate inflation, and notable improvements in governance. These factors contribute to favourable rating trajectories, lower risk premiums, and enhanced investor confidence.

In contrast, Nigeria and Ghana fall into the neutral-to-cautious category. Despite their economic scale and reform potential, both countries face affordability stress and governance constraints that temper rating optimism. Their fiscal vulnerabilities, particularly in revenue mobilisation and debt servicing, continue to weigh on credit profiles.

On the more fragile end of the spectrum, Cabo Verde, Guinea-Bissau, and The Gambia are under negative watch due to elevated debt levels and narrow fiscal buffers. These conditions raise concerns about long-term sustainability and access to affordable financing. SAR's corruption control index further underscores governance sensitivity as a critical rating differentiator, especially in politically fragile states where institutional risk can amplify fiscal and macroeconomic instability.

Membership in ECOWAS provides sovereigns with access to a regional framework that promotes macroeconomic convergence, trade liberalisation, and political stability. Through instruments such as the Macroeconomic Convergence Criteria, Trade Liberalisation Scheme (ETLS), and Protocol on Democracy and Good Governance, ECOWAS encourages fiscal discipline, inflation control, and institutional reform. These mechanisms serve as soft anchors for sovereigns, especially in fragile or post-conflict contexts, by offering normative guidance and peer pressure to maintain policy credibility.

For countries within WAEMU, ECOWAS membership is complemented by BCEAO's monetary oversight, which enforces tighter fiscal rules and enhances investor confidence. This dual-layered governance structure contributes to lower sovereign risk premiums and greater rating stability. In contrast, WAMZ countries retain monetary autonomy but face higher volatility in inflation, exchange rates, and debt sustainability, factors that SAR flags as rating vulnerabilities.

Regional Integration and Market Access

ECOWAS facilitates access to a broader regional market of over 400 million people, enhancing trade potential and investment attractiveness. Member states benefit from reduced tariffs, harmonised standards, and regional infrastructure projects such as the Abidjan–Lagos Corridor and West African Power Pool (WAPP). These initiatives improve logistics, energy access, and digital connectivity, key enablers of economic diversification and resilience.

From a sovereign risk perspective, deeper integration translates into improved growth prospects, FDI inflows, and external buffer capacity, especially for smaller economies. SAR's rating framework recognises regional integration as a mitigating factor against external shocks, particularly when supported by functioning institutions and cross-border co-operation.

ECOWAS plays a central role in conflict prevention and democratic consolidation through its Mediation and Security Council, ECOWARN early warning system, and peacekeeping mandates. Countries that align with ECOWAS's governance protocols tend to experience greater political continuity, lower coup risk, and stronger institutional legitimacy, all of which contribute to favourable sovereign ratings.

However, recent political ruptures such as the withdrawal of Mali, Burkina Faso, and Niger have exposed the limits of ECOWAS's enforcement capacity. SAR notes that such fragmentation introduces regional contagion risks, undermines investor sentiment, and may trigger negative rating actions, especially if it disrupts trade, capital flows, or debt servicing.

Regional Rating Sensitivities (SAR Perspective)

Country	Rating Sensitivity Drivers	ECOWAS Impact	Outlook
Côte d'Ivoire	Institutional strength, export diversification	Positive: WAEMU anchor, ECOWAS trade facilitation	Stable to Positive
Senegal	Infrastructure-led growth, fiscal pressure	Mixed: ECOWAS supports investment, debt stress rising	Stable
Benin	Fiscal discipline, governance	Positive: WAEMU convergence, ECOWAS credibility	Positive
Ghana	Debt restructuring, inflation volatility	Neutral: ECOWAS offers soft support, limited enforcement	Cautious
Nigeria	Revenue constraints, FX risk	Mixed: ECOWAS market access helps, governance gaps persist	Neutral
Guinea-Bissau	Political fragility, low revenue	ECOWAS offers stabilisation, but limited absorption	Negative Watch
Cabo Verde	Tourism dependence, high debt	ECOWAS supports diversification, but limited fiscal space	Cautious
Mali, Burkina Faso, Niger	Coup risk, sanctions, fragmentation	ECOWAS withdrawal increases isolation and rating volatility	Negative

SAR's framework emphasises that ECOWAS membership enhances sovereign resilience when paired with compliance and institutional reform. Conversely, political divergence and non-compliance dilute the benefits and elevate rating risks.

10. References

- Bisong, A., 2020. *ECOWAS and the role of the RECs in AfCFTA implementation*. Great Insights Magazine, [online] ECDPM. Available at: https://ecdpm.org/work/the-african-continental-free-trade-area-from-agreement-to-impact-volume-9-issue-1-2020/ecowas-and-the-role-of-the-recs-in-afcfta-implementation.
- United Nations Economic Commission for Africa (UNECA), 2025. *Economic Report on Africa 2025: Advancing the Implementation of the Agreement Establishing the African Continental Free Trade Area*. [online] Africa Renewal. Available at: https://africarenewal.un.org/en/documents/economic-report-africa-2025-advancing-implementation-agreement-establishing-african.
- United Nations Economic Commission for Africa (UNECA), 2025. *Economic Report on Africa 2025*. [online] UNECA. Available at: https://www.uneca.org/economic-report-on-africa-2025.
- ECOWAS Commission, 2023. *Macroeconomic Convergence Report*. Abuja: ECOWAS.
- ECOWAS Bank for Investment and Development (EBID), 2024. *Annual Development Finance Report*. Lomé: EBID.
- West African Monetary Agency (WAMA), 2024. *Regional Debt Sustainability Framework*. Freetown: WAMA.
- Sovereign Africa Ratings (SAR), 2025. Sector Commentary: *Regional Economic Communities Series*. Johannesburg.

Contributors:

- **Zwelibanzi Maziya |** Chief Ratings Officer
- **Bekithemba Ndimande |** Rating Analyst
- **Ted Maselesele |** Rating Analyst
- **Lomanja Malaba |** Rating Analyst

Contact: info@saratings.com
+27 10 203 9921
54 Queens Rd, Bryanston, Sandton, 2191,
Johannesburg, South Africa
www.saratings.com